

ESPORTS MOGUL PTY LTD

ABN 47 609 780 154

Financial Report
For the Half Year Ended
30 June 2016

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DIRECTORS

Gernot Abl
Neville Bassett

COMPANY SECRETARY

Neville Bassett

REGISTERED OFFICE

Level 4
216 St Georges Terrace
PERTH WA 6000

AUDITORS

Moore Stephens
Level 15 Exchange Tower
2 The Esplanade
PERTH WA 6000

DIRECTORS' REPORT

Your Directors submit the financial report of eSports Mogul Pty Ltd (the Company) for the half-year ended 30 June 2016.

DIRECTORS

The names of Directors who held office during or since the end of the half year:

Gernot Abl
Neville Bassett

RESULTS

The net loss of the company after tax for the half year ended 30 June 2016 is \$340,229 (2015: \$Nil).

REVIEW OF OPERATIONS

On 2 February 2016 the Company entered into a Binding Term Sheet (**BTS**) with Volta Mining Limited (**Volta**), which allows Volta to acquire 100% of the issued capital of the Company. The Company entered into a subsequent Share Sale Agreement (**SSA**) on 21 April 2016 and Deed of Variation to the Share Sale Agreement (**Deed of Variation**) on 12 July 2016 that supersedes the BTS with Volta, subject to satisfaction of a number of conditions precedent.

The Company's key assets comprise:-

- 10 year exclusive license to operate the eSports online tournament platform of eSports Hero Inc. (**ESH**), a New York domiciled company, in 31 Asia Pacific countries (**Platform Licence Agreement**); and
- A 20% interest in the total issued capital of ESH.

Volta will issue the following consideration under the SSA:

- (a) 100,000,000 fully paid ordinary shares to the Company's shareholders in consideration for their Shares (**Consideration Shares**);
- (b) 100,000,000 Class A Performance Shares to the Company's shareholders – conversion upon the Company (or any of its related bodies corporate) achieving any combination of 100,000 Subscribers, Customers and/or Players (in aggregate) and 30% Active Users (defined below) within 24 months of the date of issue;
- (c) 100,000,000 Class B Performance Shares to the Company's shareholders – conversion upon the Company achieving annualised EBIT of not less than \$5 million per annum, calculated over 3 consecutive months, within 60 months from the date of issue; and
- (d) \$2 million Volta shares to the Company's convertible note holders (**ESM Convertible Note Shares**). The issue price will be at a 50% discount to the Volta public offer price.

Active User means an:

- a) Subscriber that has been a paying subscriber for at least 3 months in any 6 month period within to the relevant Milestone period;
- b) Customer that has paid for a downloaded game from the Hub Online Store in any 6 month period within to the relevant Milestone period; or
- c) Player who has played in at least five (5) Tournaments in any 6 month period within to the relevant Milestone period.

Volta is required to re-comply with the listing requirements set out in Chapters 1 and 2 of the ASX Listing Rules to complete the transaction.

Corporate

On 15 January 2016 the Company issued \$2,000,000 worth of convertible notes to subscribers.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

On 7 July 2016 the Company entered into a new Platform Licence Agreement with ESH that provides the Company with a 10 year exclusive license to operate the eSports online tournament platform of ESH, a New York domiciled company, in 31 Asia Pacific countries.

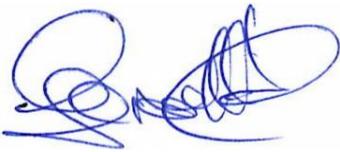
On 12 July 2016 the Company entered into a Deed of Variation to the Share Sale Agreement with Volta.

No other matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors.



Gernot Abl
Director

Dated this 28th day of September 2016

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Perth, WA 6000

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF ESPORTS MOGUL PTY LTD**

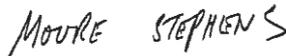
As auditor for the review of eSports Mogul Pty Ltd for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of eSports Mogul Pty Ltd during the half year.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 28th day of September 2016

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Note	30 June 2016 \$
Revenue from continuing operations	2	43,907
Option fee		10,000
Administration expenses		(11,069)
Compliance & professional expenses		(95,081)
Finance costs		(1,568)
Marketing & promotional		(262,491)
Occupancy		(2,167)
Travel expenses		(21,760)
Loss before income tax expense		(340,229)
Income tax expense		-
Loss from continuing operations		(340,229)
Loss after tax		(340,229)
Other comprehensive income		-
Other comprehensive income		-
Income tax expense		-
Other comprehensive income after tax		-
Total comprehensive loss for the period		(340,229)

