eSports Mogul Limited

Appendix 4E Preliminary Final Report

1. Reporting period

- Year ended 31 December 2019

Previous corresponding period

- Year ended 31 December 2018

2. Results for announcement to the market

	31 December 2019 Current Year $	Percentage Change Up /(Down) $	Change Up / (Down) $	31 December 2018 Previous Corresponding Year $
2(a) Revenue from ordinary activities	86,991	506.9%	72,658	14,333
2(b) Loss from ordinary activities after tax	(5,920,945)	43.95%	(1,807,695)	(4,113,250)
2(c) Net Loss for the year attributable to members	(5,920,945)	43.95%	(1,807,695)	(4,113,250)

2(d) Dividends: The Company does not propose to pay any dividends in the current year.

2(e) Record Date: Not applicable

2(f) See attached Director's Report

3. Statement of Profit or Loss and Other Comprehensive Income

- See attached Annual Report

4. Statement of Financial Position

- See attached Annual Report

5. Statements of Cash Flows

- See attached Annual Report

6. Statements of Changes in Equity / Statement of Retained Earnings

- See attached Annual Report

7. Dividends

- The Company does not propose to pay any dividends in the current year.

8. Dividend reinvestment plan

- The Company does not propose to pay any dividends in the current year and does not have a dividend reinvestment plan.

9. Net tangible assets per security

	Current Year (31 December 2019)	Previous Corresponding Year (31 December 2018)
Cents per ordinary share	0.23 cents	0.27 cents

10. Details of entities over which control has been gained or lost

- **Control gained over entities:** Please refer to Note 10 of the attached Annual Report
- **Control lost over entities:** Please refer to Note 10 of the attached Annual Report

11. Details of Associates / Joint Ventures

- Not applicable

12. Other significant information

- Not applicable

13. Accounting Standards

- **For foreign entities, the set of accounting standards used in compiling the report:**

- International Financial Reporting Standards (IFRS)

14. Results of the period

- Refer to Director's Report in attached Annual Report

15. Statement on the financial statements

- Financial Statements are based on audited accounts.

16. Unaudited Accounts

- Not applicable

17. Auditor's audit report

- **For all entities, if the accounts are subject to audit dispute or qualification, include a description of the dispute or qualification:** Not applicable

eSports Mogul Limited
(formerly Esports Mogul Asia Pacific Limited)

(ACN 148 878 782)

Annual Report

For the year ended 31 December 2019

CONTENTS

CORPORATE DIRECTORY

NON- EXECUTIVE CHAIRMAN
Adam Jacoby

MANAGING DIRECTOR
Gernot Abl

NON-EXECUTIVE DIRECTOR
Cameron Adams

COMPANY SECRETARY
George Lazarou

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459 Collins Street
MELBOURNE VIC 3000
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Telephone: +61 (3) 8630 3315

AUDITORS
Moore Stephens Perth
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Telephone: +61 (8) 9225 5355
Facsimile: +61 (8) 9225 6181

SHARE REGISTRAR
Automic Pty Ltd
Level 2
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PERTH WA 6000
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SOLICITORS
Addisons
Level 12, 60 Carrington Street
Sydney NSW 2000
Telephone: +61 (2) 8915 1000
Facsimile: +61 (2) 8916 2000

BANKERS
ANZ
1275 Hay Street
WEST PERTH WA 6005

STOCK EXCHANGE LISTING
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: ESH

DIRECTORS' REPORT

The directors present the following report on eSport Mogul Limited ("the Company") and the entities it controlled ("Group") during or at the end of the financial year ended 31 December 2019.

1. DIRECTORS

The names and details of the Company's directors in office during and since the financial year end until the date of the report are as follows.

Mr Adam Jacoby	– Independent Non-Executive Chairman
Mr Gernot Abl	– Managing Director
Mr Cameron Adams	– Independent Non-Executive Director (appointed 19 November 2019)
Mr George Lazarou	– Non-Executive Director (resigned 19 November 2019)

