

2 May 2019

Mr Dean Litis
Principal Adviser
Listings Compliance (Melbourne)

By email: dean.litis@asx.com.au

Dear Dean,

We refer to your letter of 1 May 2019 in relation to the financial condition and operations of the Company. In that regard, for the purposes of Listing Rules 12.1 and 12.2, the Company provides the following responses:

1. The Company can confirm that it considers that its level of operations is sufficient to warrant continued quotation of its securities on ASX. As announced on 1 May 2019, the Company is progressing the strategy to commercialise the Company's online talent search contest platform, Megastar (Platform).

This is consistent with the Company's key objective outlined in the prospectus dated 2 November 2015 (Prospectus) issued by MSM in connection with its re-compliance listing.

MSM successfully completed the development of the Platform and completed the first full US based talent contest in December 2017, with users across the US, UK, Australia, Canada and South Africa.

As disclosed in the Prospectus, MSM's key business strategies are to:

- Complete the development of the Platform (completed).
- Complete a marketing campaign for the first contest (completed).
- Successfully complete the first contest (completed).
- Launch additional contests in other jurisdictions as appropriate (currently planned to expand into India).
- Use the Platform as a "white label" platform (currently considering expansion into other forms of contests via licensing arrangements).
- Use content uploaded by contestants for other social media gaming purposes (currently considering opportunities to monetise video and audio content rights acquired from WWTI).

On 1 May 2019, the Company confirmed its strategy to enter into agreements with a view to commercialising the Megastar brand, Platform, data and content in all markets outside North America under licensing arrangements (refer announcement dated 22 May 2018).

The licensing strategy is intended to:

- Expand the reach of the Megastar Platform; and
- Reduce the operating costs of the Company as the intention is for the costs associated with the operation of the Platform and the competitions to be borne by the licensees.

As announced on 4 and 5 June 2018, the Company has already entered into a binding heads of agreement with The Riva Group committing the parties to work together to launch Megastar as the premier digital talent discovery platform in India.



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The Board is continuing to consider potentially similar licensing arrangements in respect of other jurisdictions and the Company may enter into further licensing arrangements in the future.

The Company intends to leverage The Riva Group's network and capabilities to expand the Megastar Platform to include Esports and Mobile Gaming talent competitions. The Company is currently negotiating a separate license agreement with The Riva Group for Esports and Mobile Games.

The Company is primarily focussed upon;

- Progressing the Megastar India joint venture with The Riva Group;
- Establishing Megastar joint ventures in additional markets;
- Exploring opportunities to generate advertising revenue from video and audio content rights acquired via WWTI;
- Researching, partnering/acquiring and developing products that will drive users and/or revenue to the Megastar Platform; and
- its investment in Riva Group's associated company Riva Technology and Entertainment Limited (RTE) (refer to the Company's announcement of 26 November 2018).

As disclosed in the Prospectus, the business strategy of MSM is to develop the Platform and prove the concept in market by successfully operating the first major competition, and then expand into other jurisdictions (i.e. other than the US) and/or otherwise expand the use of the Platform.

MSM is pursuing the strategy to;

- Utilise the intellectual property assets developed to date to expand the use of the Platform globally and explore other potential uses for the Platform; and
- Introduce strategic investors such as The Riva Group into the business to fund and to accelerate the growth of the business in markets outside North America with MSM retaining an economic interest.

As announced on 1 May 2019, the Company has been working with The Riva Group and software engineers, Software Developers Inc (SDI), a Silicon Valley based company specialising in app and online development and engineering projects, to enhance the Megastar online platform with the objective of delivering a premier digital multi-genre talent discovery and Esports platform in India. The Platform will be focused on offering genre specific competitions such as cricket, music, dance and Esports and several potential collaboration and partnering opportunities are being negotiated.

The Company has been highly focused upon ongoing cost reductions and driving shareholder value by developing the relationship with The Riva Group's associated company RTE to foster and provide a framework around the potential license of the Megastar Platform for Mobile Gaming and Esports.

