



ROYAL WINS CORPORATION

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED JUNE 30, 2021

DATED AS OF MARCH 25, 2022

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EXPLANATORY NOTES

The information contained in this annual information form (“AIF”) is for the financial year ended June 30, 2021, as updated to December 31, 2021 where mentioned. Unless otherwise indicated, and unless the context otherwise requires, references to “Royal Wins”, the “Company”, “it”, “its” or similar expressions refer to Royal Wins, and its consolidated subsidiaries, or any of them. This AIF should be read in conjunction with the information contained in Royal Wins’ audited consolidated financial statements and related notes for the year ended June 30, 2021 (the “2021 Annual Financial Statements”) and the Management’s Discussion and Analysis thereon (the “2021 Annual MD&A”). Any references in this AIF to “dollars”, “CAD” or “CDN\$” are to Canadian dollars, and “AUD” or “AUD\$” are to Australian dollars. The Company has certain proprietary or contractual rights to certain company names, product names, trade names and trademarks used in this AIF that are important to its business, including *Royal Wins*, *Kash karnival*, *Kash Kingdom*, *Kash Royale*, *Arcade Korner*, *Booster Zone* and those brands listed under the heading “Business of the Company–Overview”. The Company has omitted the registered trademark (®) and trademark (™) symbols and any other related symbols for such trademarks and all related trademarks, including those related to specific products or services, when used in this AIF. All other names and trademarks are the property of their respective owners. For the purposes of this AIF, unless context requires otherwise or otherwise defined, all references in this AIF to “gaming” include all online gaming (e.g. skill gaming, hybrid skill games, games of chance eg poker, casino and bingo) and betting and wagering. The Company has three major lines of operations: pure skill real money gaming against Artificial Intelligence (AI), pure skill non cash gaming against AI, pure skill real money tournaments player against player via leaderboard.

Unless otherwise indicated, information contained in this AIF concerning Royal Wins’ industry and the markets in which it operates, including its perceived trends and market position, opportunity and size, is based on information from various sources, on Royal Wins and its management’s assumptions and on its knowledge of the markets for its products and services. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Royal Wins has not independently verified any third-party information and cannot assure you of its accuracy or information. While Royal Wins believes the industry and market information included in this AIF is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of Royal Wins’ future performance and that of the industry in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the caption “Risk Factors and Uncertainties” in this AIF. These and other factors could cause results to differ materially from those expressed in the estimates made by third parties and by Royal Wins.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains certain forward-looking information and statements (collectively, “forward-looking statements”) within the meaning of the applicable securities laws, including statements relating to certain expectations, projections, growth plans, new or improved product introductions, market expansion efforts, and other information related to Royal Wins’ business strategy and future plans. Forward-looking statements can, but may not always, be 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”, “assumes”, “goal”, “likely” “affect”, “be required”, “contemplate”, “does not expect”, “effect” “estimate”, “is expected”, “prospects”, “results”, “will

exist” and similar expressions to future periods or the negatives of these words and expressions and by the fact that these statements do not relate strictly to historical or current matters. These forward-looking statements 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 Royal Wins and its customers and industries. Although Royal Wins and management believe that 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, economic and competitive risks, uncertainties and contingencies that could cause actual events to differ materially from those expressed or implied in such statements.

These forward-looking statements include, among other things, statements relating to:

- the Company’s ability to secure, maintain and comply with all required licenses, permits, approvals and certifications to offer and market its product offerings in the jurisdictions where the Company does business or intends to do business;
- the anticipated regulation or prohibition of online gaming or activities related to or necessary for the operation and offering of online gaming in various jurisdictions;
- the overall business and economic conditions;
- the expected taxes to be imposed on revenue streams, including but not limited to, gaming duty and value- added taxes on gaming revenue;
- the competitive environment;
- the potential opportunity of the Company’s addressable markets;
- the potential opportunity of contracts signed by the Company with third parties;
- the protection of the Company’s current and future intellectual property rights;
- the risks associated with advancements in technology, including artificial intelligence, and the risks associated with technology infrastructure, cyber security and cyber-attacks;
- the Company’s ability to recruit and retain the services of its key technical, sales, marketing and management personnel;
- the Company’s ability to develop commercially viable product offerings as a result of its research and development (“**R&D**”) activities;
- the Company’s ability to integrate acquisitions and generate synergies; and
- the impact of new laws and regulations in Canada, the United States, the United Kingdom, Australia or any other jurisdiction where the Company does business or intends to do business, particularly those related to online gaming or that could impact the ability to provide online gaming products and services.

The assumptions above are not intended to represent a complete list of assumptions that could affect Royal Wins, and there can be no assurance that forward-looking statements will prove to be accurate as many factors could cause Royal Wins actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressly or impliedly expected or estimated in such statements, including the factors discussed under “Risk Factors and Uncertainties”. Shareholders and investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Although Royal Wins cautions that the foregoing

list of risk factors, as well as those risk factors presented under the heading “Risk Factors and Uncertainties” and elsewhere in this AIF and in the 2021 Annual MD&A, are not exhaustive, shareholders and investors should carefully consider them and the uncertainties they represent and the risks they entail. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement. Unless otherwise indicated by the Company, forward-looking statements in this AIF describe Royal Wins’s expectations as the date of this AIF and, accordingly, are subject to change after such date. The Company does not undertake to update or revise any forward-looking statements for any reason, except as required by applicable securities laws.

MARKET AND INDUSTRY DATA

This AIF includes market and industry data that has been obtained from third party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, Company has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources. For the avoidance of doubt, nothing stated in this paragraph operates to relive the Company from liability for any misrepresentation contained in this AIF under applicable Canadian securities laws.

GLOSSARY OF TERMS

In this AIF, the following terms shall have the meanings set forth below, unless otherwise indicated or the context otherwise requires:

“**2020 Warrants**” means the Warrants exercisable at \$0.10 per share until December 10, 2021.

“**ACA**” means the Corporations Act 2001 (Cth) (Australia).

“**Acquisition**” means the acquisition of at 94.07% of the issued and outstanding securities of RWPL by the Company on April 1, 2021 pursuant to the Offer.

“**affiliate**” has the meaning ascribed thereto under the *Securities Act*.

“**Agreement**” means the Takeover Implementation Deed dated February 24, 2021 between the Company and the RWPL in respect of the Acquisition.

“**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.

“**associate**” has the meaning ascribed thereto under the *Securities Act*.

“**BII**” means Bolingbroke Investments Inc.

“**Broker Warrants**” means the Private Placement Warrants issued to various finders pursuant to the Unit Placement and the Subscription Receipts Placement as applicable.

“**CBCA**” means the Canada Business Corporations Act, including the regulations promulgated thereunder, as amended.

“**CCEC**” means Canada Crypto Exchange Corp.

“**CCEC LOI**” means the LOI between the Company and CCEC.

“**COVID-19**” means the 2019 novel coronavirus disease.

“**CSE**” means the Canadian Securities Exchange.

“**Finder’s Fee**” means the finder’s fee payable in 3,775,872 Company Shares at \$0.30 per share issued in respect of the completion of the 100% Acquisition of RWPL.

“**GCS**” means Grove Corporate Services Ltd.

“**Warrants**” means the 2020 Warrants, the Private Placement Warrants issued pursuant to the Unit Placement and issuable on the conversion of the Subscription Receipts and the Broker Warrants issued pursuant to the Unit Placement and issuable on the conversion of the Subscription Receipts.

“**KGC**” means the Kahnawake Gaming Commission

“**MD&A**” means Management’s Discussion and Analysis of Financial Conditions and Results of Operations.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, of the Canadian Securities Administrators.

“**Offer**” means the takeover bid offer dated February 24, 2021 made pursuant to Section 653B of the

ACA to acquire the outstanding ordinary shares of RWPL

“**OTCQB**” means OTCQB Venture Marketplace, a US trading platform that is operated by the OTC Markets Group in New York.

“**Private Placement Warrants**” means Warrants to acquire Company Shares at a price of \$0.40 per share for a period of two years from the closing of the Subscription Receipt Placement or the Unit Placement, as applicable.

“**Promoter**” has the meaning ascribed thereto under the Securities Act.

“**R&D**” means research and development.

“**RNG**” means random number generator.

“**RW LLC**” means Royal Wins (US) LLC. RW LLC was incorporated as Antics Games, LLC, a limited liability company under the State of Nevada, USA on November 15, 2019.

“**RWPL**” means Royal Wins Pty Ltd. RWPL was incorporated under the ACA on November 18, 2013..

“**Securities Act**” means the *Securities Act* (Ontario).

“**securities regulatory authority**” means the securities commission, or similar regulatory authority, for each respective provincial and territorial jurisdiction of Canada.

“**Stock Option Plan**” means the incentive stock option plan of the Company.

“**Subscription Receipt Placement**” means the private placement of 11,223,311 Subscription Receipts at a price of \$0.30 per Subscription Receipt for gross proceeds of up to \$3,366,993 which closed on March 5, 2021.

“**Subscription Receipts**” means subscription receipts issued pursuant to the Subscription Receipts Placement with each Subscription Receipt exchangeable into one Unit if Subscription Receipts Escrow Conditions on or before July 15, 2021.

“**Telferscot**” means Telferscot Resources Inc

“**Unit**” means one Company Share and one-half of one Private Placement Warrants.

“**Unit Placement**” means the private placement of 2,212,332 Units at a price of \$0.30 per Unit for gross proceeds of \$663,700 which closed on February 26, 2021.

CORPORATE STRUCTURE

Name, Address and Jurisdiction of Incorporation

The Company was incorporated under the CBCA under the name 10557510 Canada Corp. on December 27, 2017. On February 16, 2018 the Company entered into an arrangement agreement with Telferscot and other subsidiaries of Telferscot. On March 19, 2018 the Company filed articles of amendment to effect a change in its share capital. On April 9, 2018, pursuant to the arrangement agreement, the plan of arrangement was completed, and the Company became a reporting Company in the provinces of British Columbia, Alberta and Manitoba. On February 12, 2021 the Company filed articles of amendment to split its common shares on the basis of two shares for every previously outstanding common share.

On March 25, 2021 the Company filed articles of amendment to change its name to Royal Wins Corporation. On July 8, 2021 the Company filed articles of amendment deleting the First Preferred Series A Shares but retaining First Preferred Shares.

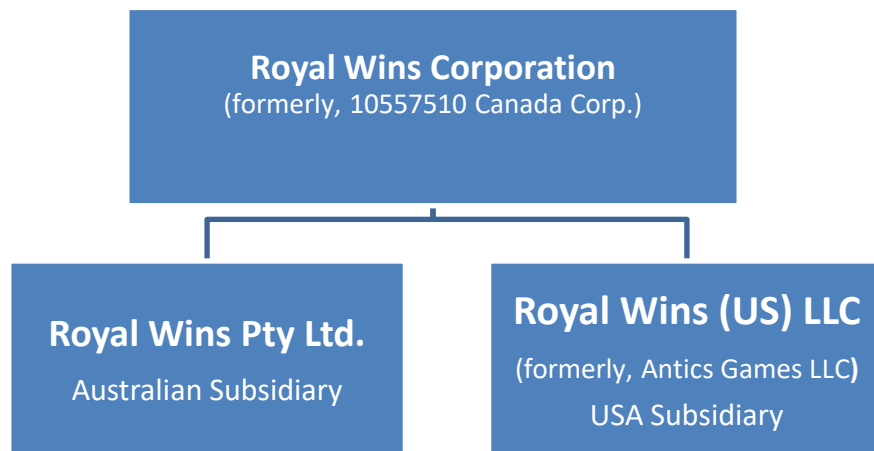
The address of the registered office and the head office of the Company is 401 Bay Street, Suite 2704, PO Box 4, Toronto, Ontario M5H 2Y4.

Inter-corporate Relationships

As of June 30, 2021, the Company had one wholly owned subsidiary – Royal Wins Pty Ltd (“RWPL”) RWPL was incorporated under the ACA under the name “Royal Wins Pty Ltd.” on November 18, 2013. The registered office and the head office of RWPL is Suite 1.08, 20A Danks Street, Waterloo New South Wales, Australia 2017.

On September 7, 2021, the Company completed the acquisition of 100% of RW,LLC. RW, LLC was incorporated as a limited liability company under the law of State of Nevada, USA under the name “Antics Games LLC” on November 15, 2019. The name was changed to its current name on December 2, 2021. The registered office of RW, LLC is 401 Bay Street, Suite 2704, PO Box 4, Toronto, Ontario M5H2Y4.

Accordingly, as on December 31, 2021, the Company had two wholly owned subsidiaries – RWPL and RW, LLC. Set out below is the corporate structure of the Company and its wholly owned subsidiaries (100% holding).



GENERAL DEVELOPMENT OF THE BUSINESS

GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY PRIOR TO THE ACQUISITION OF RWPL

Prior to the completion of the Acquisition, the Company had not conducted any material business operations since incorporation, other than entering into the Agreement and undertaking the Offer in respect of the Acquisition and entering into the CCEC LOI (as defined below).

On March 26, 2018, the Company acquired the rights to a letter of intent (the “**CCEC LOI**”) with CCEC from Telferscot in exchange for 4,999,992 Company Shares issued at a deemed value of \$0.00000002 per share. The CCEC LOI contemplated CCEC pursuing a crypto currency exchange platform in partnership with ACX Tech Pty. Ltd. of Perth Australia and Blockchain Global Ltd of Melbourne Australia. On July 2, 2020, the Company informed CCEC that it no longer wished to proceed with the project and the LOI was terminated. No assets were retained from any of the above transactions..

On June 30, 2020 the Company completed a debt settlement with BII and GCS through the issuance of 3,974,772 common shares at a price of \$0.01 per share.

On August 20, 2020 the Company executed a letter of Intent with the RWPL (the “**LOI**”) to acquire the issued and outstanding ordinary shares of RWPL, subject to certain conditions including, but not limited to, due diligence, shareholder and regulatory approvals and the Company completing an initial financing of not less than \$1 million. The LOI expired on October 31, 2020 but negotiations continued.

In the fourth quarter of 2020, the Company completed the private placement of 13,666,666 Company Shares priced at \$0.075 per share and 6,833,340 2020 Warrants exercisable at \$0.10 per share with expiry date of December 10, 2021 for gross proceeds of \$1,025,000.

The Company and RWPL entered into the Agreement and Company made the Offer to the holders of ordinary shares of RWPL on February 24, 2021. The Acquisition was completed on April 1, 2021 on the issuance of 71,042,650 Company Shares to shareholders of RWPL who had tendered their ordinary shares to the Offer. The remaining 5.93% of the ordinary shares of RWPL were acquired on the same terms on June 25, 2021. Prior to the completion of the Acquisition, the Company had loaned \$685,000 to RWPL to further its business plan until the completion of the Acquisition. These amounts were treated as inter-company loans going forward.

On February 26, 2021, the Company completed the Unit Placement of 2,212,332 Units priced at \$0.30 per Unit for gross proceeds of \$663,700. 149,263 Broker Warrants were issued to finders as compensation for the Unit Placement.