INFORMATION ON DIRECTORS

Adam Jacoby	**Independent Non-Executive Director**
Qualifications	Master of Entrepreneurship and Innovation
Experience	Mr Jacoby was previously Chief Executive Officer of global sports travel business, Sportsnet Corporation, which was BRW's Fastest Growing Private Company (under $100 million) in 2010. Prior to that he was the founder and CEO of IMS Sports, a leading sports marketing and athlete management business, from 1996 to 2003, and co-founder and General Manager of sport & leadership content company LFL Media from 2005 to 2008. Amongst other roles, Mr Jacoby was also a founding director of Mummu Sport, from 2010 to 2015. Mummu Sport is a world leader in sports travel logistics and was a BRW Fast Starter Award winner and Top 10 in Smart Company's Smart 50 Awards in 2015. Mr Jacoby was previously a Non-Executive Director of globally focussed but Melbourne based, Centre for the Future and the Founder, Chief Steward and Council Member of the fast-growing global pro-democracy movement, MiVote.
Interest in Shares	250,000 Fully paid Ordinary Shares
Gernot Abl	**Managing Director**
Qualifications	B.Com & Law (First Class Honours in Finance), Finsia (Applied Finance and Valuations)
Experience	Mr Abl's background is in Law, Corporate Finance and Strategic Consulting and has over 15 years of entrepreneurial, business strategy, and investment experience gained as a management consultant with Deloitte Consulting and Deloitte Corporate Finance. Mr Abl has had significant success in the online gaming industry and currently serves as a director of several private start-up technology companies.
Interest in Shares	20,000,000 Fully paid Ordinary Shares

DIRECTORS' REPORT (Continued)

INFORMATION ON DIRECTORS (Continued)

Cameron Adams **Independent Non-Executive Director (appointed 19 November 2019)**

Qualifications Bachelor of Law LLB
Bachelor of Science BSc

Experience Mr Adams is a co-founder and Chief Product Officer at Canva, an online design platform with over 25 million users (and one of the most exciting startups in Australia). He leads the design and product teams there as well as focusing on future product directions and innovative experiences.

After graduating with a Bachelor of Law/Bachelor of Science from the University of Melbourne in 2001, Cameron started a design agency that produced work for global clients such as Atlassian, NEC, TEDx and Sydney Festival. When Google came knocking in 2007 he couldn't resist the call and spent the next 4 years helping Lars and Jens Rasmussen — co-founders of Google Maps — realise the design vision for their ground-breaking communication tool Google Wave.

In 2011 Mr Adams founded an ambitious email startup with two other Google alumni before meeting Melanie Perkins & Cliff Obrecht and deciding to help them build the beginnings of Canva. Mr Adams now leads the design and product strategy for Canva's apps, which has today grown to over 25 million users.

Through his work and his writing — which spans five books and numerous articles — Mr Adams has contributed to the foundations that underpin modern web design and has been asked to speak around the world at events such as South by Southwest, Fronteers, CeBIT, and Web Directions.

Interest in Shares Nil

George Lazarou **Non-Executive Director (resigned 19 November 2019)**

Qualifications B.Com, CA

Experience Mr Lazarou is a qualified Chartered Accountant with over 20 years' experience, including five years as a partner of a mid-tier accounting firm, specialising in the areas of audit, advisory and corporate services. Mr Lazarou has extensive skills in the areas of corporate services, due diligence, independent expert reports, mergers & acquisitions and valuations.

Mr Lazarou also brings with him a high level of commercial skills having worked closely with publicly listed companies in the mining, building, engineering, environmental and construction industries.

Mr Lazarou is currently the Managing Director of corporate advisory firm Citadel Capital.

Interest in Shares 951,514 Fully paid Ordinary Shares

The Directors have been in office to the date of this report unless otherwise stated.

The position of company secretary was held by George Lazarou throughout the year and since the end of the financial year.

DIRECTORS' REPORT (Continued)

INFORMATION ON DIRECTORS (Continued)

Directorships of other listed companies

Directorships of other listed companies held by directors in the three (3) years immediately before the end of the financial year are as follows:

Name	***Company***	***Period of directorship***
Adam Jacoby	-	-
Gernot Abl	Vortiv Limited	Appointed 30 June 2017 Resigned 31 July 2019
Cameron Adams	-	-
George Lazarou	-	-

2. PRINCIPAL ACTIVITIES

The principal activities of the Group primarily are an esports media and software business. At its core is the mogul.gg tournament platform technology – a tournament and matchmaking platform with automation for major esports titles.

3. OPERATING RESULTS

The consolidated loss of the Group after providing for income tax amounted to $5,920,945 (2018: $4,113,250).

4. DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. REVIEW OF OPERATIONS

In early January 2019 and following the integration of multi-platform titles across PC, Mobile and Console, Mogul announced the launch of their AU$275,000 ‘Silver Slam’ tournament series in Southeast Asia. In partnership with Razer Inc., the tournament series ran from 5 February to 3 March 2019 with a combination of daily Mogul-led and partner-run tournaments on offer. Prominent partners across Southeast Asia were selected to host tournaments on Mogul including The Plays, Rumble Royale, Ragequit, NEX STUDIO, Channel 8 and Lakoi. These partners were selected due to their large target audiences within Southeast Asia.

The results of the tournament series were significant. Over the month, Mogul successfully hosted just under 1,500 online tournaments across over 16 game titles with up to 20 tournaments being held concurrently. This was a technical and logistical feat which was received positively from the player base and demonstrated the tournament platform’s unique position in the market – able to host a vast tournament series with differing game titles and structures simultaneously without interruption.