On 1 April 2019, the Company provided a market update on the ongoing discussions regarding the licensing of the Company's extensively built Megastar online competition platform for use across other sectors and genres of the global mobile competition framework. This will be initially focused around current partners and affiliates of The Riva Group's Esports talent identification.





- 2.1 The Company can confirm that it considers that its financial condition is sufficient to warrant continued quotation of its securities on ASX.

As announced on 30 April 2019, the balance of the \$1.44M convertible note funding Lead Managed by Emerald Capital Australia Pty Limited of approximately \$0.55M is expected to be completed in the current quarter.

The Company can confirm that the financial condition is expected to be sufficient to warrant continued listing if the Emerald Capital Balance is not received on the basis that the Company and Riva are continuing to develop the Megastar India opportunity via the Heads of Agreement framework announced on 4 June 2018. It is proposed that the joint venture must pay MSM an annual royalty of 5% of gross revenue, with a minimum annual guarantee of US\$500,000. Regardless of actual revenue generated by the joint venture, it is proposed that MSM will be entitled to receive a minimum of US\$500,000 per annum and that the first royalty payment will be due to be paid to MSM by 30 June 2019 (regardless of actual revenue generated) and subsequent payment due annually thereafter and in addition, it is proposed that MSM will have a 15% shareholding in the joint venture which will entitle MSM to 15% of profit distributions paid by the Megastar India joint venture to its shareholders. It is intended that this 15% will be free-carried and non-dilutable in perpetuity and will be in addition to the 5% revenue royalty entitlement described above.

Further, as announced on 26 November 2018 the Company has subscribed for shares and secured, first ranking, interest free loan notes in Riva's associated company RTE for US\$1.5M (RTE Loan Notes). The RTE Loan Notes were issued to the Company on 18 March 2019. In consideration of the US\$1.5M paid, MSM also subscribed for shares in RTE which represents a 10% equity interest in RTE once issued. The RTE Loan Notes are to be repaid by 31 December 2019 and MSM (along with other subscribers of the notes) have a priority right to be paid all profits or distributions received by RTE from J&D Holdings Limited (J&D) (refer below) in repayment of the notes.

The Company can advise that RTE has now executed a Share Purchase Agreement to acquire a majority interest J&D, which is the sole legal and beneficial owner of Firefly Games Inc. (Firefly Games). Firefly Games was founded in January of 2015 with a focus of developing and publishing IP based mobile gaming titles.

As announced on 1 April 2019, Firefly Games together with The Riva Group are the developers and publishers of the DreamWorks Universe of Legends mobile game which has achieved pre-registrations on the Google Play store of over 1 million users.

The Company is not aware of any reason why it will not receive full repayment of the US\$1.5M under the executed strategic investment arrangement with RTE by 31 December 2019.

Further, on 26 April 2019 the Company announced that MSM shareholders approved the settlement of \$890,000 (before costs) in borrowings and \$248,765 in obligations owing as at 31 December 2018 into equity at \$0.008 per share which further aided the Company's financial position.

- 2.2 The Company can confirm that it expects it will continue to have negative operating cash flows for the time being until and unless the Megastar India royalty payment is received and/or the RTE Loan Notes are repaid.

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However, as outlined above, the Company has been highly focused upon ongoing cost reductions and is expected to manage these costs with consideration to its working capital position.

3. We confirm that the Company is in compliance with the ASX Listing Rules, in particular ASX Listing Rule 3.1.
4. We can confirm that the Company's responses have been authorised and provided in accordance with the Company's continuous disclosure policy.



FOR FURTHER INFORMATION CONTACT:

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ABOUT MSMCI

MSM Corporation International Limited ("MSMCI") is an online entertainment company that specialises in building and launching new digital entertainment products to audiences in the US, Great Britain, Australia, Canada, New Zealand and South Africa. MSMCI partners with local operators in non-English speaking markets to maximise the reach of its products and services globally.

