

2019 NEVADA REGULATORY DISCLOSURE

Regulation of Security Holders

The Nevada Gaming Commission has requested that the following be brought to the attention of shareholders



AINSWORTH GAME TECHNOLOGY

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In Nevada, the gaming industry is deemed to be vital to the State's economy and the general welfare of its inhabitants and, as such, it's to be conducted honestly and competitively, free of criminal or corrupt elements. Therefore, in order to maintain public confidence and trust in the gaming industry all persons, locations, practices, associations and activities related to the operation of licensed gaming are strictly regulated.

Furthermore, it is the State of Nevada's policy relative to corporate affairs, including but not limited to, corporate acquisitions, repurchases of securities and corporate recapitalizations affecting gaming licensees and publicly traded companies to assure financial stability; protect the continued integrity of gaming through matters of corporate governance; and preserve the benefit of conducting business in a corporate form by promoting an environment for the governance of corporate affairs that is consistent with the state's public policy concerning gaming.

Pursuant to Nevada law, any beneficial holder of voting or nonvoting securities in a publicly traded corporation, which is registered with the Nevada Gaming Commission (also referred to as a "Registered Corporation"), regardless of the number of shares owned, may be required to file an application, be investigated, and have his or her suitability determined by the Nevada Gaming Commission should the Commission have reason to believe that such ownership would otherwise be inconsistent with the declared gaming policies of the State of Nevada. All gaming applicants are responsible for the costs associated with an investigation conducted by the Nevada Gaming Control Board.

Similarly, any person who acquires, directly or indirectly, beneficial or record ownership of any debt security in a publicly traded corporation, which is registered with the Nevada Gaming Commission, may be required to be found suitable if the Nevada Gaming Commission has reason to believe that the person's acquisition of the debt security would otherwise be inconsistent with the declared gaming policies of the State of Nevada.

The Nevada Gaming Control Act further requires an individual who acquires or holds, directly or indirectly, beneficial ownership of more than 5% of a Registered Corporation's voting securities to timely report to the Nevada Gaming Commission the acquisition or holding of said securities.

Additionally, any individual that holds or acquires, either directly or indirectly, a beneficial ownership of more than 10% of a Registered Corporation's voting securities shall notify the Nevada Gaming Control Board of such intent and thereafter, within thirty days of the date prescribed by Nevada's Gaming regulations, apply to the Nevada Gaming Commission for a finding of suitability.

Similarly, the sponsor of a pension or employee benefit plan that holds a beneficial ownership of 10% or more of any class of voting securities in a Registered Corporation that intends to engage in a "proscribed activity" is required to promptly notify the Chair of the Nevada Gaming Control Board and apply to the Nevada Gaming Commission for a finding of suitability.

The Nevada Legislature defines a "proscribed activity" as: one which necessitates a change or amendment to a Registered Corporation's charter, bylaws, management or operation; an activity that materially influences or affects a Registered Corporation; or an activity, which the Nevada Gaming Commission deems inconsistent with holding voting securities for investment purposes. Similarly, the Nevada Gaming Control Act requires individuals, prior to engaging in certain proscribed activities to file for a finding of suitability.

An "institutional investor," as defined in the Nevada Gaming Control Act, that owns 25% or less of a Registered Corporation's voting securities may apply to the Nevada Gaming Commission for a waiver of a finding of suitability if the

institutional investor holds the voting securities for investment purposes only and the securities were not acquired pursuant to a debt restructuring. An institutional investor may own more than 25% but not more than 29% of the voting securities of a Registered Corporation only if such additional ownership results from a stock repurchase program conducted by a Registered Corporation, and upon the condition that such institutional investor does not purchase or otherwise acquire any additional voting securities of the Registered Corporation that would result in an increase in the institutional investor's ownership percentage.