On March 5, 2021, the Company completed the private placement of 12,971,665 units subscription receipts at a price of \$0.30 each for gross proceeds of \$3,891,500. Each unit consists of one common share of the Company and one- half of one common share purchase warrant. The proceeds were held in escrow in a trust account pending (i) completion of the acquisition of not less than 90% of the issued and outstanding ordinary shares of RWPL, and (ii) receipt of CSE listing, subject to an outside release date of the escrowed funds of May 31, 2021. As the Company had not received approval of its listing on the CSE, the management sought agreement from subscribers of the Subscription Receipts to extend the retention of the proceeds in escrow beyond the original outside release date. Of the original \$3,891,500 subscribed for, certain investors requested refund of their

subscriptions in the amount of \$524,500. On the receipt of the CSE listing approval on July 15, 2021, the subscription receipt units were converted to issue 11,223,331 common shares and 5,611,668 warrants. Each full warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 for a period of 24 months from the date of the closing of the private placement. Finder's fees totalling \$235,690 and 785,633 broker warrants were paid in relation to the placement of these securities.

GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY FOLLOWING THE COMPLETION OF THE ACQUISITION

Overview

RWPL has operated as an Australian mobile gaming focused on pure skill gaming and real money prizes that was founded in November 2013.

RWPL's leading game portal, Kash Carnival, is a pure skill gaming app that allows players to bet and win in casual mobile games of skill rather than chance or odds-based casino games. RWPL designs, develops and operates pure skill games for both "cash" and "non-cash" prizes through the Kash Carnival portal. Royal Wins aims to disrupt and dominate the online mobile gaming space for pure skill-based games by specifically targeting millennial markets around the world.

RWPL has developed proprietary algorithms to adjust and match the difficulty level of pure skill-based games in response to human-player input. The more skillful a player is at a game, the greater the difficulty of the games become, and vice versa. This technology enables RWPL to run pure skill-based games that award the top prizes to the most skilled players. Each game has a set of attributes that are defined by their effect on a game. Some attributes will make the game easier and some will make the game more difficult. As players play a game, the difficulty of the game attributes are adjusted so that on balance the top 5% of players will reach the jackpot levels of a game. This means that even when playing against the algorithm, players are effectively playing against each other. Royal Wins is currently applying and monetising these algorithms to its pure skill gaming platform, Kash Carnival shortly its tournaments platform, Kash Royale.

In June 2019, RWPL became the first company globally to be granted an online gaming licence to operate its pure skill games for real money by the "KGC" located in the Mohawk Territory of Kahnawake in Quebec, Canada. This license has a term of five years and is currently in good standing.

Royal Wins' primary source of revenue is derived from player spend on its platform meaning that Royal Wins receives revenue when a player has played and lost the amount pledged when playing the game. For detailed description of the revenue process, see *Narrative Description of the Business – Revenue Model* below.

Other sources of revenue are in-app purchases, in-app advertising and periodic contract design/development work for third-party clients.

The Kash Carnival app currently has an install base of approximately 1.8 million globally, including approximately 450,000 in Canada. Royal Wins makes periodic changes to its pricing and incentives to ensure that they align with its objective to reward customers for loyalty and for behavior that is positive to the overall customer experience and the ecosystem of the particular offering.

Royal Wins' growth and innovation plans for its online gaming and betting business are supported by its technology strategy. Management believes that Royal Wins' underlying technology is highly scalable,

customizable and resilient, employing a variety of security and data integrity practices. All elements of Royal Wins' IP, algorithms and technology architecture were developed and continue to be controlled in-house. Royal Wins uses selected third-party technology providers for certain elements of the overall experience, such as payments processing and verification services. Royal Wins' robust and scalable technological ecosystem, including its player account management system and suite of software products, allows it to operate in dozens of countries around the world. Since the inception of RWPL, Royal Wins has invested significantly in its technology infrastructure to offer a positive and enjoyable experience for its customers. This investment has been focused on providing appealing product offerings to its customers, in terms of variety, design, data security and integrity and in terms of the overall user experience. Royal Wins dedicates nearly all R&D spending to its online gaming business, seeking to maintain broad market application for varied product offerings derived from, and supported by, its technology foundation and infrastructure. RWPL expects to continue investing significantly in R&D in an effort to constantly improve customer experience and engagement. To support its strong reputation for security and integrity, Royal Wins employs what it believes to be appropriate practices and systems with respect to various aspects of its technology infrastructure, including information and payment security, game integrity, protection of customer funds, marketing and promotion, customer support, responsible gaming, loyalty programs, rebates and rewards (i.e., incentives).

THREE YEAR HISTORY

From inception in late 2013 through 2014, RWPL designed and developed the technology architecture, and the underlying IP and algorithms support that technology resulting in the launch of Kash Karnival in 2015. RWPL experienced significant growth and expansion through to 2017 growing its Kash Karnival install base to more than 2 million at its height in 2018. Since that time, RWPL has maintained its install base at 1.6 million despite some attrition following developments described below.

In August 2017, the Google Playstore introduced requirements for real money gaming apps based on Random Number Generation ("**RNG**") to be properly registered with, and regulated by, a recognized gaming authority. This resulted in the removal of many unregulated apps, including Kash Karnival. Shortly after, RWPL also voluntarily withdrew Kash Karnival from the Apple App Store.

RWPL spent the remainder of 2017 and 2018 evaluating various gaming commissions and jurisdictions around the world seeking to secure a gaming licence in order to meet the requirements of Google Playstore and Apple App Store. Initially the gaming commissions approached declined the issuance of an online gaming licence to a pure skill gaming company on the basis that RWPL games were not games of chance and the gaming commissions had no ability to validate the pure skill algorithms of Royal Wins.

RWPL first approached the KGC in March 2018. KGC engaged with RWPL and, following nearly a year of evaluation, RWPL became the first recipient of a gaming licence from KGC to include interactive games of skill in June 2019.

On May 27, 2019, RWPL entered into a Joint Venture Agreement (**JV Agreement**) with Amerson Global Gaming Pty Ltd ("**Amerson**") to develop games for the Kash Karnival Platform. Amerson is a games development company specialising in design and development of custom content. Amerson's services include Creative Design, Animation, Games Design, Software and Audio Engineering. Under the terms of the JV Agreement, Amerson will create games at their cost that would, subject to agreement with Royal Wins, be launched on the Kash Karnival Platform. Profits from the JV Agreement are split equally between Amerson and Royal Wins.

In late 2019, RWPL began planning for a complete redesign and architecture update of the Kash Carnival platform. However, due to some substantial re-engagement by users during the COVID-19 lock-downs and stay-at-home orders in the first half of 2020 which resulted in continuing revenue to RWPL, this work was postponed.

On June 18, 2020, RWPL entered a Memorandum of Understanding (**MOU**) with First Point e-sports Management to establish and promote Colleseum, the e-sports tournaments platform. First Point is an e-sports agency based in Asia, representing 6 major teams and 9 leading gamers with 9 million followers/fans. First Point has secured multiple significant sponsorship deals across betting and tournaments partners including partnerships with some of Asia's leading online esports event companies that have created bespoke online and offline tournaments for games such as Dota 2. Under the terms of the agreement, each party (RWPL, First Point) agreed to explore the potential for developing building and operating an esports tournament platform.

In August 2020, RWPL began the planned redesign and technology overhaul of Kash Carnival. Further, the decision to transition its payments processing away from PayPal was made and a search and evaluation of viable alternatives was undertaken. During this period, the Kash Carnival app continued to be available for free play but no amount pledging while playing could occur which resulted in RWPL generating no revenue in the second half of 2020 and the first half of 2021. Throughout this period users cash balances were available to them to withdraw if they wished and players could deposit or withdraw from their account but couldn't convert into Kash Koins, the digital currency used on the Kash Carnival platform.

On October 16, 2020, Royal Wins and Good Gamer plc ("**Flutter**") entered into an agreement (the "**Arrangement**") to launch Royal Wins games in India utilizing the Good Gamer app. Good Gamer is a daily sports and esports fantasy & real-money gaming app offering a wide variety of skills-based games. The app is built for a wide cross section of Indian gaming lovers from cricket fans to hardcore esports gamers to casual mobile gamers. Gamers can build their own cricket, football, and esports teams, play head-to-head mobile games against friends, enter tournaments, and experience gaming in ways previously not seen in India. From Esports DFS to skills-based props contests, our app is introducing a host of new features and styles of entertainment to the market.

Under the terms of the Arrangement, Good Gamer shall pay Royal Wins forty percent (40%) of Gross Revenue as a monthly revenue share, where "Gross Revenue" means all related platform competition fees (the User entry fee less the prize pool contribution,) actually received by Good Gamer from users participating in competitions, less 18% deduction for Indian GST.

On November 26, 2020, RWPL and Yieldy Pty Ltd ("**Yieldy**") entered into an agreement (the "**Yieldy MOU**") to explore the creation and management of a fungible digital currency to be used within the Royal Wins games eco system. Yieldy is a blockchain and crypto currency developer based in Australia.

In January 2021, RWPL established a new master payments processing relationship with Paysafe Payments Solutions Limited of Dublin, Ireland. The purpose of this agreement is to reduce RWPL's historic dependence on PayPal for payments processing and to provide a wider range of regulated payments options for RWPL's growth and relaunch of Kash Carnival in 2021. RWPL will continue to rollout payments processing in key jurisdictions both as subordinate agreements within the Paysafe group and with alternative processors as required.

On May 24, 2021, the latest version of the Kash Carnival app was re-launched. The iOS version was submitted to Apple and has been approved. The Android apk version has been uploaded to RWPL's servers and deployed via

Kash Carnival website www.kashkarnival.com.au, as well as being listed on other Android download sites. RWPL has notified all users via push notification and instituted a forced update protocol. Royal Wins believes that this provides full access to potential users even without currently having the app listed in the Google Play Store.

RWPL is in full compliance with all licensing and app store regulations in all markets to which the app has been deployed.

CURRENT FINANCIAL YEAR

In July 2021, the Company applied and received the approval for the listing at the CSE and received the approval to list its common shares under the trading symbol "SKLL". The Company's shares commenced trading on the CSE on July 20, 2021.

In late July, Royal Wins announced its partnership with Appsflyer to provide Royal Wins with data to allow a stronger and more accurate product offering for the player's desired user experience. Appsflyer is an industry leader in website and mobile app attribution. Appsflyer has provided quality attribution to companies such as Minecraft, TikTok, Waze, and Reddit.

In August 2021, the Company signed a Memorandum of Understanding ("MOU") to acquire Antics Gaming LLC ("Antics") [Now known as RW, LLC], a Las Vegas, Nevada based developer of skill-based games for Android and iOS platforms. This acquisition is the first in a series of expected acquisitions to build and grow the Royal Wins business model. On September 8, 2021, the Company completed the acquisition. For more details, please refer to Section – Significant Acquisitions below.

Also, in September 2021, the Company joined Skill Integrity Council, a not-for-profit membership-based organization. The Council aims to establish a self-regulatory structure for the competitive Player to Player ("P2P") skill-based gameplay sector. Members believe that adopting a self-regulatory structure improves the integrity, transparency, equity, and inclusivity of P2P skilled based gameplay, as creating a more accessible, engaging and rewarding experience for all players. For this very reason, the Skill Integrity Council established a forum where industry stakeholders such as game publishers, developers, platform operators and other stakeholders can participate in positive and productive ways that would contribute to industry's growth and success. The Company is proud to be a founding member of the Skills Council.

In October 2021, The Company announced its partnership with Labrys, Australia's leading blockchain agency. Labrys has extensive experience delivering large-scale blockchain solutions for global clients, including ASX-listed Downer EDI, NEM Group, Solomon Islands Government, and APAC CIO Outlook Top 50 Enterprise Startups award winner. The newly formed partnership will provide the tools for Royal Wins to enter the blockchain gaming and collectibles (NFT) space. The Company's existing hyper-casual gaming vector combined with the the NFT market entry would position Royal Wins with growth strategies in the two fastest growing segments within the online gaming space.

Another significant event was the re-launch of the Company's pure-skill gaming platform Kash Carnival on Google Play in the United States in November 2021, making it available on the US' two primary application distribution platforms that provide the bulk of the 155.9 million mobile game users. This allows exposure to a broader audience in the Company's new key market. In 2020, 83% of Google Play's revenues came from mobile games, with 78% of mobile gaming downloads being classified as casual games. Together with App Store,

Google Play now offers Royal Wins' latest release of the Kash Carnival pure-skill gaming App Version 5.7.

The Company began trading on the OTCQB under the symbol "RYWCF" with effect from November 23, 2021. Through the OTC Marketplace, the Company is now able to offer its current and future US investors easier access to the trading of Company's shares and disclosure of any Company-related materials; the US being a key market for the Company. In January 2022, the Company's common shares became eligible for electronic clearing and settlement through DTC in the United States.

On February 3, 2022, the Company announced the growth numbers since the launch of Kash Carnival in the United States. The platform saw over 200% increase in installs and 120% increase in active player base, as well as consistent growth in Kash Carnival's ratings across major app marketplaces, contributing to the platform's growing popularity.

On February 8, 2022, Kash Royale, Company's first dedicated expansion into competitive real-money gaming, was released on Apple's App Store and Google's Play Store in the US. Kash Royale is part of Royal Wins' market expansion and revenue diversification strategy and represents an important addition to the Company's existing Kash Carnival platform, which is a playerversus-AI platform.

In February 2022, the Company also granted 10,312,000 incentive stock options to employees, officers, directors, advisors, and consultants of the Company pursuant to its "2021 Incentive Stock Option Plan". Each Option has an exercise price of \$0.30 for a period of five years from the date of grant with a range of vesting period.

On March 24, 2022, the Company announced that game development for Non-Fungible Token ("NFT") and Blockchain segments has been added as one of the main diversification and growth strategies for 2022, alongside continuous improvement of existing gaming platforms, geographic expansion, and penetration into new gaming segments such as mobile tournaments, esports, and games of chance. The Company has formed a team specifically dedicated to building products outside core product development, which will collaborate with a leading blockchain games developer Labrys to ramp up strategy and production for the launch of Company's first blockchain gaming product on HTML5. Royal Wins' first ever blockchain NFT game, planned to be released in the second half of 2022, will be designed to target Generation Z and to accommodate growing interest from players across Asia that have largely fuelled the growth and popularity of NFT sales and blockchain games to date.

During the first two quarters of FY 2022, the Management of the Company focused on developing an effective strategy to publish the skill gaming products on multiple Android and iOS platforms and advertising/communications networks. Navigating the regulations, terms and conditions for skill gaming and tournaments for app stores, social media and advertising networks has required great flexibility and thinking outside the box for the greatest reach and effective user acquisitions.

Royal Wins flagship skill gaming product, the Kash Carnival, is now firmly entrenched within the Google Play Store and Apple App Store. Management have applied to have Kash Carnival published on Samsung's Galaxy Store – further increasing our Android footprint. The Company has fine-tuned its advertising and marketing language and messaging to overcome compliance and regulatory issues with the major social networks, Google search and display networks, and in-game advertising. This has resulted in a tremendous increase in our acquisition and conversion rates, and a decrease in the CPI (Cost per Install) especially for Android users. The Email-Direct-Marketing and user communications has also received a similar treatment, ensuring that all users (and especially active paying customers) receive clear messaging for "Play to Earn" games and reward mechanics, and efficient responses to users making deposits or cashing out.