MSMCI's flagship product is Megastar, a global, mobile-first talent competition, featuring performers of any category, competing to win one Million US Dollars, a role in a film and various other prizes. Winners are chosen by fans voting in the competition through the Megastar App.

The first Megastar competition launched in MSMCI's six core markets with the App available for download from the Apple and Google Stores. Additional Megastar competitions will subsequently launch in non-English speaking markets via partnering and licensing agreements.

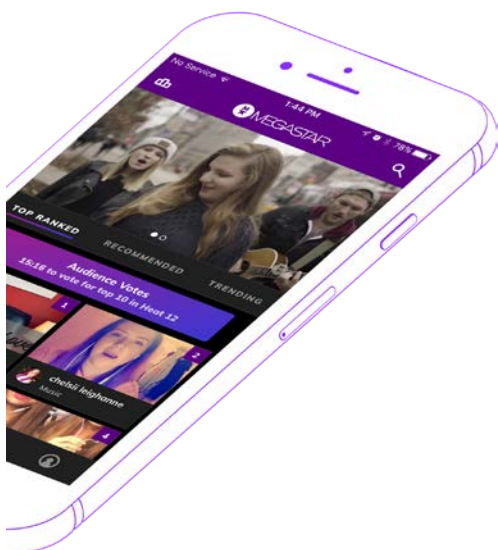
Visit www.msmci.com to learn more or to [sign up for the investor newsletter](#).

ABOUT RIVA

Founded in 2002, with Headquarters in Dubai and offices across the world from the USA to East Asia; The Riva Group have successfully been delivering the vision of tomorrow for over 15 years. The Riva Group of companies hold an industry advantage in their ability to take every project from concept to execution all housed under one roof. The complementary divisions cover: creative design and development of theme parks, brand and Intellectual Property licensing, 3D animation and visual effects for films, games and TV content.

The Riva Group recently played an instrumental role in the concept, design and development of major theme parks in the middle east, based on world class IP licenses. The concepts for one of the parks was inspired by The Riva Group's Chairman; Mr Paul Roy and his Mumbai based celebrity partners who specialise in directing, screenwriting and production for Bollywood and have won numerous awards and international accolades over the last 15 years.

The Riva Group have vast experience specialising in licensing agreements where they have successfully negotiated and arranged for licenses for world class entertainment Intellectual Property with; Dreamworks Animation, Marvel, Sony Pictures, Electronic Arts, Lionsgate, Square Enix, Microsoft Studios, Cartoon Network, Capcom and Konami. The Riva Group in partnership with Los Angeles-based Firefly Games have developed the cutting-edge Dreamworks: Universe of Legends Mobile Game where Shrek meets Kung-Fu Panda in a Dreamworks Hero mashup. (Google Play pre-registration page - <https://play.google.com/store/apps/details?id=com.firefly.dreamworks.dwuol&hl=en>)



1 May 2019

Mr Mark Clements
Non-executive director/ Company Secretary
MSM Corporation International Limited
Level 8, 90 Collins Street
Melbourne VIC 3000

By email: mark@msmci.com

Dear Mr Clements

MSM Corporation International Limited ('MSM'): Queries regarding financial condition and operations

ASX refers to and notes the following.

- A. MSM's half year accounts for the half year ended 31 December 2018 lodged with ASX Market Announcements Platform ('MAP') and released on 1 May 2019 ('Half Year Accounts').
- B. The Independent Auditor's Review Report attached to the Half Year Accounts which contains an emphasis of matter as to a material uncertainty that may cast a significant doubt about MSM's ability to continue as a going concern ('Emphasis of Matter').
- C. The Emphasis of Matter draws attention to Note 7 of the Half Year Accounts which includes the following statement:

[MSM] has no full time employees, currently has no customers or any ability to generate revenue other from potential revenue from its arrangements with The Riva Group and associated company, RTE.