The accompanying condensed notes form part of this financial report.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	30 June 2016 \$	31 December 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		68,442	262
Trade and other receivables		62,222	425
TOTAL CURRENT ASSETS		130,664	687
NON CURRENT ASSETS			
Equity investment	3	1,437,195	-
TOTAL NON CURRENT ASSETS		1,437,195	-
TOTAL ASSETS		1,567,859	687
CURRENT LIABILITIES			
Trade and other payables		36,801	6,400
Convertible notes	4	1,877,000	-
TOTAL CURRENT LIABILITIES		1,913,801	6,400
TOTAL LIABILITIES		1,913,801	6,400
NET ASSETS/(LIABILITIES)		(345,942)	(5,713)
EQUITY			
Issued capital	5	1,000	1,000
Accumulated losses		(346,942)	(6,713)
TOTAL EQUITY/(DEFICIENCY)		(345,942)	(5,713)

The accompanying condensed notes form part of this financial report.

**CONDENSED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2016**

30 June 2016
\$

**CASHFLOWS FROM OPERATING
ACTIVITIES**

Interest received	146
Payments to suppliers and employees	<u>(381,771)</u>
Net cash used in operating activities	<u>(381,625)</u>

CASHFLOWS FROM INVESTING ACTIVITIES

Equity investment	(1,437,195)
Receipt of option fee	<u>10,000</u>
Net cash used in investing activities	<u>(1,427,195)</u>

**CASHFLOWS FROM FINANCING
ACTIVITIES**

Proceeds from convertible notes (net of costs)	<u>1,877,000</u>
Net cash provided by financing activities	<u>1,877,000</u>
Net increase in cash and cash equivalents	68,180
Cash and cash equivalents at beginning of period	<u>262</u>
Cash and cash equivalents at end of period	<u>68,442</u>

The accompanying condensed notes form part of this financial report.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2016**

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 January 2016	1,000	(6,713)	(5,713)
Total comprehensive income for the period:			
Loss for the period	-	(340,229)	(340,229)
Other comprehensive income	-	-	-
	-	(340,229)	(340,229)
Transaction with owners in their capacity as owners:			
Shares issued during the period	-	-	-
	-	-	-
Balance at 30 June 2016	1,000	(346,942)	(345,942)

The accompanying condensed notes form part of these financial statements.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016**

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

a) Non-Reporting entity

The Directors' have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

eSports Mogul Pty Ltd (the "Company") is a Company domiciled in Australia.

The address of the Company's registered office is Level 4, 216 St Georges Terrace Perth WA 6000. The half year financial statements comprise only the Company as at and for the six months ended 30 June 2016.

The Company is engaged in the business of designing and developing the subscription based eSports Mogul Media Hub, an online media platform through which eSports players, fans and enthusiasts will, amongst other things, be able to view exclusive eSports content, learn how to play their favourite eSports titles through the Academy, play and master their skills in online eSports tournaments and digitally purchase various video game titles.

b) Statement of compliance

The half-year financial report is a special purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting', as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

c) Basis of preparation

The half-year financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's 2015 annual financial report for the financial period ended 31 December 2015.

d) Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Company incurred a loss of \$340,229 for the period ended 30 June 2016 (2015: \$Nil).

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately Volta Mining Limited completing the acquisition of eSports Mogul Pty Ltd as per the Share Sale Agreement (SSA) dated 21 April 2016 and amended SSA dated 12 July 2016.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- the Directors have an appropriate plan to raise additional funds as and when it is required;
- in light of the Volta Mining Limited's recent market announcement in regards to the acquisition by Volta Mining Limited, the Directors believe that the additional capital required can be raised in the market by Volta Mining Limited and the acquisition of eSports Mogul Pty Ltd completed; and
- the Directors have an appropriate plan to contain certain operating expenditure if appropriate funding is unavailable or the Volta Mining Limited acquisition does not proceed.

The accounts have been prepared on the basis that the entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016**

e) Significant accounting judgements and key estimates

The preparation of the half year financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these half year financial statements, significant judgment made by management in applying the Company's accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the period ended 31 December 2015.

2. LOSS BEFORE INCOME TAX EXPENSE	30 June 2016	30 June 2015
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Production revenue	43,632	-
Interest revenue	275	-
	43,907	-

	30 June 2016	31 December 2015
	\$	\$

3. EQUITY INVESTMENT

Non-Current

Available for sale financial investments

Unquoted equity shares – eSports Hero Inc	1,437,195	-
At the end of the period	1,437,195	-

The above equity investment is classified as an available for sale (AFS) financial investment. After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income.

The equity investment has not been classified as an investment in associate as the Company does not have significant influence over eSports Hero Inc. (ESH) despite holding a 20% equity interest, due to the fact that the Company has:-

- no participation in the policy-making process of ESH;
- no interchange of managerial personnel with ESH; and
- no provision of essential technical information with ESH.