Royal Wins also increased and fine tuned its payment systems to now include more ways for users to make deposits quickly, via a variety of credit card payments as well as in-app purchases. The turn around time for cash outs (for verified and approved users) has now reduced from 3 working days to effectively 24 hours turn around. This is important to build user trust and positive reviews. The Company has also upgraded its Know Your Customer process so it is easier for users to submit the necessary documents for instant approvals upon acceptance of the compliant documents.

Management of the Company is not currently aware of any changes that will disrupt progress during the Company's current financial year.

SIGNIFICANT ACQUISITIONS

A. Acquisition of RWPL

On February 24, 2021 the Company and RWPL entered into Takeover Implementation Deed in respect of the acquisition of 94.07% of the issued and outstanding securities of RWPL by the Company pursuant to the takeover bid offer. The Company made the offer to acquire all of the issued and outstanding ordinary shares of RWPL on the basis of one-half of one (0.5) Company's Share for each outstanding ordinary share of RWPL. The Offer closed on April 1, 2021 at which point 94.07% of the ordinary shares of RWPL were tendered to the Offer. The Company issued 71,042,650 Common Shares in consideration for the tendered shares. The Company subsequently undertook the compulsory acquisition of the remaining ordinary shares of RWPL, in accordance with the ACA, which closed on June 25, 2021. Consequently, the Company owns 100% of RWPL.

B. Acquisition of RW, LLC [Formerly Antics Games LLC] and Winning With Words

On September 7, 2021, the Company closed on the acquisitions of:

- (i) 100% of the units of RW, LLC of Las Vegas, Nevada. The agreed upon purchase price was \$158,756 (USD \$125,786), settled through cash consideration of \$96,077 (USD \$75,786) and 298,048 shares at an agreed-upon value of \$0.21 per share, or \$62,590 (USD \$50,000); and
- (ii) a 100% interest in the computer game known as "Winning With Words", including all associated intellectual property rights and goodwill. The agreed upon purchase price was \$37,863 (USD \$30,000), paid in full by cash. The vendor also retains a 5% royalty on all net income generated from the game.

The acquisitions are a significant building block in the Royal Wins' global development strategy, marking its first direct foray into the United States. The addition of the Nevada limited liability company established in 2019, and its Winning With Words game further establishes the Company's ongoing working relationship with Samsung, Apple and Skillz Inc. The Antics studio is an innovative software development gaming company which holds the sole license to develop and operate Winning With Words a skill-based word game, currently offered on the Skillz platform.

The Company was not required to file Form 51-102F4 in respect of the aforesaid acquisitions.

BUSINESS OF THE COMPANY

Overview

Royal Wins is a leading developer and publisher of real money pure skill mobile games. It designs, develops and operates pure skill mobile games that are entertaining, engaging and social, offering players a chance to win real money and real item (non-cash) prizes based entirely upon their skill. Royal Wins' vision is to disrupt and dominate the online gaming industry for a new generation of player through the development and expansion of pure skill gaming products. This is the next growth market in the online gaming industry, making the experience more relevant and enticing to the millennial generation.

Kash Karnival (single player games) operates on both the Android and iOS mobile platforms. In February 2022, the Company successfully released Kash Royale in the US with the aim of releasing the platform globally over the next two quarters. (Kash Royale includes player-vs-player and multiplayer games). Within the Kash Karnival ecosystem, players are able to play games to win real money in Kash Kingdom or play to win non-cash prizes in Arcade Corner.

Both Kash Kingdom and Arcade Corner also offer free to play games as a means of practice and entertainment. Royal Wins' products are regulated under the ambit of the KGC iGaming License that permits all games to be distributed across numerous regulated and unregulated markets worldwide. The Company has not been required to furnish an igaming licence in the US given our status as a pure skill gaming entity (Skill games do not require a licence in the US). Current target markets focus for expansion, subject to obtaining any further geo-specific applicable licensing, include the UK and Philippines.

General Summary of Business

Revenue Model

Royal Wins' revenue model moving forward is based on its core product offerings and predicated on four mechanisms; drops on spend, tournament fees, in-app purchases and, to a lesser degree, advertising revenue. Historically, a significant portion of RWPL's revenues were from drops on spend. During the last two fiscal years, RWPL supplemented its primary revenue with contract design/development and consulting work for third-party clients. This revenue stream is not being actively pursued going forward but Royal Wins will consider future opportunities that present themselves. Following the 2021 re-launch of the Kash Kingdom platform, Royal Wins expects revenues to return to its primary model of player spend on its platform in its real-money online gaming offerings and, increasingly, in-app purchases followed by the addition of tournament fee revenue.

Royal Wins has a comprehensive set of metrics (approximately 40 key metrics and 100+ secondary metrics at the time of writing) which have been developed to monitor not only the re-launch but the ongoing customer facing operations of the business. The metrics are categorized into 4 main categories; Growth, Engagement, Retention and Profitability. Some examples of key metrics with current results are set out below:

Metric	Description	May 24, 2021 (launch) to June 30, 2021	July 1, 2021 – December 31, 2021
Avg Cost per Click	Total ad spend/No clicks achieved. The measures the cost effectiveness of the ad.	\$0.88	\$0.83
Avg monthly growth of	(No of new users this month - No new users last	N/A	36%

new users	month)/No new users last month.		
Avg churn rate	How many people uninstalled the app after downloading/Total number of people who downloaded the app. This is an indicator of how effective the app is in retaining a player beyond the month	32%	27%
Avg monthly growth of active users	(No of active users this month - No active users last month)/No active users last month.	N/A	33%
Avg monthly paying user growth	(No of paying users this month - No paying users last month)/No paying users last month.	N/A	30%
Avg monthly Revenue Per Paying User	\$ of revenue/paying user	\$2.20	\$13.69
Avg monthly deposit per paying user	\$ deposited/ paying user	\$10.40	\$17.56
Installs	No of players who downloaded the app	6,016	24,064
Net New User Base	No of players who downloaded the app - No of people who uninstalled the app in that month	5,307	12,589
Churned Users	No of players who have left in that month	709	1,854
Active Users	No of players who play at least once a month	2,291	12,551

Royal Wins revenues can be influenced by numerous factors, many of which it is unable to predict or are outside of its control, including the impact of seasonality, as described below under the heading “—Seasonality and Other Factors Impacting the Business” and the other risks and uncertainties set forth in this Prospectus under the heading “Risk Factors —Risks Related to the Business”.

Drops on Spend

All Royal Wins' games of pure skill allow players to purchase virtual currency with real money (often in USD). Players make virtual currency purchases using a variety of online payment gateways. This is known as a “deposit”. All deposits are held in our nominated bank account and is not considered as Royal Wins' revenue until a player pledges an amount to compete (with purchased virtual currency) and has lost that pledge. Losses on pledges are known as “drops”. This represents revenue to Royal Wins.

Commissions

Commissions applies to Royal Wins games run as tournaments. Each contestant is required to pay an entry fee for each tournament entered. Royal Wins takes a 10%-20% commission from entry fees paid. The remaining balance of the entry fee is placed into the Prize Pool for the winning contestant to claim.

In app purchases

Royal Wins allows users to purchase a variety of virtual goods and items from within the gaming native app. These “in-app purchases” are used as game sinks and consist of virtual items such as Arcade Tickets, Game Power Ups, Bonus Game Features, etc. Most in-app purchases provides the user access to additional game content, or assist them in their game play.

Advertising

Advertising and marketing campaigns for Royal Wins are used for 3 main objectives: User Acquisition, Conversion (to a paying player) and Retention. Most advertising and marketing activities are digital and consists of the following core areas:

- Social Media
- Search Engine Marketing & Search Engine Optimisation
- Online Video Advertising Networks
- Digital Ad Networks and Native Ad Networks
- Social Media Influencers and Brand Evangelism
- Email Direct Marketing

Business Strategy of the Company

Royal Wins focuses on creating long-term shareholder value by building upon its existing key strengths, including enhancing its portfolio of products and services and expanding into new markets, which in return it expects will deliver sustainable, profitable long-term growth. Royal Wins places great emphasis on the customer and its goal is to become the world's favorite online gaming destination, which it believes it can achieve by creating positive, winning moments and experiences, and providing fun and engaging interactions with its products and services.

To do this, management seeks certain ongoing, principal strategic initiatives, including:

Strengthening, Expanding and Diversifying its Offerings

Royal Wins has to date derived its revenue from the **Kash Carnival** platform.

- **Kash Royale** - Kash Royale is a native mobile app consisting of Royal Wins' pure skill games run as Tournaments. Tournaments can be either Player vs Player, or Leaderboard Tournaments. Kash Royale has the following key features:
 1. Each tournament or tournament series will have a minimum number of players required to register before the tournament goes ahead. In some cases there may be a maximum number of players as well.
 2. Each player will pay a registration fee per tournament entered.
 3. Royal Wins takes a 10%-20% commission on registration fees;
 4. Royal Wins will put up a prize pool per tournament. Prizes are either Winner Takes All or Top 3 Places on a Leaderboard will share the prize pool.

Kash Royale was released on February 8, 2022 as a native iOS and Android app and to specifically target North American markets where cash tournaments are legal without having a gaming license, in addition to other main stream markets that Royal Wins sees fit.

- **Arcade Corner** - Arcade Corner is a non-cash skill gaming hub featuring pure skill arcade games. Players purchase Arcade Tickets with virtual currency (via in-app purchases). They use these tickets to play a number of arcade games and win or lose tickets depending on their performance. Tickets can be redeemed against real item prizes e.g. collectibles, fashion, gadgets etc., and virtual items such as game packs, power-ups etc.

- Other - Royal Wins intends to expand into the e-sports sector and to that end has entered to agreements with leading e-sports teams management company First Point e-sports and Canada's largest e-sports tournament organizer

Expanding its Geographical Reach and Promoting Regulation of Online Gaming

Royal Wins has a strong presence in regulated markets globally. Our key markets are the USA, Canada and South East Asia. Royal Wins will be looking to build its total player base of 1.6M subscribers to 6M over the next 36 months¹.

Royal Wins currently intends to expand its geographical reach by offering its products and services in certain additional jurisdictions, including through the promotion of the regulation of online gaming in new and emerging markets and potential partnerships or arrangements with existing operators or other third parties, including in the United States and certain countries within South America, Asia, including India, and Eastern Europe. Royal Wins currently expects that these and other jurisdictions may become significant growth opportunities.

Royal Wins intends to focus on becoming a market leader in the emerging U.S. online gaming market. As an existing gaming licence holder from the KGC, Royal Wins is familiar with the licencing process and expects to apply licences in New Jersey and Nevada.

Royal Wins's current strategy in South America, Asia, including India, and Eastern Europe primarily seeks to promote brand awareness and market development through various online gaming and land-based efforts, including, as applicable, establishing relationships with existing operators, including business-to-business ("B2B") arrangements, sponsoring local and international brand ambassadors, live events,

Royal Wins's overall strategy to expand its geographical reach includes building relationships with governments and private operators, and working with regulators and government officials to implement regulations beneficial to its customers, the regulating jurisdiction and the industry as a whole.

¹ In house analysis

Continuing to Elevate and Improve the Customer Experience

Royal Wins seeks to become the world's favorite online gaming destination through, among other things, creating winning moments for its customers. It plans to do so through its comprehensive and innovative product offerings and its focus on creating the best customer experience in the industry by concentrating on customer enjoyment, engagement and service as well as its dedication to responsible gaming, security, game integrity and transparency. Royal Wins's customer databases give it unique access to customer data and insight to enhance and improve its product range, content and user experience to further enhance its competitive position.

Royal Wins also plans to expand upon its Artificial Intelligence algorithms that power our pure skill gaming platform. Royal Wins games rely on our algorithms which assess and determines the skill and competency levels of individuals and benchmarks them against the global pool of players. This data then determines progression of the individual at a pace and difficulty level that is commensurate with their ability to continually provide a satisfying experience.

Royal Wins views the safety and welfare of its customers as critical to its business and has made appropriate investments into people and processes to identify and protect vulnerable customers. Accordingly, Royal Wins is committed to effective and useful responsible gaming practices and seeks to provide its customers with the resources and services required to play responsibly, including through a dedicated responsible gaming staff. Royal Wins intends to partner with various responsible gaming organizations that conduct research and offer education and direct counseling for players. These organizations include Adictel in France, GamCare and GambleAware in the UK, the National Council on Problem Gambling in the United States and GamblingTherapy.org worldwide. Royal Wins also promotes its responsible gaming tools, resources and initiatives on its websites and platforms and through other channels.

Pursuing Operational Efficiencies

Royal Wins constantly reviews its fixed cost base to identify areas for improvement that it believes will enhance shareholder value, particularly through the ability to invest in technology and marketing. Royal Wins also implements operational excellence programs from time to time based on certain circumstances. Royal Wins expects to continue to focus on further optimizing its operations to potentially achieve a higher level of efficiency, effectiveness and quality throughout the organization. Royal Wins also continuously assesses and monitors the overall impact and performance of these initiatives.

Marketing and Customer Acquisition Strategy

Royal Wins digital marketing strategy for customer acquisition, conversion, retention, activation and re-engagement can be broken up into the following activities:

1. Facebook Ads
 - (i) Targeting by Look-Alike Audiences - Lookalike audiences is a Facebook segmentation tool that finds users whose demographics and interests are similar to those of our existing followers. It's easy to create and implement, making them an extremely powerful marketing tool for efficiently finding high-converting users.
 - (ii) Targeting by Interest - Interests (Keywords) are similar to Google SEM and ASO. Royal Wins uses the same keyword base which contains high-frequency keywords and industry-related keywords.
 - (iii) Facebook Ads, Messenger Inbox and Messenger Stories - Ads can be placed as banner, interstitial, native, rewarded videos or in-stream video ads.
2. Google Ads- Google ads will be mainly via YouTube and Display Network as they have the most significant traffic.
3. Native Ads - Snapchat, Tik Tok, Pinterest
4. Ad Networks - Royal Wins utilizes a variety of mobile ad networks that cover a wide spectrum of the mobile app market e.g. Unity Ads, AdMob, AppLovin, Mobvista, Iron Source, AppNext, etc.
5. Apple Search Ads- Apple Search Ads is currently open at 7 storefronts: Australia, Canada, Mexico, New Zealand, Switzerland, UK and United States. The pricing model is via Cost per Tap (CPT). Key factors that determine Apple Search Ads costs are:
 - (i) Conversion (the most important factor of all).
 - (ii) Keywords competitiveness. Two elements that influence competition are keyword relevancy and volume.