The ability for [MSM] to continue as a going concern is dependent on cash inflows generated from its strategic investment arrangement with The Riva Group and associated companies, specifically the repayment of the US \$1,500,000 (AUD \$2,133,230) promissory note due from RTE, successful fund raising under the executed mandate agreement with Emerald Capital Australia Pty Ltd (ECA) of the remaining \$570,000 (before costs), of which \$550,000 (before costs) remains outstanding at the date of this report, the continued support from related parties, to continue its operational activities during the next 12 months and the settlement of select liabilities through shares.

- D. Note 12 to the Half Year Accounts states, among other things, that:

On 18 March 2019, MSM executed a strategic investment arrangement with the Riva Group and associated company, RIVA Technology and Entertainment Limited ('RTE') which included the provision of US\$1,500,000 in note instruments of which US\$1,000,000 was paid in advance prior to period end. At the date of signing the interim financial report, US\$1,500,000 had been paid by [MSM] to RTE under this arrangement and the loan notes issued to reflect these payments. As at the date of this report, MSM anticipate receiving 10% in equity of RTE and will update the market once the shares have been received.

- E. MSM's Quarterly Activities and Cash Flow Report for the period ended 31 March 2019 lodged with MAP and released on 30 April 2019 ('Appendix 4C').

ASX notes that MSM has reported:

- negative net operating cash flows for the quarter of \$354,000;
- cash at the end of the quarter of \$108,000; and
- estimated cash outflows for the next quarter of \$90,000.

It is possible to conclude, based on the information in the Appendix 4C, that if MSM were to continue to expend cash at the rate indicated by the Appendix 4C, MSM may not have sufficient cash to continue funding its operations.

As referred to in paragraph C above, the Appendix 4C also notes that as previously announced, Emerald Capital Australia Pty Ltd ('Emerald Capital') have committed on a best endeavours basis to raise \$1.440 million of which \$0.89 million has been received to date and that the balance (\$550,000 before costs) ('Emerald Capital Balance') is expected to be received in the current quarter.

F. Listing Rule 12.1 which states:

12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued +quotation of the entity's +securities and its continued listing.

G. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing.

H. Listing Rule 19.11A which states:

19.11A If a listing rule requires an entity to give ASX +accounts, the following rules apply.

- (a) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the +accounts must be consolidated +accounts.*
- (b) The +accounts must be prepared to Australian accounting standards. If the entity is a +foreign entity the +accounts may be prepared to other standards agreed by ASX.*
- (c) If the listing rule requires audited +accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a +foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
- (d) If the listing rule requires +accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a +foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a +foreign entity, an overseas equivalent of a registered company auditor).*
- (e) If there is a +directors' declaration that relates to the +accounts, the +directors' declaration must be given to ASX with the +accounts.*
- (f) If there is a +directors' report that relates to the period covered by the +accounts, the +directors' report must be given to ASX with the +accounts.*

Request for Information

In light of the information contained in the Half Year Accounts, the Auditor's Report and Appendix 4C, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Does MSM consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the MSM's current business activities.
2. Does MSM consider that the financial condition of MSM is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion, including:
 - 2.1 whether MSM considers that the financial condition would be sufficient to warrant continued listing if the Emerald Capital Balance is no received.
 - 2.2 whether MSM expects that it will continue to have negative operating cash flows for the time being and, if not, why not?
3. Please confirm that MSM is complying with the Listing Rules and, in particular, Listing Rule 3.1.
4. Please confirm that MSM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MSM with delegated authority from the board to respond to ASX on disclosure matters

When and where to send your response

Please note that ASX reserves its right under Listing Rule 18.7A to release this letter and MSM's response to the market. Accordingly, MSM's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event by no later than **5.00pm AEST on Thursday 2 May 2019**.

Any response should be sent to me by return email at ListingsComplianceMelbourne@asx.com.au. It should not be sent to the ASX Market Announcements Office.

Enquiries

If you have any queries regarding any of the above, please contact me.

Yours sincerely

Dean Litis

Principal Adviser, Listings Compliance (Melbourne)