Furthermore, an institutional investor subject to a finding of suitability as a result of its beneficial ownership of voting securities of a Registered Corporation and having not been granted a waiver, may beneficially own no more than 11% of the voting securities of a publicly traded corporation. If an institutional investor acquires additional ownership as a result of a stock repurchase program conducted by the Registered Corporation, unless otherwise notified by the Chairman, said institutional investor is not required to apply to the Nevada Gaming Commission for a finding of suitability, but shall be subject to reporting requirements as prescribed by the Chairman.

Any publicly traded company registered with the Nevada Gaming Commission or any registered or licensed subsidiary thereof shall immediately notify the Chairman of any information about an institutional investor that may materially affect the institutional investor's eligibility to hold a waiver.

An institutional investor is deemed to hold voting securities for investment purposes if the voting securities were acquired and are held in the ordinary course of its business as an institutional investor and were not acquired and are not held for the purpose of causing, directly or indirectly: (i) the election of a majority of the members of the board of directors of the Registered Corporation; (ii) any change in the Registered Corporation's corporate charter, bylaws, management, policies or operations or those of any of its gaming affiliates or (iii) any other action that the Nevada Gaming Commission finds to be inconsistent with holding the Registered Corporation's voting securities for investment purposes only. Activities which are not deemed to be inconsistent with holding voting securities for investment purposes only include: (i) voting on all matters voted on by stockholders; (ii) making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in management, policies or operations and (iii) other activities the Nevada Gaming Commission may determine to be consistent with investment intent.

If the beneficial holder of voting securities who must be found suitable is a corporation, partnership or trust, it must submit detailed business and financial information including a list of beneficial owners. The applicant is required to pay all costs of investigation.

Additionally, the Nevada Gaming Commission has the authority to request that an individual apply for a finding of suitability if it's determined that said individual has a material relationship to, or material involvement with a Registered Corporation. Moreover, the Nevada Gaming Commission may require a finding of suitability, registration, or licensing of agents, advisors, affiliates or beneficial owners, of any stated percentage of outstanding equity securities of a Registered Corporation, that it determines exercises a significant influence upon the management or the affairs of a registered publicly traded company.

Any person who fails or refuses to apply for a finding of suitability or a license within the time prescribed by law, may be deemed unsuitable. The same restrictions apply to a record owner if the record owner, after request, fails to identify the beneficial owner. Any stockholder of a Registered Corporation found

unsuitable and who holds, directly or indirectly, any beneficial ownership in the voting securities beyond such period of time as the Nevada Gaming Commission may specify for filing may be subject to criminal prosecution in Nevada. Moreover, the Registered Corporation will be subject to disciplinary action if, after it receives notice that a person is unsuitable to be a stockholder or to have any other relationship with the Registered Corporation, it: (i) pays that person any dividend on its voting securities; (ii) allows that person to exercise, directly or indirectly, any voting right conferred through securities ownership; (iii) pays remuneration in any form to that person for services rendered or otherwise or (iv) fails to pursue all lawful efforts (including, if necessary, the immediate purchase of said voting securities for cash at fair market value) to require such unsuitable person to completely divest all voting securities held.

The Nevada Gaming Commission may, in its discretion, require the holder of any debt security of a Registered Corporation to file applications, be investigated and found suitable to own the debt security of a Registered Corporation if the Nevada Gaming Commission finds reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada. In the event that the Nevada Gaming Commission determines that a person is unsuitable to own such security, it may sanction the Registered Corporation, including the ability to revoke approvals if, without the prior approval of the Nevada Gaming Commission, the Registered Corporation: (i) pays an unsuitable person any dividend, interest, or other distribution; (ii) recognizes any voting right of such unsuitable person in connection with the securities; (iii) pays the unsuitable person remuneration in any form or (iv) makes any payment to the unsuitable person by way of principal, redemption, conversion, exchange, liquidation or similar transaction.