- (iii) Targeting. Apple Search Ads campaigns targeted at different audiences will have different CPTs.
 - (iv) Scheduling. Apple Search Ads costs may vary depending on weekday and time.
 - (v) Relevance. Trying to run ads for the keywords irrelevant to your app is useless.
6. Email Direct Marketing (EDM)-Royal Wins EDM campaigns are utilized specifically for announcements, engagement, re-activation, and promotional campaigns.
 7. PR, Branding & Digital Agencies- Royal Wins engages a variety of PR, Branding and Digital third-party agencies to drive buzz marketing, brand evangelism and rapid product awareness campaigns for specific results. This may also include influencers, bloggers and high-profile sponsors.

Competition

The industries in which Royal Wins currently operates are highly competitive, constantly evolving and subject to regulatory and rapid technological change. Royal Wins faces significant competition in all aspects of its business and competes for customers with other online (including mobile) and land-based gaming and interactive entertainment developers and operators based on many factors, including the quality of the customer experience, brand awareness, reputation, security, integrity and access to other distribution channels. Although Royal Wins believes that it competes favorably, its competitors could develop more compelling product offerings, services or content, which could adversely affect Royal Wins's ability to attract and retain customers. As Royal Wins introduces new product offerings, its existing products evolve, or other companies introduce new product offerings or merge with competitors into larger entities, Royal Wins may become subject to additional and/or more intense competition. Royal Wins's competitors, whether known or unknown, may also take advantage of large user and customer bases, networks through social networks, and third-party relationships to grow rapidly.

Royal Wins's ability to compete effectively with its competitors is based on a number of factors, including its ability to:

- (i) maintain its strong reputation among its customers and global brand awareness,
- (ii) maintain appropriate liquidity in real money gaming, and continue to grow its large customer base and customer engagement across existing and new lines of operation,
- (iii) provide comprehensive and varied gaming and entertainment offerings at competitive prices,
- (iv) provide a superior customer experience, including through appropriate responsible gaming policies and related customer support tools, promotions, incentives, features, customer protections, and effective software development and efficient back-office infrastructure, customer service, payment processing, security and integrity, as applicable,
- (v) develop product offerings designed for distribution across multiple channels and to new, large audiences with superior functionality and efficient implementation, including through the use of innovative architecture and technologies that Royal Wins believes will result in a higher degree of customer acceptance and player preference,
- (vi) successfully promote the regulation of online gaming, and maintain its existing and obtain new licenses or approvals to operate and offer online gaming in existing and new jurisdictions, as applicable, and
- (vii) maintain a strong culture of environmental, social and corporate responsibility.

Technology Infrastructure, Supply Chain Management and Research and Development

Royal Wins believes its continued focus on and investment in its technology is important to its future, supporting its plans to grow its active customer base and increase the monetization of customers through

investment in new products, content and personalization. It believes that its investment to date has yielded a scalable infrastructure with a robust, high-performing platform that gives it the ability to replicate its offerings across multiple jurisdictions. Royal Wins's product development philosophy is focused on the customer with continuous innovation in creating and improving its product offerings.

Responsible and Safer Gaming

Royal Wins views the safety and welfare of its customers as critical to its business and has made appropriate investments into people and processes to identify and protect vulnerable customers. Accordingly, Royal Wins is committed to effective and useful responsible gaming practices and seeks to provide its customers with the resources and services they need to play responsibly, including through its dedicated responsible gaming staff. These practices, resources and services include deposit limits, table and game play limits, voluntary restrictions on access to and use of certain games, temporary self-exclusion and cooling off periods, voluntary permanent exclusions from Royal Wins's offerings, sites and applications, and where relevant activity monitoring, including through the use of indicator reports and data science technology.

Promoting Regulation of Online Gaming

Royal Wins' commitment to customers' welfare, best-in-class customer experience, fair and transparent player ranking and match-making practices as well as the overall integrity of the cash-based competitive gameplay is unwavering. This commitment is reaffirmed not only through voluntary development and implementation of algorithms and mechanisms that allow customers to play responsibly but also through active membership in the Skill Integrity Council. The Skill Integrity Council is a non-profit self-regulatory organization specifically focused on the oversight and governance of monetized competitive peer-to-peer gameplay.

As a core member of the Skill Integrity Council, Royal Wins' will be at the forefront, and among the industry leaders, who shape the emerging standards and best practices aimed at ensuring fairness, transparency, integrity, safety and scalability of the monetized esports and gaming industry. As such, Royal Wins will have the opportunity to contribute to, and influence, the development of such standards, norms and public perceptions of the sector as a whole. Other tangible and practical benefits resulting from this membership include, but are not limited to:

1. Platform integrity analysis and the Skill Integrity Council's Game Certification signifying that the game was tested and verified as a solely skill-based competitive gameplay that excludes any meaningful elements of chance
2. Participation in national events, regional committees and other happenings concerning the sector (currently, the U.S. and Canada)
3. Access to premium educational resources on safe and responsible gaming, legal opinions, technical articles and other industry-specific topics
4. Opportunities for various costs reductions such as lower rates on payment processing through major payment processors, reduction of risk and potential costs associated with disputes and litigation
5. Improved brand image and public perception for Royal Wins' and its brand assets, and more

Although today the Skill Integrity Council is primarily focused on the North American market (predominantly the U.S. and Canada) members of the Council also enjoy access to a wide network of international partners and resources. The access to this global network will favourably position Royal Wins and enable further contribution to promoting governance and oversight of skill gaming and expansion to new and emerging

geographic markets.

Regulatory Environment

Pure Skill Gaming versus Games of Chance

Royal Wins currently operates only games of pure skill. Games of pure skill are not considered to be gambling in the jurisdictions where Royal Wins operates, including in Canada. Management is of the view that the business of Royal Wins is not illegal under applicable Canadian law and is not subject to any regulatory or licencing requirements.

Many jurisdictions, including Canada, define gambling as staking money in games of chance or mixed skill and chance. For example, Section 197(1) of the *Criminal Code* defines “game” as a game of chance or mixed chance and skill. Section 201 of the *Criminal Code* prohibits keeping a “common gaming house”. A “common gaming house is defined in Section 197(1) as “kept for the purpose of playing games”. This provision is not applicable to the Issuer as its product offerings do not constitute “games”. Wagering between individuals is exempted from the application of Section 201 under Section 204(1) of the *Criminal Code*. In addition, the offences outlined in Section 206 of the *Criminal Code* are not applicable to the product offerings of the Issuer as those provisions either only apply to games of chance or games of chance and skill or to pyramid schemes, neither of which is applicable to the Issuer.

In addition, the Alcohol Gaming Commission of Ontario (the “AGCO”) requires licensing under the Ontario Gaming Control Act for “lottery schemes” as that term is defined in the *Criminal Code*. A “lottery scheme” is defined in section 206(1) of the *Criminal Code* to include, among other things “(f) disposes of any goods, wares or merchandise by any game of chance or any game of mixed chance and skill in which the contestant or competitor pays money or other valuable consideration”. Games of pure skill are not considered lottery schemes and are therefore not subject to the Ontario Gaming Control Act. In July 2021, the Government of Ontario announced the establishment of iGaming Ontario, a subsidiary of the AGCO, as a separate and distinct legal entity to conduct and manage Ontario’s open and competitive igaming market. Registrations for igaming operators to participate in this new market have been open since fall 2021. Royal Wins is following this development, may apply to obtain licenses for games of chance later this year.

Moreover, in many jurisdictions worldwide, games of skill operate not by permission but by exemption and therefore licences are not required to carry on the current business of Royal Wins in those jurisdictions. Jurisdictions in which Royal Wins currently operates that don’t require a license to operate games of pure skill include: Canada, ASEAN, Europe, Latin America, India and Africa.

It would follow, that if pure skill games are not “gambling” that gambling regulators would, as a rule, not provide for a license or licensing regime for pure skill games. Royal Wins is not aware of any gambling commission or gaming regulator that currently requires licensing for pure skill gaming.

As the skill gaming industry lacks government oversight, Royal Wins has chosen to self-regulate and is a member of the Skills Integrity Council,. The Council will provide resources to entities seeking to enter the U.S. market as described under the “-Responsible and Safer Gaming – Promoting Regulation of Online Gaming”. As a founding member of the Skill Integrity Council, Royal Wins also enjoys access to a wide network of international partners and resources. The access to this global network will favourably position Royal Wins and enable further contribution to promoting governance and oversight of skill gaming and expansion to new and emerging geographic markets.

On Kash Royale, when Royal Wins organizes a tournament, it earns a percentage of the entry fee with the balance going to the prize pool. Similarly, when players challenge each other, Royal Wins receives a portion with the balance going to the winner of the challenge. On Kash Carnival, when players play against the algorithm, Royal Wins' revenue is derived from lost amount pledged on the player's skill at the game. Thus, the scope of activities of Royal Wins is substantially different from the platforms that enable betting in games of chance.

On the Kash Carnival platform, the best players will always be able to achieve a positive outcome. As noted previously, even when playing against the algorithm, a user is effectively still playing against other users as the performance of all users determines the difficulty of the game so that only the best players are awarded the best returns.

In 2019, RWPL received certification from iTech Labs for its RNG and for its games as pure skill games which are not impacted by the RNG. iTech Labs is an accredited laboratory for online gaming certification and quality assurance testing.

Regulatory Strategy

Royal Wins seeks to ensure that it obtains all available lawful gaming licenses necessary to offer its product offerings in the jurisdictions in which it operates, where its customers are located and/or where it is otherwise required to do so. RWPL intends to seek licensure in the United Kingdom, certain United States jurisdictions and European Union member states as/if/when such member states introduce their own independent regulatory and licensing regimes compliant with European Union law. RWPL has completed a legal review of the gaming licence regimes of the European Union and the United Kingdom to support its growth plans in those jurisdictions.

Royal Wins intends to seek licensure with respect to the United Kingdom imminently and following this, plans to replicate the process for other EU member states (beginning with France and Germany), certain states in the United States, select countries in Latin America and Australia. The sequence of entering each jurisdiction is flexible and largely determined by ease of entry, size of market, availability of capital and the existence (or lack thereof) of jurisdictional harmonisation (i.e. where licence in one jurisdiction is valid in another).

Outside of the European Union, Royal Wins anticipates there may be a potential for the regulation of online gaming, including with respect to shared liquidity, and that this may result in potential licensing or partnerships with private operators in various jurisdictions. Royal Wins supports the regulation of online gaming, including licensing and taxation regimes and pooled poker liquidity, which it believes will promote sustainable online gaming markets that are beneficial for consumers, governments and the citizens of the regulating jurisdiction, operators and the gaming industry as a whole. Royal Wins expects to continue to invest substantial resources into these efforts, particularly in markets that management believes may in the future have the greatest impact on its business. Royal Wins strives to work with applicable governmental authorities to develop regulations that it expects would protect consumers, encourage responsible gaming, ensure reasonable levels of taxation, promote regulated gameplay, and keep crime and the proceeds of crime out of gaming.

Royal Wins strives to be among the first licensed operators to obtain gaming licenses and provide online gaming to customers in newly regulated jurisdictions. In each case, to the extent it would be in furtherance of Royal Wins' business goals and strategy and in compliance with its policies and procedures.

Existing Licence

In November 2019, RWPL became the first company globally to be granted an interactive gaming licence to operate its pure skill games for real money by the KGC. This license has a term of five years and is currently in good standing. As a condition of the licence, RWPL has entered into an agreement with Mohawk Internet Technologies which provides back up game and transaction servers. KGC was one of the first jurisdictions in the world to recognize the opportunities afforded by the interactive gaming industry. Since then, KGC has been continuously licensing and regulating a wide range of interactive gaming sites.

The benefits of obtaining a gaming license are significant. It allows the holder to legally operate an online gaming business while enjoying cooperation with the industry's most popular game developers and payment system providers.

The KGC online gaming license carries a number of benefits for the operator including but not limited to; establishing and registering a online gaming company, opening bank accounts, and setting up legitimate online gaming operations. Possession of a gaming licence also allows Royal Wins to place our gaming apps on the Apple App store, advertisements and teasers on Facebook, Twitter and Instagram and be available for download on many Android platforms. Most significantly, a gaming licence provides a level of credibility and legitimacy to Royal Wins that cannot be quantified in monetary terms.

This licence permits Royal Wins to operate games of mixed chance and skill in the following jurisdictions: Canada, ASEAN (excluding Singapore), Europe (excluding Spain, France, Ireland, Turkey and Serbia), Latin America, India and Africa. If a Royal Wins game were determined to be a game of mixed chance and skill, the KGC licence would ensure the game could continue to be offered in those jurisdictions. In jurisdictions where the KGC licence would not cover a particular game, the game would need to be taken down and re-assessed. While an error in assessing applicable regulatory requirements could have an adverse impact on the business of Royal Wins, including the loss of its licence, Royal Wins has taken a prudent approach to ensuring it complies with all applicable regulatory requirements.

Royal Wins Interactive Gaming License is issued and regulated by the KGC which clearly stipulates that (under the ambit of the license) it may only operate within regulated and unregulated territories worldwide except for the United States of America. Royal Wins strictly complies with this regulation and as such, material target markets.

While the KGC license does not require that all games must be pure skill, if a Royal Wins game is determined to be a chance game and not a game of skill then Royal Wins will have the game tested and certified by iTech Labs in order to maintain the game on the Kash Carnival platform.

If there were to be a change to, or an incorrect assessment of, applicable regulatory requirements, the KGC licence would be subject to a review by the KGC. Royal Wins would be required to explain and to put forward a remediation plan and demonstrate compliance with KGC regulation.

Regulation, Licencing & the Royal Wins Business Strategy

An integral part of Royal Wins' regulatory compliance strategy is the segmentation of offerings by way of varying types of products within territories that have certain restrictions or limitations regarding real money gaming. As such:

Kash Carnival (full suite real money gaming): All permissible regulated and unregulated territories

Arcade Corner (play for prizes only no cash): Jurisdictions where real money prizes are not permitted

Kash Royale (tournaments platform only): US markets whereby online tournament gaming is allowed in most states without a gaming license.

Supporting this strategy, RWPL has legal counsel on retainer to assist with, and maintain, a licensing expansion process. RWPL will initially look at key regions within the European Union and eventually state licensing within the relevant states in America.

Requirements of Additional Licensing

The operation of online (including mobile) real-money betting and gaming in jurisdictions with a legal and regulatory framework covering those activities is typically subject to extensive approval, regulation and monitoring by various federal, state/provincial and often responsible local authorities (collectively, “gaming authorities”). Applicable gaming laws will generally require Royal Wins to undergo extensive due diligence and demonstrate its suitability to obtain a gaming license from the responsible gaming authorities.

The criteria used by gaming authorities to make determinations as to the suitability of an applicant to conduct gaming varies among jurisdictions, but generally requires extensive and detailed application disclosures followed by a thorough investigation. Gaming authorities have broad discretion in determining whether an applicant should be found suitable to conduct gaming. When determining to grant a gaming license to an applicant, gaming authorities generally consider:

- (i) the financial stability, integrity and responsibility of the applicant (including verification of the applicant’s sources of funding);
- (ii) the quality and security of the applicant’s online real-money gaming platform, hardware and related software, including the platform’s ability to operate in compliance with local regulation, as applicable;
- (iii) the applicant’s past history;
- (iv) the applicant’s ability to operate its gaming business in a socially responsible manner; and
- (v) in certain circumstances, the effect on competition.