	30 June 2016	31 December 2015
	\$	\$

4. CONVERTIBLE NOTES

Current

2,000,000 Convertible notes	2,000,000	-
Less: Raising costs	(123,000)	-
At the end of the period	1,877,000	-

The convertible notes have the following terms and conditions:-

- unsecured;
- interest free;
- may not be redeemed by the holder and can only be converted to equity on the following basis:
 - the Company receiving within 12 months of issue, confirmation from ASX that it will be admitted to the Official List on conditions acceptable to the Company, acting reasonably, (IPO Transaction) or completing a merger with a currently listed ASX company, the Convertible Notes shall automatically convert into shares at a discount of 50% to the issue price of the Shares offered under the prospectus; or
 - the Company completing within 12 months of issue, a reverse merger with an ASX listed company and confirmation from ASX

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016**

that it will be admitted to the Official List on conditions acceptable to the Company, acting reasonably, the Convertible Notes shall automatically convert into Company Shares at a discount of 50% to the issue price of the Shares offered under the prospectus; or
- *automatically convert into shares in the Company on the date that is 3 business days after the expiration of the 12 month period on the basis of a conversion price of \$1 per share.*

	30 June 2016 \$	31 December 2015 \$
5. ISSUED CAPITAL		
1,000,000 (2015: 1,000,000) Fully paid ordinary shares	1,000	1,000
Movements in fully paid ordinary shares on issue	Number of Shares	\$
At the beginning of the period	1,000,000	1,000
Issue of shares	-	-
At the end of the period	1,000,000	1,000

6. SUBSEQUENT EVENTS

On 7 July 2016 the Company entered into a new Platform Licence Agreement with ESH that provides the Company with a 10 year exclusive license to operate the eSports online tournament platform of ESH, a New York domiciled company, in 31 Asia Pacific countries.

On 12 July 2016 the Company entered into a Deed of Variation to the Share Sale Agreement with Volta.

No other matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

7. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

8. COMMITMENTS

	30 June 2016 \$	31 December 2015 \$
Operating lease expenditure commitments		
No later than 6 months	433	-
Between 6 and 12 months	-	-
Between 12 and 18 months	-	-
	433	-

The Company is currently leasing premises on a monthly basis.

	30 June 2016 \$	31 December 2015 \$
Marketing, promotion & advertising expenditure commitments		
No later than 12 months	1,178,450	1,250,000
Between 12 and 24 months	1,178,450	1,250,000
	2,356,900	2,500,000

As part of the new Platform Licence Agreement entered into between eSports Hero Inc. and the Company on 7 July 2016, the Company is required to spend a minimum of US\$1,750,000 (US\$0.7425:AU\$1 as at 30 June 2016) on marketing, promotion and advertising within the first 24 months.

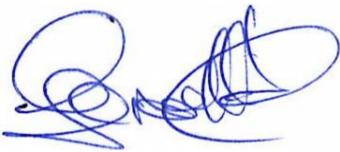
DIRECTORS' DECLARATION

The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements:

In the opinion of the directors:

1. The financial statements and notes of the Company for the half-year ended 30 June 2016 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
 - (b) comply with the Australian Accounting Standards as stated in Note 1.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Gernot Abl
Director

PERTH
Dated this 28th day of September 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ESPORTS MOGUL PTY LTD

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, being a special purpose financial report of eSports Mogul Pty Ltd, which comprises the condensed statement of financial position as at 30 June 2016, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company at 30 June 2016.

Director's Responsibility for the Half-Year Financial Report

The directors of eSports Mogul Pty Ltd are responsible for the preparation of the half-year financial report, and have determined that the accounting policies described in Note 1 of the financial statements are appropriate to meet the requirements of the Corporations Act 2001 and to meet the needs of the members. The directors' responsibility also includes such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 30 June 2016 and its performance for the half year ended on that date. As the auditor of eSports Mogul Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of eSports Mogul Pty Ltd is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 to the extent outlined in note 1.

Emphasis of Matter – "Basis of Accounting"

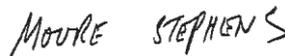
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Emphasis of Matter – Material Uncertainty Regarding Going Concern

Without qualifying our audit conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(d) Going Concern, there is significant uncertainty whether the Company will be able to continue as a going concern. The financial report has been prepared on a going concern basis. At 30 June 2016, the Company had cash assets of \$68,442 and incurred a net loss after tax of \$340,229 and net operating cash outflow of \$381,625. The ability of the Company to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon achieving the outcomes described in Note 1(d). In the event that these outcomes cannot be realised, the Company may not be able to meet its liabilities as they fall due, and the Company may be unable to realise its assets in the normal course of business and at amounts stated in the financial report.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth, Western Australia this 28th day of September 2016.