Registered Corporations are required to maintain current stock ledgers in Nevada that may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record owner may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record owner unsuitable. A Registered Corporation is also required to render maximum assistance in determine the identity of beneficial owners of its securities. Gaming licensees may not make a public offering of securities without the prior approval of the Nevada Gaming Commission if the securities or proceeds are to be used to construct, acquire or finance gaming facilities in Nevada, or to retire or extend obligations incurred for such purposes. Such approval, if given, does not constitute a finding, recommendation or approval by the Nevada Gaming Commission or the Nevada Gaming Control Board as to the accuracy or adequacy of the prospectus or the investment merit of the offered securities, and any representation to the contrary is unlawful.

Any offer by a Registered Corporation to sell its common stock requires the review of, and prior approval by, the Nevada Gaming Commission.

Changes in control of a Registered Corporation through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or any act or conduct, by which anyone obtains control, may not lawfully occur without the prior approval of the Nevada Gaming Commission. Entities seeking to acquire control of a Registered Corporation must meet the strict standards established by the Nevada Gaming Control Board and the Nevada Gaming Commission prior to assuming control of a Registered Corporation. The Nevada Gaming Commission also may require persons who intend to become controlling stockholders, officers or directors, as well as other persons who expect to have a material relationship or involvement with the acquired company to apply for a finding of suitability.

The Nevada Legislature has declared that some corporate acquisitions opposed by management, repurchases of voting securities and corporate defense tactics affecting Nevada corporate gaming licensees, and Registered Corporations that are affiliated with those operations, may be injurious to the stability and productivity of corporate gaming in Nevada. Accordingly, the Nevada Gaming Commission has established a regulatory scheme, which is intended to minimize the potential adverse effects of these types of business practices upon Nevada's gaming industry and to further Nevada's policy to: (i) assure the financial stability of corporate gaming licensees and their affiliates; (ii) preserve the beneficial aspects of conducting business in the corporate form; and (iii) promote a neutral environment for the orderly governance of corporate affairs. Approvals are, in certain circumstances, required from the Nevada Gaming Commission before the Registered Corporation can make exceptional repurchases of voting securities above market price and before a corporate acquisition opposed by management can be consummated. The Nevada Gaming Control Act also requires prior approval of a plan of recapitalization proposed by the Registered Corporation's board of directors in response to a tender offer made directly to the Registered Corporation's stockholders for the purpose of acquiring control of the Registered Corporation.

License fees and taxes, which are computed in various ways depending on the type of gaming activity involved, must be paid to the State of Nevada and to the counties and cities in which gaming operations are conducted. These fees and taxes, depending upon their nature, are payable monthly, quarterly or annually and are based upon either a percentage of the gross revenues received or the number of gaming devices operated. Annual fees are also payable to the State of Nevada for renewal of licenses as an operator of a slot machine route, manufacturer and/or distributor.

Any person who is licensed, required to be licensed, registered, required to be registered, or who is under common control with any such persons (collectively, "Licensees") and who proposes to become involved in a gaming venture outside of Nevada, is required to deposit with the Nevada Gaming Control Board, and thereafter maintain, a revolving fund of no less than \$50,000 in order to pay for the investigation of his or her participation in gaming external to Nevada. The revolving fund is subject to increase or decrease at the discretion of the Nevada Gaming Commission. Licensees shall comply with certain reporting requirements imposed by the Nevada Gaming Control Act and could be subject to disciplinary action by the Nevada Gaming Commission for knowingly violating any law of the foreign jurisdiction pertaining to the non-Nevada gaming operations; failing to conduct the foreign gaming operations in accordance with the standards of honesty and integrity required of Nevada gaming licensees; engaging in activities or associations that are harmful to the State of Nevada or its ability to collect gaming taxes and fees; or employing, contracting or associating with a person in the non-Nevada operations who has been denied a license or found to be unsuitable in Nevada.

For further reference, please see Nevada Revised Statutes (NRS) 463.623 - 463.643; Nevada Gaming Commission Regulations (NGC) 16.010 - 16.450; and, Senate Bill 73, 2019 Nevada Legislature.

A more complete summary of the Nevada Act is available on request from:

The Secretary

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