As a regulated entity, Royal Wins is subject to various conditions and requirements under its gaming license.

Typical conditions generally include:

- (i) adherence to the various laws, regulations, and codes of conduct to which Royal Wins’ licensed entities are subject,
- (ii) maintenance of strong corporate governance standards,
- (iii) filing periodic reports with gaming authorities, and
- (iv) reporting material events affecting Royal Wins’ business, including suspicious activity reports related to anti-money laundering and terrorist financing and sanctions imposed by gaming authorities elsewhere.

The requirement to file periodic reports, as well as the contents and frequency of such reports, varies by gaming license. If required, periodic reports generally must be filed quarterly or annually, and must contain certain information, metrics, details, or audit findings related to revenues and other financial information, specific games

or activities, anti-money laundering and terrorist financing activities, player complaints/disputes and information and data security.

Royal Wins will carefully consider all additional regulatory requirements before expanding into U.S. markets and other markets where local licensing is required. RWPL will apply for appropriate gaming licenses on the advice of counsel in those local jurisdictions where it seeks to expand its geographic scope and product offerings.

Intellectual Property

Skill based gaming is a form of electronic gaming, in which the return to players is based at least partly upon the skill of the player. In Royal Wins' case the return to player is completely based on the skill of the player. This contrasts with conventional slot games, in which the software is configured to ensure that no possible skill or technique used by the player influences the game outcome, only chance.

A particular difficulty faced by game designers and operators is that player winnings can be very volatile. Many highly skilled players on a strongly skill-based game may result in very high winnings, potentially exceeding 100% of pledged amount and clearly undesirable to the operator. Conversely, if a game is predominantly played by relatively low skilled players, the winnings may be very low. The latter is also not desirable, as players may become discouraged and not continue to play the game. These issues are not faced by a purely chance driven game, as the game mathematics are known and fixed, and over time will return statistically at the planned level. In a skill-based game, the designer can only estimate the difficulty, so that the same certainty of overall outcomes for the operator cannot be guaranteed with mathematics alone.

Royal Wins has substantially overcome this conundrum by developing skill balancing algorithms in which winnings volatility can be managed on a continuous basis.

In broad form, Royal Wins has developed a system in which a sample of game outcomes over time is assessed for the winnings achieved. If it is too high or too low, game parameters are changed for a period to compensate for the low or high rate of winnings. This process accordingly allows for winnings to be managed while a skill-based game is in operation.

Accordingly, Royal Wins' technology provides a method of automatically managing winnings within the following:

- a multiplayer electronic gaming platform,
- a game, including at least a component of skill and a random component, wherein players make spends and play the game,
- a game having one or more game play parameters which can be adjusted, wherein the average winnings of the game over a plurality of players is determined, and in response to a desired average rate of winnings, game play parameters are adjusted to increase or decrease the expected winnings.

Implementations of technology allows for rate of winnings to be averaged over many players, and in response, the game parameters to be adjusted, so that a desired rate of winnings can be approached. This provides a more predictable financial outcome for an operator of skill-based games, particularly those with a large skill component.

Revenue Segmentation

The following table shows the details of revenue for the years ended June 30, 2021 and June 30, 2020.

Revenue Source	June 30, 2021 (\$)	June 30, 2020 (\$)
Marketing and consulting fees	258,491	201,712
Kash Karnival	154,554	18,008
Total	413,045	219,720

Specialized Skills and Knowledge

The development, design, marketing, and distribution of the Company's product offerings require specialized skills and knowledge, particularly in software architecture, development, conceptualization and graphic design, as well as in the online mobile gaming lines of operation. The Company believes it has personnel with the required specialized skills and knowledge to carry out its operations. Management of the Company includes executive professionals who possess strong gaming backgrounds.

Seasonality and Other Factors Impacting the Business

Player activity is generally affected by the following seasons:

1. Festive seasons;
2. Public & school holidays;
3. Pay day;
4. Sporting events e.g. Olympics, World Cup;
5. Other major events whereby Royal Wins utilizes guerilla tactics to piggy back off such events to market and promote in-game events.

Other factors affecting the business are:

1. Dispensable income;
2. Casual and hyper casual gaming audience;
3. Android/iOS penetration
4. Minimum spec mobile device penetration ;
5. Economic cycles (note-the recent Covide-19 pandemic saw a 50% increase in activity in Royal Wins games.

Employees

As on June 30, 2021, the Company had 12 full time and 1 part time employees based out of Australia and China providing key technical, operational, marketing and software development services. The number stood at 14 full time and 3 part time employees as on December 31, 2021.

Foreign Operations

As of June 30, 2021, the Company derived most of its revenue from its operations in Canada and Southeast Asia. This has expanded in the current financial year as the Company successfully forayed into the US market at the end of the 2021 fiscal year.

RISK FACTORS AND UNCERTAINTIES

Certain factors may have a material adverse effect on the Company's business, financial condition, and results of operations. Readers should consider carefully the risks and uncertainties described below, in addition to other risks and information included in this AIF, the 2021 Annual Financial Statements and 2021 Annual MD&A, as well as in other filings Royal Wins has made and may make in the future with the applicable securities authorities. Additional risks and uncertainties that Royal Wins is currently unaware of, or that it currently believes are not material, may also become important factors that should be considered. If any of the following or other risks actually occur, Royal Wins's business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of its securities could decline, and investors could lose part or all of their investment.

Business interruption risks

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to the COVID-19 pandemic. An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing, could adversely impact the Company. It is unknown whether and how the Company may be affected if such an epidemic persists for an extended period of time. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and financial condition.

Business operations

An investment in the Company Shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Company has a limited history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Company is in the development and early commercialization stage. Operations are not yet sufficiently established such that the Company can mitigate the risks associated with planned activities.

Risks related to the business of the Company

If Royal Wins fails to retain existing customers or add new customers, or if its customers decrease their level of engagement with its product offerings, Royal Wins' revenue, financial results, and business may be significantly harmed.

The size of Royal Wins active customer base and the level of engagement of such customers are critical to its success. The financial performance of Royal Wins has been and will continue to be significantly determined by its success in adding, retaining, engaging and monetizing active customers of its product offerings, in particular high-value, net-depositing customers. If people do not perceive Royal Wins' product offerings as enjoyable, reliable, relevant and trustworthy it may be unable to attract or retain customers or otherwise maintain or increase the frequency and duration of their engagement. A number of other online gaming and interactive entertainment companies that achieved early popularity have since seen their active customer bases or levels of engagement decline. Royal Wins' strategy is to increase engagement, retention and monetization of customers, particularly those it deems of higher value, but there is no guarantee that Royal Wins will not experience an erosion of its active customer base or engagement or monetization levels among

such customers in the future. Royal Wins' customer engagement patterns have changed over time, and customer engagement can be difficult to measure, particularly as customers continue to engage increasingly via mobile devices and as Royal Wins introduces new and different product offerings. Any number of factors could potentially negatively affect customer retention, growth and engagement, including if:

- Customers increasingly engage with the products or services of Royal Wins' competitors;
- Royal Wins fails to introduce, or delays the introduction of, new products or services (whether developed internally, licensed or otherwise obtained or developed in conjunction with third parties) that users find engaging or that work with a variety of operating systems or networks, or if it introduces new products or services, including using technologies with which it has little or no prior development or operating experience, or changes to its existing products or services, that are not favorably received by customers;
- Customers have difficulty installing, updating or otherwise accessing Royal Wins' product offerings on desktops or mobile devices as a result of actions by it or third parties that it relies on to distribute and deliver its product offerings, or Royal Wins fails to price its product offerings competitively or provide adequate customer service;
- New legislation is introduced in competitive jurisdictions, particularly in the USA, authorizing gaming, which were not previously permitted in those jurisdictions, and which may pose significant new competition in the industry to Royal Wins and its business.
- There are decreases in customer sentiment about the quality of Royal Wins' product offerings or concerns related to privacy, safety, security or other factors, or technical or other problems prevent Royal Wins from delivering its product offerings in a rapid and reliable manner or otherwise affect the customer experience, such as security breaches or failure to prevent or limit spam or similar content;
- New industry standards are adopted or customers adopt new technologies where Royal Wins' product offerings may be displaced in favor of other products or services, may not be featured or otherwise available, or may otherwise be rendered obsolete and unmarketable;
- There are adverse changes in Royal Wins' product offerings that are mandated by legislation, regulatory authorities or litigation, including settlements, or Royal Wins does not obtain applicable regulatory or other approvals or renewals of such approvals to offer, directly or indirectly, its product offerings in new or existing jurisdictions;
- Royal Wins adopts policies or procedures related to areas such as customer data and information that are perceived negatively by its customers or the general public;
- Royal Wins elects to focus its customer growth and engagement efforts more on longer-term initiatives, or if initiatives designed to attract and retain customers and engagement are unsuccessful or discontinued, whether as a result of actions by Royal Wins, third parties or otherwise;
- Royal Wins or other companies in the industries in which it operates are the subject of adverse media reports or other negative publicity; or Royal Wins fails to effectively anticipate or respond to customers' continuously changing and dynamic needs, demands and preferences, such as new poker variants or casino games, or innovative types of betting or betting related to new or popular sporting events, as well as emerging technological trends, or its competitors more effectively anticipate or respond to the same.

Customer base

If Royal Wins is unable to maintain or increase its customer base or engagement, or effectively monetize its customer base's use of its product offerings, its revenue and financial results may be adversely affected. Any

decrease in customer retention, growth or engagement could render Royal Wins' products less attractive to customers. If Royal Wins' active customer growth rate slows, it becomes increasingly dependent on its ability to maintain or increase levels of customer engagement and monetization in order to drive revenue growth, particularly with respect to high-value customers.

The online gaming and interactive entertainment industries are intensely competitive and Royal Wins' potential inability to compete successfully could have a significant adverse impact.

Competition

There is intense competition among online gaming and interactive entertainment providers, and the online gaming and interactive entertainment industries are characterized by dynamic customer demand and technological advances. A number of established, well-financed companies producing online gaming and/or interactive entertainment products and services compete with Royal Wins' product offerings. Such competitors may spend more money and time on developing and testing products and services, undertake more extensive marketing campaigns, adopt more aggressive pricing or promotional policies or otherwise develop more commercially successful products or services than Royal Wins, which could negatively impact its business. Furthermore, new competitors, whether licensed or not, may enter Royal Wins' key product and/or geographic markets. There has also been considerable consolidation among Royal Wins' competitors in the gaming industry. Such consolidation and future consolidation could result in the formation of larger competitors with increased financial resources and altered cost structures, which may enable them to offer more competitive products, gain a larger market share, expand product offerings and broaden their geographic scope of operations.

As a result of the foregoing, among other factors, Royal Wins must continually introduce and successfully market new and innovative technologies, product offerings and product enhancements to remain competitive and effectively stimulate customer demand, acceptance and engagement. The process of developing new product offerings and systems is inherently complex and uncertain, and new product offerings may not be well received by customers, even if well-reviewed and of high quality.

In an effort to remain competitive, Royal Wins has established a business strategy, which it continuously reviews and updates as appropriate based on developments in, among other things, the industries in which it operates, technology and cybersecurity and Royal Wins' business and operations. This strategy is based on estimates, projections and assumptions of Royal Wins and certain third parties. The validity of its and their assumptions, including, among others, those regarding the size and availability of current and future potential markets, economic conditions, customer preferences, timeliness of product development, pricing, growth rates and availability of capital, could affect Royal Wins' strategy and strategic decisions. There can be no assurances that Royal Wins' strategy is appropriate or that it will succeed in implementing its strategy, and, even if successful, there is no guarantee that the revenue and cash flow generated as a result of its strategy will be greater than the revenue and cash flow that Royal Wins would have generated if it had pursued a different strategy.

Changing economic conditions

Royal Wins' business is vulnerable to changing economic conditions and to other factors that adversely affect the industries in which it operates. Royal Wins believes that demand for entertainment and leisure activities, including gaming, can be highly sensitive to changes in consumers' disposable income, and thus can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond its

control. Unfavorable changes in general economic conditions, including recessions, economic slowdowns, sustained high levels of unemployment, and increasing fuel or transportation costs or the perception by customers of weak or weakening economic conditions, may reduce customers' disposable income or result in fewer individuals engaging in entertainment and leisure activities, such as online gaming.

As a result, Royal Wins cannot ensure that demand for its product offerings will remain constant. Adverse developments affecting economies throughout the world, including a general tightening of availability of credit, decreased liquidity in certain financial markets, increased interest rates, foreign exchange fluctuations, increased energy costs, acts of war or terrorism, transportation disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, as well as concerns regarding epidemics and the spread of contagious diseases, could lead to a further reduction in discretionary spending on leisure activities, such as gaming. Any significant or prolonged decrease in consumer spending on entertainment or leisure activities could adversely affect the demand for Royal Wins' product offerings, reducing its cash flows and revenues. If Royal Wins experiences a significant unexpected decrease in demand for its product offerings, its business may be harmed.

Foreign exchange

Royal Wins is subject to foreign exchange and currency risks that could adversely affect its operations, and its ability to mitigate its foreign exchange risk through hedging transactions may be limited.

Royal Wins is exposed to foreign exchange risk with respect to customer purchasing power and the translation of foreign- currency-denominated balance sheet accounts into U.S. dollar-denominated balance sheet accounts. The primary depositing currencies on Royal Wins' product offerings are currently currencies other than the U.S. dollar, consequently, past and potential future weakness in certain global currencies against the U.S. dollar decreases the purchasing power of the Royal Wins' International segment customer base, which could cause those customers to be unwilling to deposit and spend the same or similar amounts that they may otherwise deposit or spend. In addition, Royal Wins reports its financial statements in Canadian dollars and significant changes in foreign exchange rates can have an adverse impact on its overall results.

Payment processors

Royal Wins currently depends on the ongoing support of payment processors, the quality and cost of which may be variable in certain jurisdictions. Royal Wins currently relies on payment and multi-currency processing providers to facilitate the movement of funds between Royal Wins and its customer base. Anything that could interfere with or otherwise harm its relationships with payment service providers could have a material adverse effect on its businesses. Any introduction of legislation or regulations restricting financial transactions with online gaming operators or prohibiting the use of credit cards and other banking instruments for online gaming transactions, or any other increase in the stringency of regulation of financial transactions, whether in general or in relation to the online gaming industry in particular, may restrict the ability of Royal Wins to accept payment from its customers or facilitate withdrawals by them.

Certain governments may seek to impede the online gaming industry by introducing legislation or through enforcement measures designed to prevent customers or financial institutions based in their jurisdictions from transferring money to online gaming operations. They may seek to impose embargoes on currency use, wherever transactions are taking place. This may result in the providers of payment systems for a particular market deciding to cease providing their services for such market. This in turn would lead to an increased risk of payments due to Royal Wins being misappropriated, frozen or diverted by banks and credit card companies.

