

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

X1 Esports and Entertainment Ltd. (the “**Company**”)
615 – 800 West Pender Street
Vancouver, BC V6C 2V6

Item 2. Date of Material Change

June 29, 2022 and June 30, 2022

Item 3. News Release

The news release announcing the material changes described herein was disseminated through GlobeNewswire and concurrently filed on SEDAR on June 29, 2022.

Item 4. Summary of Material Change

On June 29, 2022, the Company completed its initial public offering of 6,914,820 units of the Company (each, a “**Unit**”) at a price of \$0.45 per Unit for aggregate gross proceeds of \$3,111,669 (the “**Offering**”).

On June 30, 2022, the Company commenced trading of its common shares (the “**Shares**”) on the Canadian Securities Exchange (the “**CSE**”) under the symbol “XONE”.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

On June 29, 2022, the Company completed the Offering pursuant to its final long form prospectus dated May 19, 2022 (the “**Prospectus**”) filed with the securities commissions in each of the provinces of Canada, other than Quebec.

Each Unit is comprised of one common share of the Company (a “**Unit Share**”) and one common share purchase warrant (a “**Warrant**”), with each Warrant entitling the holder thereof to purchase one additional common share (a “**Warrant Share**”, and together with a Unit Share, the “**Shares**”) at a price of \$0.70 per Warrant Share until June 29, 2024. The Warrants are governed by a warrant indenture dated June 29, 2022 between the Company and Odyssey Trust Company, as warrant agent. Effective at the opening of the market on June 30, 2022, the Shares commenced trading on the CSE under the symbol “XONE”.

The Offering was conducted on a “commercially reasonable efforts” basis by Research Capital Corporation (“**RCC**”), as lead agent and sole bookrunner, on its own behalf and on behalf of a syndicate of agents including Canaccord Genuity Corp., Laurentian Bank Securities, Haywood Securities Inc., Leede Jones Gable Inc., Raymond James Ltd., and National Bank Financial Inc. (collectively, the “**Agents**”), pursuant to an agency agreement dated May 19, 2022 between the Company and RCC.

As compensation for services rendered by the Agents in connection with the Offering, the Company paid to the Agents a cash commission of approximately \$140,854 and an aggregate of 313,007 non-transferable agent's options to acquire up to 313,007 Shares at a price of \$0.70 per Share until June 29, 2024. In addition, the Company paid to RCC a corporate finance fee of \$30,000, which was paid through the issuance of 66,667 Units, plus applicable taxes paid in cash.

The net proceeds from the Offering are expected to be used by the Company for sales and marketing, content development, player and team acquisition, general and administrative expenses, acquisitions, and working capital, as more particularly set out in the Prospectus, available under the Company's profile at www.sedar.com.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officers

Mark Elfenbein
Chief Executive Officer
Email: Mark@X1Esports.com

Item 9. Date of Report

July 7, 2022