Dependence on key personnel

Failure to attract, retain and motivate key employees may adversely affect Royal Wins' ability to compete and the loss of the services of key personnel could have a material adverse effect on its business.

Royal Wins depends on the services of its executive officers as well as its key technical, operational, marketing and management personnel. The loss of any of these key persons could have a material adverse effect on Royal Wins' business, results of operations and financial condition. Royal Wins' success also highly depends on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, operational, marketing and management personnel. Competition for such personnel can be intense, and Royal Wins cannot provide assurance that it will be able to attract or retain such highly qualified personnel in the future, in particular in light of the potential Combination, which could hinder Royal Wins' ability to attract or retain such highly qualified personnel.

Capital requirements

Royal Wins may require additional capital to support its business growth, and this capital may not be available on acceptable terms, if at all.

Royal Wins may require additional capital to support its business growth or to respond to business opportunities, challenges or unforeseen circumstances. Royal Wins' ability to obtain additional capital, if and when required, will depend on its business plans, investor demand, its operating performance, capital markets conditions, and other factors. If Royal Wins raises additional funds by issuing equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its currently issued and outstanding equity or debt, and its existing shareholders may experience dilution. If Royal Wins is unable to obtain additional capital when required, or on satisfactory terms, its ability to continue to support its business growth or to respond to business opportunities, challenges or unforeseen circumstances could be adversely affected, and its business may be harmed.

Natural events

Royal Wins' results of operations could be affected by natural events in the locations in which it operates or where its customers or suppliers operate, as well as by scheduling and live broadcasting of major sporting events, and cancellation, postponement or curtailment of the same.

Royal Wins and its suppliers have operations in, and customers reside in, locations subject to natural occurrences such as severe weather and other geological events, including hurricanes, earthquakes, floods, blizzards, wild fires, pandemics or tsunamis that could disrupt operations and gameplay. Any serious disruption at any of Royal Wins' or its suppliers' facilities or the residences of its customers due to a natural disaster could have a material adverse effect on Royal Wins' revenues and increase its costs and expenses. If there is a natural disaster or other serious disruption at any of Royal Wins' facilities, it could impair its ability to adequately supply its customers, cause a significant disruption to its operations, cause it to incur significant costs to relocate or re-establish these functions and negatively impact its operating results.

Mobile platforms

Royal Wins' customer growth, engagement, and monetization on mobile devices each depend upon effective operation with mobile operating systems, networks, standards, and application marketplaces that it does not control.

As it relates to its mobile platforms, Royal Wins is dependent on the interoperability of such platforms with popular mobile operating systems, technologies, networks and standards that it does not control, such as the Android and iOS operating systems, and any changes, bugs, technical or regulatory issues in such systems, Royal Wins' relationships with mobile partners, manufacturers and carriers, or in their terms of service or policies that degrade Royal Wins' product offerings' functionality, reduce or eliminate its ability to distribute its product offerings, give preferential treatment to competitive products, limit its ability to deliver high quality product offerings, or impose fees or other charges related to delivering its product offerings, could adversely affect its product usage and monetization on mobile devices. Royal Wins also may not be successful in developing relationships with key participants in the mobile industry or in developing products or services that operate effectively with these operating systems, networks, devices and standards. If it is difficult or unfavorable for Royal Wins' customers to access and use its product offerings on their mobile devices, or if its customers choose not to access or use its product offerings on their mobile devices or use mobile products that do not offer access to its product offerings, its customer growth and engagement could be harmed, which could adversely affect its business, results of operations and financial condition.

Evolving industries

Royal Wins' mobile offerings are part of new and evolving industries, which presents significant uncertainty and business risks. The online gaming and interactive entertainment industries are relatively new and continue to evolve. Whether these industries grow and whether Royal Wins' online business will ultimately succeed, will be affected by, among other things, developments in social networks, mobile platforms, legal and regulatory developments (such as passing new laws or regulations or extending existing laws or regulations to online gaming and related activities), taxation of gaming activities, data and information privacy and payment processing laws and regulations, and other factors that it is unable to predict and which are beyond its control. Given the dynamic evolution of these industries, it can be difficult to plan strategically, including as it relates to product launches in new or existing jurisdictions which may be delayed or denied, and it is possible that competitors will be more successful than Royal Wins at adapting to change and pursuing business opportunities.

Additionally, as the online gaming industry advances, including with respect to regulation in new and existing jurisdictions, Royal Wins may become subject to additional compliance-related costs, including as it relates to licensing and taxes. Consequently, Royal Wins cannot provide assurance that its online and interactive offerings will grow at the rates expected, or be successful in the long term. If Royal Wins' product offerings do not obtain popularity or maintain popularity, or if they fail to grow in a manner that meets its expectations, or if it cannot offer its product offerings in particular jurisdictions that may be material to its business, Royal Wins' business, results of operations and financial condition could be harmed.

Corporate social responsibility, responsible gaming, reputation and ethical conduct.

Many factors influence Royal Wins' reputation and the value of its brands, including the perception held by its customers, business partners, investors, other key stakeholders and the communities in which it operates regarding Royal Wins and its business and governance practices, such as its environmental, social responsibility, corporate governance and responsible gaming practices. Royal Wins has and will likely continue to face increased scrutiny related to responsible gaming, environmental, climate change, social and governance 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 and labor relations, responsible gaming, human rights, philanthropy and

support for local communities. Any harm to Royal Wins' reputation could impact employee engagement and retention, the willingness of customers and Royal Wins' partners to do business with it, and current and potential investors to invest in it, which could have a materially adverse effect on its business, results of operations and cash flows.

Acquisitions

Royal Wins may make acquisitions if opportunities arise in the future. Investigating, completing, implementing and integrating acquisitions involve risks that could negatively affect Royal Wins' business, results of operations, cash flows or liquidity.

As part of its business strategy, Royal Wins has made and may make acquisitions if opportunities arise in the future to add specialized employees and new or complementary businesses, products, brands or technologies. In some cases, the costs of such acquisitions may be substantial, including as a result of professional fees and due diligence efforts. There is no assurance that the time and resources expended on pursuing a particular acquisition will result in a completed transaction, or that any completed transaction will ultimately be successful.

Risks related to regulation

The online gaming industry is heavily regulated and Royal Wins' failure to obtain or maintain applicable licensure or approvals, or otherwise comply with applicable requirements, could be disruptive to its business and could adversely affect its operations.

Royal Wins and its officers, directors, major shareholders, key employees and business partners are generally subject to the laws and regulations relating to online gaming of the jurisdictions in which Royal Wins conducts business, as well as the general laws and regulations that apply to all e-commerce businesses, such as those related to privacy and personal information, tax and consumer protection. 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 Royal Wins' operations and financial results. In particular, some jurisdictions have introduced regulations attempting to restrict or prohibit online gaming, while others have taken the position that online gaming should be licensed and regulated and have adopted or are in the process of considering legislation to enable that to happen. Even where a jurisdiction purports to license and regulate online gaming, the licensing and regulatory regimes can vary considerably in terms of their business-friendliness and at times may be intended to provide incumbent operators with advantages over new licensees. As such, some "liberalized" regulatory regimes are considerably more commercially attractive than others.

Management is of the view that the business of Royal Wins is not illegal under Canadian criminal law and does not require any particular licence to operate. If Royal Wins is incorrect that the Criminal Code does not apply to games of pure skill or in its assessment that its games are games of pure skill, Royal Wins could be subject to criminal charges or to other regulatory action that could result in the inability to carry on its business and this would result in the loss of an investor's entire investment.

Social responsibility concerns and public opinion can significantly influence the regulation of online gaming and impact responsible gaming requirements, each of which could impact Royal Wins' business and could adversely affect its operations.

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 Royal Wins could expand. Negative public perception could also lead to new restrictions on or to the prohibition of online gaming in jurisdictions in which Royal Wins currently operates.

In addition, concerns with safer betting and gaming could lead to negative publicity, resulting in increased political and regulatory attention, which may result in restrictions on Royal Wins' operations. If Royal Wins had to restrict its 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.

Royal Wins may not be able to capitalize on the expansion of online gaming or other trends and changes in the online gaming industry, including due to laws and regulations governing this industry.

Royal Wins directly and indirectly participates in the constantly evolving online gaming industry through its online (including mobile) and social products. Royal Wins as a holder of KGC License which allows it to legally operate in over 140 countries intends to take advantage of the liberalization of online gaming especially real money prize in pure skill games, both within North America, Europe and elsewhere internationally; however, expansion of online gaming involves significant risks and uncertainties, including legal, business and financial risks. The success of online gaming and Royal Wins' product offerings may be affected by future developments in social networks, mobile platforms, regulatory developments, payment processing laws, data and information privacy laws and other factors that Royal Wins is unable to predict and are beyond its control. Consequently, Royal Wins' future operating results relating to its online gaming products are difficult to predict, and it cannot provide assurance that its product offerings will grow at expected rates or be successful in the long term.

Systems security and integrity

Compromises of Royal Wins' systems, manipulation of its products or services, or unauthorized access to its confidential information or data, or its customers' personal information or data, could materially harm its reputation and business.

Royal Wins assesses, monitors and, as necessary, desirable or appropriate, continuously upgrades, the security of its systems as well as the collection, processing, storage and transmission of customer information on an ongoing basis. Cyber-attacks may be carried out by third parties or insiders using techniques that range from highly sophisticated efforts to circumvent network security or overwhelm websites to more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. These third parties often seek unauthorized access to Royal Wins' confidential information or data or its customers' or employees' personal information or data, or to maliciously overwhelm Royal Wins' services, which could result in prolonged outages during which customers would be unable to use its products or services. Any failure to prevent or mitigate security breaches and improper access to or disclosure of Royal Wins' data or user information could result in the loss, corruption or misuse, including fraudulent manipulation of or "ransom" demands with respect to, such data or information, which could harm Royal Wins' business and reputation and diminish its competitive position.

Technology

Royal Wins' business is dependent on its ability to maintain and scale its technical infrastructure, and any significant disruption in its service, including service interruptions of Internet and other technology service providers, could damage its reputation, result in a potential loss of customers and engagement, and adversely affect its financial results.

Royal Wins' reputation and ability to attract, retain and serve its customers depends in part upon the reliable performance and availability of its product offerings and its underlying technical infrastructure. Royal Wins devotes significant resources to network and data security, including through the use of cryptographic controls and other security measures intended to protect its systems and data. However, Royal Wins' systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to its business. If Royal Wins' product offerings are unavailable when customers attempt to access them, or if they do not load as quickly as expected, customers may not use them as often in the future, or at all.

If Royal Wins fails to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or requirements, its technology, such as its platforms and offerings, may become less competitive or obsolete.

Royal Wins' future success depends on its ability to adapt and enhance its suite of technology and software, such as its platforms, as well as its product offerings. To attract new customers and increase revenue from existing customers, Royal Wins needs to continue to enhance and improve its platforms, product offerings, features and enhancements to meet customer needs at competitive prices. Such efforts will require adding new functionality and responding to technological advancements or disruptive technologies, such as artificial intelligence, which will increase Royal Wins' R&D costs. If Royal Wins is unable to develop technology and products that address customers' needs, or enhance and improve its platforms and product offerings in a timely manner, that could have a material adverse effect on its business, revenues, operating results and financial condition. Royal Wins' ability to continue to operate and grow is also subject to the risk of future disruptive technologies. If new and/or disruptive technologies emerge that are able to deliver online betting and gaming and/or entertainment products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely affect Royal Wins' ability to compete.

Intellectual property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its brand, its algorithms and certain of its processes. The Company has adopted procedures to protect its intellectual property and licensed intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology. To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays and materially disrupt the conduct of its business. The Company may also inadvertently infringe others intellectual property and be subject to litigation in respect of same.

Intellectual property litigation

The Company may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the Company's business. The existence and/or outcome of any such litigation could harm the Company's business.

Data security and hacking

Increasingly, organizations are subject to a wide variety of attacks on their networks. In addition to traditional computer "hackers," malicious code (such as viruses and worms), employee theft or misuse, denial of service attacks, ransomware, malware and sophisticated government and government-supported actors now engage in incidents and attacks (including advanced persistent threat intrusions), and add to the risks to our internal networks and the information they store, manage and process. It is virtually impossible for the Company to entirely mitigate these risks (especially as it relates to unlicensed or outdated versions of our product or agent). Any such security incident or breach could compromise our networks, creating system disruptions or slowdowns and exploiting security vulnerabilities of our products, and the information stored on our networks could be accessed, publicly disclosed, lost, or stolen, which could subject us to liability and cause us financial harm. These breaches, or any perceived breach, may also result in damage to our reputation, negative publicity (through research reports or otherwise), loss of partners, end-customers and sales, increased costs to remedy any problem, and costly litigation and may result in the Company's business, operating results and financial condition being materially adversely affected.

DIVIDENDS AND DISTRIBUTIONS

The Company has no earnings or history of paying dividends, and does not anticipate paying any dividends in the foreseeable future. In the event that the Company were to pay dividends such dividends would be subject to tax and potentially, statutory withholdings.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of First Preferred Shares. The outstanding position of the Company's common shares and other equity instruments outstanding at each reporting date is as follows:

	June 30, 2021	December 31, 2021
Common Shares	104,147,045	123,564,908
Stock Options	11,500,000	9,500,000
Warrants	8,088,771	7,652,732

Common Shares

Holders of shares are entitled to vote at meetings of shareholders, share equally in the remaining property of the Company upon liquidation, dissolution or winding up, subject to rights, privileges, restrictions and conditions attaching to other class of shares, and, subject to rights of First Preferred Shares, to receive dividends if, as and when declared by directions of the Company.

First Preferred Shares

The Company is also authorized to issue an unlimited number of First Preferred Shares without par value, issuable in series with special rights and restrictions attached, none of which are issued and outstanding as of the reporting dates.

Warrants

As at the reporting dates, the Company has the following warrants outstanding, each such warrant exercisable for one (1) common share, on the terms set out below.

Description	June 30, 2021		December 31, 2021		Exercise Price (\$)	Expiry Date
	Number Outstanding	Common Shares Issuable Upon Exercise	Number Outstanding	Common Shares Issuable Upon Exercise		
2020 Warrants	6,833,340	6,833,340	-	-	0.10	Dec 10, 2021
Private Placement Warrants	1,106,168	1,106,168	1,106,168	1,106,168	0.40	Feb 26, 2023
	-	-	5,611,668 ⁽¹⁾	5,611,668	0.40	Mar 5, 2023
Broker Warrants	149,263	149,263	149,263	149,263	0.40	Feb 26, 2023
	-	-	785,633 ⁽¹⁾	785,633	0.40	Mar 5, 2023
Total	8,088,771	8,088,771	7,652,732	7,652,732		

(1) These warrants were reserved for issuance at the time of subscription receipts issuance in March 2021. The warrants were then issued in July 2021 upon the conversion of the subscription receipts. For more details, please see "General Development of the Business of the Company before the Acquisition"

Stock Options

The Company has the following stock options outstanding, each such stock option exercisable for one (1) common share, on the terms set out below: None of these options were granted pursuant to the Company's stock option plan.

June 30, 2021		December 31, 2021		Exercise Price (\$)	Expiry Date
Number of options	Common Shares Issuable Upon Exercise	Number of options	Common Shares Issuable Upon Exercise		
2,000,000	2,000,000	-	-	0.025	July 5, 2021
5,500,000	5,500,000	5,500,000	5,500,000	0.075	December 15, 2022
4,000,000	4,000,000	4,000,000	4,000,000	0.075	December 15, 2025
11,500,000	11,500,000	9,500,000	9,500,000		

Stock Option Plan

As of June 30, 2021, the Company had 2020 Incentive Stock Option Plan in place which was a “rolling” stock option plan under which options may be granted to “Eligible Persons” in respect of authorized and unissued common shares provided that, the aggregate number of common shares reserved by the Company for issuance and which may be purchased upon the exercise of all options shall not exceed 10% of the issued and outstanding common shares of the Company at the time of granting of options (on a non-diluted basis). An Eligible Person means any director, officer, employee (part-time or full-time), service provider or consultant of the Company or any of its affiliates.

On December 14, 2021, the shareholders of the Company adopted a new incentive stock option plan (the “2021 Incentive Stock Option Plan”) which replaced the Company’s former stock option plan (the “2020 Incentive Stock Option Plan”) to include the feature of cashless exercise.

The following is a summary of the other material terms of the 2021 Incentive Stock Option Plan:

- (a) all options granted under the Stock Option Plan are non-assignable and non-transferable and can be exercised for a period of up to 5 years, as determined by the Board.
- (b) The number of common shares, the exercise price, the vesting period and any other terms and conditions of options granted pursuant to Stock Option Plan are determined by the Company’s Board, subject to the express provisions of the Stock Option Plan.
- (c) The exercise price of options under the Stock Option Plan will be set by the Company’s Board at the time of grant and cannot be not less than the closing price of the Company’s common shares on the date prior to the date of grant of the stock options on the principal exchange on which it trades or in accordance with the pricing rules of any other stock exchange on which the common shares of the Company may trade in the future.
- (d) If before the expiry of the option, the optionee ceases to be an Eligible Person for any reason other than the retirement, permanent disability or death of the Eligible, the option will terminate after a period of 6 months from the date the optionee ceases to be an Eligible Person. If the optionee ceases to be an Eligible Person by reason of termination by the Company for cause or upon ceasing to be a director/ officer, the option will terminate immediately upon the optionee ceasing to be an Eligible Person.
- (e) In the event of the death of the optionee, the option continues to be exercisable for a period up to twelve months from the date of such event.
- (f) In addition, the Stock Option Plan provides for the following limits on option grants: (i) no one optionee shall be granted an option which when aggregated with any other options or common shares allotted to such optionee under the Plan exceeds 5% of the issued and outstanding common shares of the Company (on a non-diluted basis), the total number of Options granted to any one Optionee in any 12-month period shall not exceed 5% of the issued and outstanding common shares of the Company (on a non-diluted basis), the total number of Options granted to all Insiders in any 12-month period shall not exceed 10% of the issued and outstanding common shares of the Company (on a non-diluted basis). The total number of options granted to any one consultant in any 12-month period shall not exceed 2% of the issued and outstanding common shares of the Company (on a non-diluted basis). The total number of options granted to all persons, including employees, providing investor relations activities to the Company in any 12-month period shall not exceed 2% of the issued and outstanding common shares of the Company (on a non-diluted basis) and the Option Price per common share shall be determined in accordance with Plan. Options granted to persons providing investor relations activities must vest over a 12-month period with no more than 25% of the options vesting in any quarter.

For more information on Royal Wins's issued and outstanding stock options, and its stock option plan, see "Market for Securities— Issuances of Securities", the 2021 Annual MD&A, the 2021 Annual Financial Statements, and the Company's management information circular for the most recent annual meeting of shareholders of the Company, each of which is available on SEDAR at www.sedar.com.

Constraints

As of June 30, 2021, the Company does not have any constraints imposed on the ownership of its securities to ensure that the Company has a required level of Canadian ownership.

Ratings

The Company does not have any ratings for its securities from a rating organization.

MARKET FOR SECURITIES

Trading Price and Volume

As of June 30, 2021, the Company's common shares were not listed on any market place. They began trading on the CSE and OTCQB Market with effect from July 20, 2021 and November 23, 2021 respectively.

The following table sets out the high and low prices and total trading volume of the common shares listed on the CSE and OTCQB for each month beginning the listing of the shares up to December 31, 2021.

2021	CSE			OTCQB		
	High	Low	Volume	High	Low	Volume
July	0.30	0.20	1.15M	N/a	N/a	N/a
August	0.245	0.16	786K	N/a	N/a	N/a
September	0.25	0.14	1.10M	N/a	N/a	N/a
October	0.27	0.135	3.13M	N/a	N/a	N/a
November	0.27	0.145	6.76M	0.177	0.155	85,000
December	0.25	0.15	2.92M	0.157	0.149	5,000

For information regarding options and warrants to purchase common shares that can be settled in common shares, and common shares issued or issuable upon the exercise of options and warrants, see the notes to the 2021 Annual Financial Statements.

Prior Sales

The following is a summary of the securities of the Company that are outstanding but not listed or quoted on a marketplace, which have been issued during the most recently completed financial year of the Company.

Convertible Securities

Type of Security	Date of Issue / Grant	Number Issued and Outstanding	Exercise Price (\$)	Expiry Date
Stock Options	December 15, 2020	5,500,000	0.075	December 15, 2022
	December 15, 2020	4,000,000	0.075	December 15, 2025
Stock Options Total		9,500,000		
2020 Warrants	December 11, 2020	6,833,340	0.10	December 10, 2021
Private Placement Warrants	February 26, 2021	1,106,168	0.40	February 26, 2023
Broker Warrants	February 26, 2021	149,263	0.40	February 26, 2023
Warrants Total		8,088,771		
Subscription receipts convertible into one common share and one half of one common share purchase warrant ⁽¹⁾	March 5, 2021	11,223,331	0.30	Conversion conditional upon certain conditions which were completed in July 2021

(1) For more details including conversion terms, please see "General Development of the Business before Acquisition of RWPL"

The following is a summary of the securities of the Company that are outstanding as on December 31, 2021 but not listed or quoted on a marketplace.

Type of Security	Date of Issue / Grant	Number Issued and Outstanding	Exercise Price (\$)	Expiry Date
Stock Options	December 15, 2020	5,500,000	0.075	December 15, 2022
	December 15, 2020	4,000,000	0.075	December 15, 2025
Private Placement Warrants	February 26, 2021	1,106,168	0.40	February 26, 2023
	March 23, 2021	5,611,668	0.40	March 23, 2023
Broker Warrants	February 26, 2021	149,263	0.40	February 26, 2023
	March 5, 2021	785,633	0.40	March 5, 2023

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at the Company's most recently completed financial year (June 30, 2021), the Company had nil issued and outstanding Shares in escrow or subject to a contractual restriction on transfer subject to various transfer restrictions.

The following table sets out the number of common shares that, to the Company's knowledge, are held in escrow and the percentage that number represents of the outstanding common shares as at December 31, 2021.

Description	Number of securities held in escrow or that are subject to a contractual restriction on transfer ⁽¹⁾⁽²⁾	Percentage of Common Shares on non-diluted basis
Common Shares	57,230,674	46.32%

Notes:

(1) At the time of CSE listing, an aggregate of 47,917,009 common shares (the "CSE Escrow Shares") were held in escrow pursuant

to an escrow agreement dated July, 12 2021, between the Company, Capital Transfer Agency ULC, as escrow agent, and certain shareholders of the Company. The CSE Escrow Shares are subject to the following release schedule: Ten (10%) percent of the CSE Escrow Shares were released upon the date of listing on the CSE and an additional 15% are to be released every 6 months thereafter until all CSE Escrow Shares have been released (36 months following the date of listing on the CSE).

As at December 31, 2021, CSE Escrow Shares balance aggregated to 43,226,528 common shares.

- (2) At the time of CSE listing, an aggregate of 21,031,220 common shares (the “Voluntary Lock-Up Shares”) were held in lock-up pursuant to certain lock-up agreements, dated July 13, 2021, between the Company and certain shareholders of the Company, and subject to release in installments on listing date, three months, six months and nine months from the listing date.

As at December 31, 2021, Voluntary Lock-Up Shares balance aggregated to 14,004,146 Common Shares.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The following table sets forth all current directors and executive officers of the Company as at June 30, 2021, their principal occupations or employment, the period or periods of service, and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised. The Board consists of five (5) directors to be elected annually. The term of office of each director will be from the date of the meeting at which he or she is elected until the next annual meeting, or until his or her successor is elected or appointed.

Name, Province & Country of Residence and Position	Principal Occupation During the Past 5 Years	Period of Service	Number of Common Shares Beneficially Owned, Controlled or Directed, (Directly or Indirectly ⁽¹⁾)	Percentage of total common shares on Non-diluted basis (as of June 30, 2021)
Stephen Coates ⁽²⁾ Director, Toronto, Canada	Principal of Grove Capital Group Ltd.	December 29, 2017	3,012,198 ⁽³⁾	2.99%
Peter Gan CEO and Director Sydney, Australia	CEO of Royal Wins Corp. & Royal Wins PTY Ltd.	April 1, 2021	8,650,000 ⁽⁴⁾	8.31%
Daniel Fuoco ⁽²⁾ Director, Woodbridge, Canada	President and CFO of Danville Consulting Inc.	January 12, 2021	Nil	N/a
Robert Fong COO and Director Sydney, Australia	COO of Royal Wins Corp. and Royal Wins PTY Ltd.	April 1, 2021	24,623,567 ⁽⁴⁾	23.64%
Jun He ⁽²⁾ Director Maple, Ontario	Managing Partner Bright Mega Capital	April 8, 2021	946,950	0.91%
Lukie Ali Chief Technology Officer Ryde, Australia	CTO of Royal Wins Corp. and Royal Wins PTY Ltd	April 1, 2021	12,721,592	12.21%
Geoff Kritzinger Chief Financial Officer Toronto, Canada	Chartered Professional Accountant	December 29, 2017	64,000	0.06%
Catherine Beckett Corporate Secretary Whitby, Canada	Manager of Corporate Affairs, Grove Corporate Services Ltd.	December 29, 2017	Nil	N/a

Notes:

- (1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.
- (2) Member of the Audit Committee, Nomination, Compensation and Governance Committee.
- (3) Of these shares, 604,476 are held directly and 2,407,722 are held indirectly
- (4) All shares held indirectly

As of June 30, 2021, the directors and executive officers as a group beneficially own, directly or indirectly, or over which control or direction is exercised, 50,018,307 of the issued and outstanding Shares, representing approximately 48.03% of the total votes attaching to all of the outstanding voting securities of the Company on a non-diluted basis.

Post June 30, 2021, the below changes took place:

- a. Ms. Catherine Beckett stepped down as the Corporate Secretary and Ms. Namrata Malhotra was appointed as the Corporate Secretary with effect from October 27, 2021. Ms. Malhotra is a Corporate Secretary at Grove Corporate Services Ltd, and resides in Toronto, Canada. As of December 31, 2021, she held nil common shares of the Company.
- b. Mr. Charles Vycichl was appointed a director and member of Audit Committee, Nomination Compensation and Governance Committee with effect from November 1, 2021. Mr. Vycichl also serves as the Chairman of the Board. He is an independent legal advisor and resides in Geneva, Switzerland. As of December 31, 2021, he held nil common shares of the Company.
- c. Mr. Jun He did not stand for annual election in the last annual general and special meeting held on December 14, 2021. Accordingly, he is no longer on the Board and the Board Committee with effect from the same date.

Given below is bio of the directors and executive officers:

Peter Gan (CEO & Director)

Peter holds an Engineering degree (Hons) and Master of Business Administration from the University of New South Wales, Australia. He is registered to provide financial advice and deal in securities (RG 146 and RG 105) and is currently reading Law at the University of Sydney, Australia. He has held CEO/COO/Company Secretary roles over the last 15 years in publicly listed companies (ASX, AIM, PLUS), private and institutional fund companies. He has led small to medium sized companies in multiple industries including online gaming, energy markets, technology start-ups and financial services. His experience comprehensively straddles international capital markets and corporate management.

Robert Fong (COO & Director)

Robert holds degrees in Architecture (Bachelor and Masters Hons) from the University of New South Wales, Australia. He has lectured extensively on the subject and was named one of Australia's top 40 architects under 40 in 2006. His technology career commenced as Technology Director for Frankfurt based E-Gal rising to the position of CEO of parent E-Dynamics Group based in Switzerland. His first start up, Morf Media, was selected as one of 3 start-ups from Australia backed by Price Waterhouse Coopers to attend the Global Technology Conference in Palo Alto, California in 2012. Robert has worked in and/or managed companies in Australia, Singapore, Frankfurt, Switzerland, China, Hong Kong and Malaysia.

Daniel Fuoco (Director)

Mr. Fuoco is a Chartered Professional Accountant in Canada with over 35 years of professional experience in

the financial sector including a top global audit firm, a major international Company, and a number of public companies on the TSXV and CSE stock exchanges. As a CFO, he has direct experience is the preparation of financial statements and MD&A reports, involvement with IPO's, capital financing, securities filings, and dealing with the Auditors, reviewing and approving audit plans and audit fees. In addition, Mr. Fuoco has been directly involved with the corporate governance and compliance function and corporate reporting for publicly listed companies.

Stephen Coates (Director)

Mr. Coates is founder and Principal of Grove Capital Group – a merchant banking group specializing in the incubation and development of entrepreneurial businesses in Canada and abroad – and, Grove Corporate Services –a corporate secretarial, administration and accounting support firm for small-cap companies. He has founded and served as Chairman or CEO of several publicly listed companies and currently serves as advisor to, and/or Director of, several public and private small-cap companies. Mr. Coates has spent over 20 years in the capital markets, working in Canada, the United States and United Kingdom. He specializes in financial structuring, business development, communications and market finance – creating strategic relationships for success. He is a graduate of Kings College at the Western University in London, Canada.

Jun He (Ceased to be a Director with effect from December 14, 2021)

Mr. He is the Founder and Managing Partner of Bright Mega. He has over 18 years of experience in international business and investment. Since 2012, he has invested in a variety of industries including mining, oil and gas and agriculture. Mr. He brings a wealth of in-depth knowledge and a working understanding of the Chinese marketplace to Royal Wins. He is the founder of Toronto-based Fame Club, a member of Canada China Chamber of Commerce and a member of the Association of Chinese Canadian Entrepreneurs. In 2014, Mr. He was elected the “Best Asia Pacific Business Award”. He received his Master's Degree from the University of International Business Economics, Beijing and an MBA from HEC in Paris, France.

Charles Vycichl (Director with effect from November 1, 2021)

Mr. Vycichl is a Lawyer with over 40 years' experience dealing with global projects for complex international legal transactions, in the pharmaceutical, chemical, oil industry, internet, telecommunication fields. Mr. Vycichl is a generalist in business law but has an in-depth exposure to EU competition law, intellectual property, acquisitions, joint venture, in many countries.

Lukie Ali (Chief Technology Officer)

With a background in advanced systems and software engineering, Mr. Ali is an expert coder in advanced technologies, artificial intelligence, language technologies, server development and security systems. Together with Mr. Fong, he developed small footprint, high- fidelity game engine technology allowing vast 3D worlds and games to be streamlined efficiently to web, desktop and mobile devices. Mr. Ali was also on the management team of Morf Dynamics, leading technical teams in building out the entire framework for the company's virtual worlds and corporate training platforms. Mr. Ali started his career as an entrepreneur, founding a successful computer retail chain with stores across Sydney, Australia, which imported and distributed computer hardware and equipment from China and Indonesia.

Geoff Kritzinger (Chief Financial Officer)

Mr. Kritzinger is a Chartered Professional Accountant and former Partner at Shimmerman Penn LLP from 2001 to 2008 where he managed a large audit practice. Since that time through his accounting practice, he has acted for several public and private companies active in Canada, the United States and internationally as CFO and in financial advisory capacities. Mr. Kritzinger will provide both hands on and supervisory & advisory functions to maintain overhead costs while meeting the rigorous and demanding reporting standards in the

current regulatory environments.

Catherine Beckett (Ceased to be Corporate Secretary with effect from October 27, 2021)

Ms. Beckett started her career in the mineral exploration industry as a geologist and holds a degree in geology from the University of Toronto. For the past 20 years she has managed corporate secretarial, regulatory filings and administrative support for publicly listed companies on the TSX, TSXV and CSE as well as for private small-capand exploration companies.

Namrata Malhotra(Corporate Secretary with effect from October 27, 2021)

Namrata Malhotra has an extensive background in corporate governance management and regulatory compliance. She most recently held the position of Assistant Vice-President, Corporate Secretarial and Compliance at a fintech start-up in India. A recent immigrant to Canada, she is a substantial resource for compliance, regulatory and governance issues of the Company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed herein, to the best knowledge of the Company, none of the directors or executive officers or shareholder holding a sufficient number of securities of the Company to materially affect control of the Company is, or within ten years before the date hereof, has been:

- (a) a director, chief executive officer or chief financial officer of any company(including the Company) that
 - (i) 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 consecutive days issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or
 - (ii) 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 consecutive days issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) a director or executive officer of any company (including the 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
- (c) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the best knowledge of the Company, none of the directors or executive officers or shareholder holding a sufficient number of securities of the Company to materially affect control of the Company of the Company have 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.

Mr. Stephen Coates is a director of International Zeolite Corp., which was issued a cease trade order on November 2, 2018 by the British Columbia Securities Commission for failure to file its annual financial statements in a timely manner. The order was revoked on December 12, 2018 after the company filed the outstanding documents.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. All related party transactions during each reporting period are detailed in the Company's Management Discussion & Analysis for the fiscal year ended June 30, 2021.

PROMOTERS

The founders of RWPL - Robert Fong, Chief Operating Officer and Director of the Company; Lukie Ali, Chief Technology Officer of the Company, along with Peter Gan, Chief Executive Officer and director of the Company, are considered to be Promoters of the Company. Mr. Fong holds 24,623,567 shares (indirectly), Mr. Ali holds 12,721,592 shares and Mr. Gan has indirect interest in 8,650,000 shares. Other than as disclosed in this section or elsewhere in this AIF, no person who was a Promoter of the Company within the last two years:

1. received anything of value directly or indirectly from the Company or RWPL other than the compensation disclosed in the management information circular of the Company dated November 2, 2021 under the heading "Executive Compensation";
2. sold or otherwise transferred any asset to the Company or RWPL within the last two years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company was not subject to any material legal proceedings during its most recently completed financial year, nor is the Company or any of its properties a party to or the subject of any such proceedings, and no such proceedings are known to be contemplated.

There were no penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority during its most recently completed financial year, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court

relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no director or executive officer of the Company, person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the common shares, or any associate or affiliate of any such persons, has or had any material interest, direct or indirect, in any transaction within the Company's three most recently completed financial years which has materially affected or will materially affect the Company or any of its subsidiaries other than as set out herein.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares in Canada is Capital Transfer Agency, ULC of 390 Bay Street, Suite 920, Toronto Ontario M5H 2Y2.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following is the only material contract entered into by the Company during the year ended June 30, 2021.

1. Takeover Implementation Deed dated February 24, 2021 between the Company and RWPL in respect of the Acquisition of RWPL by the Company; a copy of which has been filed on SEDAR.

During the current financial year, the Company entered into the below material contract:

2. Escrow Agreement dated July 12, 2021 between the Company, Capital Transfer Agency, ULC and certain securityholders of the Company in respect to the shares of the securityholders held in escrow pursuant to the National Policy 46-201 Escrow for Initial Public Offerings, a copy of which has been filed on SEDAR.

INTEREST OF EXPERTS

The Company's external auditor is Clearhouse, LLP, located at 527-2560 Matheson Blvd E, Mississauga ON L4W 4Y9. The auditor has informed the Company that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information on the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular dated November 2, 2021, which may be found on SEDAR at www.sedar.com. Additional financial information regarding the Company is provided in the Company's audited annual financial statements and management's discussion and analysis for the year ended June 30, 2021, which may also be found on SEDAR.

AUDIT COMMITTEE DISCLOSURE

Audit Committee Mandate

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting processes of the Company and annual external audits of the consolidated financial statements. The Audit Committee has formally set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Company's internal accounting standards and practices, financial information, accounting systems and procedures. The full text of the Company's Audit Committee charter is attached hereto as Appendix A to this AIF.

Composition of the Audit Committee

As at June 30, 2021, the members of the Audit Committee were Daniel Fuoco (Chair of the Audit Committee), Stephen Coates and Jun He. Mr. Fuoco and Mr. He were independent members of the Audit Committee as contemplated by NI 51-110. Mr. Coates is not an independent member of the audit committee. All members of the Audit Committee are considered financially literate pursuant to NI 52-110. The Company is exempt from the Audit Committee composition requirements in NI 52-110 which require all Audit Committee members to be independent. All of the Audit Committee members are "financially literate", as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting. The Audit Committee is responsible for review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right at all times, to inspect all the books and financial records of the Company and any subsidiaries and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The Audit Committee members meet periodically with management and annually with the external auditors.

Mr. Charles Vycichl was appointed as a Member of the Audit Committee with effect from November 1, 2021. Mr. Jun He ceased to be a Member of the Audit Committee effective December 14, 2021. As of December 31, 2021, the members of the Audit Committee were Daniel Fuoco, Stephen Coates, Charles Vycichl.

Relevant Education and Experience

Each member of the audit committee has adequate education and experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that have provided the member with:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Daniel Fuoco

Mr. Fuoco is a Chartered Professional Accountant in Canada with over 35 years of professional experience in the financial sector including a top global audit firm, a major international Company, and a number of public companies on the TSXV and CSE stock exchanges. As a CFO, he has direct experience in the preparation of financial statements and MD&A reports, involvement with IPO's, capital financing, securities filings, and dealing with the Auditors, reviewing and approving audit plans and audit fees. In addition, Mr. Fuoco has been directly involved with the corporate governance and compliance function and corporate reporting for publicly listed companies.

Stephen Coates

Mr. Coates has over 25 years of experience with public company financial statements and public capital markets. His career has included (now former) registration as an Investment Advisor, merchant banking and finance and serving on numerous audit committees and as audit committee chair for numerous publicly listed companies in Canada.

Jun He (Ceased to be a Member w.e f December 14, 2021)

Mr. He is the Founder and Managing Partner of Bright Mega. He has over 18 years of experience in international business and investment. Since 2012, he has invested in a variety of industries including mining, oil and gas and agriculture. Mr. He brings a wealth of in-depth knowledge and a working understanding of the Chinese marketplace to Royal Wins. He is the founder of Toronto-based Fame Club, a member of Canada China Chamber of Commerce and a member of the Association of Chinese Canadian Entrepreneurs. In 2014, Mr. He was elected the "Best Asia Pacific Business Award". He received his Master's Degree from the University of International Business Economics, Beijing and an MBA from HEC in Paris, France.

Charles Vycichl (Member since November 1, 2021)

Mr. Vycichl is a lawyer by profession with over 40 years' experience dealing with global projects for complex international legal transactions, in the pharmaceutical, chemical, oil industry, internet, telecommunication fields, in particular within the legal department of Fortune 100 and Fortune 500 companies. Mr. Vycichl is a generalist in business law but has an in-depth exposure to EU competition law, intellectual property, acquisitions, joint venture, in many countries.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation by the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Audit Committee and, where applicable, the Company's Board, on a case-by-case basis.

Auditor Service Fees

The following table provides detail in respect of audit, audit related, tax and other fees billed to the Company by the external auditors for professional services provided to the Company and its subsidiaries:

	2021	2020
Audit fees	\$35,000	\$11,250
Audit-related fees	\$7,694	\$169

Tax fees	0	0
Other fees	Nil	Nil
Total	\$42,692	\$11,419

Audit Fees: Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees: Audit-related fees were paid for professional services rendered by the auditors and were comprised primarily of the reading of quarterly financial statements.

Exemption

The Company is relying on the exemption from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) as set out in section 6.1 of NI 52-110.

APPENDIX A
ROYAL WINS CORPORATION AUDIT COMMITTEE CHARTER

1. DEFINITIONS

1.1 In this Charter:

- (a) “**Board**” means the board of directors of the Company;
- (b) “**CEO**” means the Chief Executive Officer;
- (c) “**Company**” Royal Wins Corporation;
- (d) “**Company Management**” means Company Officers and senior management, collectively;
- (e) “**Company Officers**” means the CEO and non-CEO Officers, collectively; and
- (f) “**Directors**” means directors of the Company;
- (g) “**non-CEO Officer**” means (i) a chair or vice-chair of the Board, a chief operating officer, chief financial officer, chief technology officer, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer and general manager; (ii) an individual who is designated as an officer under a bylaw or similar authority of the Company; and (iii) an individual who performs functions similar to those normally performed by an individual referred to in (i) or (ii) above;
- (h) “**senior management**” means members of management who are not Company Officers.

2. PURPOSE AND PRIMARY RESPONSIBILITY

- 2.1 This charter (the “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 Royal Wins Corporation (the “Company”), annual evaluation and compliance with this charter.
- 2.2 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.

3. COMPOSITION AND OPERATIONS

- 3.1 Each member of the Audit Committee must be an independent director of the Company as defined in sections 1.4 and 1.5 of National Instrument 52110 – Audit Committees (“NI 52-110”) and must also satisfy the independence requirements of each exchange on which the Company’s shares are listed.
- 3.2 The Audit Committee will consist of at least three 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.

- 3.3 The Committee shall operate under the guidelines applicable to all Board committees.
- 3.4 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.
- 3.5 The Chair of the Audit Committee will be appointed by the Board.

4. DUTIES AND RESPONSIBILITIES

- 4.1 The duties and responsibilities of the Audit Committee include:
 - 4.2 recommending to the Board the external auditor to be nominated by the Board;
 - 4.3 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;
 - 4.4 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);
 - 4.5 overseeing the work of the external auditor;
 - 4.6 ensuring that the external auditor is independent by:
 - (i) 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 Company; and
 - (ii) requiring the independent auditor to provide to the Company annually formal written statements delineating all relationships between the auditor and the Company, consistent with applicable CPAB and PCAOB requirements, and actively engage with the independent auditor regarding ensuring independence of auditor
 - 4.7 ensuring that the external auditor is in good standing with the Canadian Public Accountability Board;
 - 4.8 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;
 - 4.9 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;

- 4.10 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;
- 4.11 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;
- 4.12 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;
- 4.13 reviewing the external auditor's report to the shareholders on the Company's annual financial statements;
- 4.14 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;
- 4.15 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;
- 4.16 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;
- 4.17 reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;
- 4.18 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;
- 4.19 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;
- 4.20 resolving disputes between management and the external auditor regarding financial reporting;
- 4.21 establishing procedures for:
 - (i) 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 practices relating thereto; and

- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 4.23 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;
- 4.24 pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor (the Chair of the Audit Committee has the authority to pre-approve in between regularly scheduled Audit Committee meetings any non-audit service of less than \$50,000, however such approval will be presented to the Audit Committee at the next scheduled meeting for formal approval);
- 4.25 overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;
- 4.26 establishing procedures for:
- (i) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;
 - (ii) 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;
 - (iii) 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;
 - (iv) reviewing fraud prevention policies and programs, and monitoring their implementation;
 - (v) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws /regulations and treaty or contractual obligations having a material impact on the financial statements including, without limiting the foregoing:
 - (vi) Tax and financial reporting laws and regulations;
 - (vii) Legal withholding and reporting requirements;
 - (viii) Environmental protection laws and regulations;
 - (ix) Treaty, contractual or consultation obligations with First Nation, Inuit or Metis communities
 - (x) Other laws and regulations, both domestic and foreign where applicable, which may expose directors to liability; and
- 4.27 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.
- 4.28 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.

5. AUTHORITY AND RESOURCES

5.1 The Audit Committee has the authority, without further approval of the Board of Directors to:

- (i) engage independent legal counsel, consultants and other advisors (each, an “**Independent Advisor**”) as it determines necessary to carry out its duties;
- (ii) set and pay the compensation for any such advisors employed by the Committee, funded by the Company;
- (iii) communicate directly with external advisors and any other personnel of the Company; and
- (iv) have unrestricted access to any personnel and documents of the Company relevant to performance of the Committee's duties.

5.2 The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Independent Advisor retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Independent Advisor retained by the Committee.

5.3 Notwithstanding its authority to engage Independent Advisors, the Committee may select an Independent Advisor to the Committee only after taking into consideration, all factors relevant to that person's independence from management, including the following:

- (i) the provision of other services to the Company by the person that employs the Independent Advisor;
- (ii) the amount of fees received from the Company by the person that employs the Independent Advisor, as a percentage of the total revenue of the person that employs the Independent Advisor;
- (iii) the policies and procedures of the person that employs the Independent Advisor that are designed to prevent conflicts of interest;
- (iv) any business or personal relationship of the Independent Advisor with a member of the Committee;
- (v) any stock of the Company owned by the Independent Advisor; and
- (vi) any business or personal relationship of the Independent Advisor or the person employing the Independent Advisor with an executive officer of the Company.

5.4 Notwithstanding the engagement of an Independent Advisor or the receipt of advice or recommendations from such an Independent Advisor, the Committee:

- (i) will in no way be obligated to implement or act consistently with the advice or recommendations of the Independent Advisor; and
- (ii) will at all times exercise its own judgment in the fulfillment of the duties of the Committee.

6. MEETINGS

6.1 The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.

6.2 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.

- 6.3 The Audit Committee will meet as often as required to discharge its duties and responsibilities under this Charter, which meetings will be held at least quarterly.
- 6.4 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.
- 6.5 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.
- 6.6 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.
- 6.7 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.

7. ACCOUNTABILITY

- 7.1 The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.
- 7.2 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.

8. MINUTES

- 8.1 The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.