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS (Continued)

Branded Hub Development

In the second quarter of 2019 Mogul commenced the development of its Branded Hub technology. Mogul's Branded Hubs sought to offer a centralised hub for partners to create and feature their own branded tournaments on the Mogul platform, as well as showcase their esports-related content, including streams, sponsors, and upcoming events. These bespoke Branded Hubs provide partners with an exclusive mini-site for their marketing and fan engagement on a world class, highly cost effective, feature rich platform.

Alliance, one of the most prominent esports teams in Europe, was the first partner to launch a Branded Hub following the launch of the technology. The reduced cost of marketing through the Mogul platform, combined with the potential future additional revenue stream from subscriptions, will incentivise partners such as Alliance to centralise their marketing efforts into the Mogul platform.

High Profile Partners Signed

During the course of 2019 and based on significant partner interest in the Branded Hub technology, Mogul was able to secure a number of high profile partnerships across its core target markets of esports teams, influencers, organisers, and publishers. These included:

- *Team Secret*: One of the top-ranked esports teams globally with a reach of over 2 million fans playing in tournaments such as The International 2019 with a prize pool of over US$34 million. An entire 12-month calendar of Team Secret branded tournaments will be run on a Branded Hub.
- *Mineski:* Mineski is the largest esports organisation in Southeast Asia and will launch a Mogul Branded Hub in Q2 in 2020. Mogul will be the primary esports tournament platform provider for Mineski's Southeast Asian events, specifically its city-based tournament league. Mineski and Mogul will also explore the roll out of Mogul's Platform across all Mineski's cybercafes throughout Southeast Asia and at future live events managed by Mineski.
- *Australian Esports League*: Mogul to be exclusive platform provider for all of AEL's national tournaments and leagues as well as paid fan subscription and paid tournament entry.
- *Ubisoft*: Launched ladder functionality where gamers can compete on competitive ladders in specific games. Ubisoft partnered with Mogul to launch the Mogul Ladder Masters with the first game being Ubisoft's 'Tom Clancy's Rainbow Six Siege'.
- *Tier One Entertainment*: Southeast Asian influencer talent agency whose streamers and influencers have over 7,500,000 followers combined.
- *SG Esports*: Esports organisation with a portfolio of teams, streamers, and community groups including Australia's largest League of Legends group, Summoners' Society. Weekly branded tournaments will be run by SG Esports on Mogul.
- *Wizards of the Coast*: A division of Hasbro Inc. and publisher of *Magic: The Gathering* card game and online game *Magic: The Gathering Arena*. In excess of 1 billion games of *Magic: The Gathering Arena* have been played since September 2018. Mogul and Wizards of the Coast launched an Australia and New Zealand *Magic: The Gathering Arena* championship.
- *SARENA*: A leading esports organisation and venue operator in the Middle East with exclusive rights to operate some of the highest-profile esports events in the region including events which form part of the FIFA Global Series of events leading into the FIFA eWorld Cups. Mogul set to launch a Branded Hub as well as a number of Branded Tournaments and 2020 roll out across SARENA's entire venue and gaming café network.

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS (Continued)

By the end of Q4 2019, 14 Branded Hubs were live on Mogul, with 25 Branded Hubs expected to be live by the end of Q1 2020.

Further Product Development Activities

In support of the launch of Branded Hubs and to further enrich the experience for gamers, fans, and partners on Mogul, the Company launched a number of product improvements during the latter part of 2019.

A new payments provider, Adyen, better positioned the Company and its partners to more easily transact as a global business with users all across the world, allowing for multi-language multi-currency transaction processing and settlement.

Mogul has also launched a Pick-Up Groups feature which matches solo gamers looking to join a team of comparative skill and gaming preferences based on intelligent matching into a team. These teams are then recognised on Mogul as equivalent to a registered team with the same access to team management features. If a member leaves, the team can invite another player of their choice or have Mogul match the team with a solo player looking to join a team. This system is far better than current public matchmaking of other platforms, promoting enduring friendship between gamers, and reducing the time spent searching for potential team members like currently done by many gamers.

Localisation for a Global Platform

To support the Company's global partner base, Mogul has developed and launched a proprietary platform localisation technology which enables the launch of Mogul in different languages within days from project commencement. Mogul has used this capability to localise into Korean, Simplified Chinese, Arabic, Portuguese and Japanese during the latter part of 2019 - in addition to Thai, Vietnamese, Indonesian, and English already supported. As a result, Mogul is now localised in five of the top ten spoken languages worldwide.

A key example of the value of the Company's localisation technology has been Mogul's partnership with Razer, who in Q4 2019 tested a Razer Brazil Branded Hub and tournament series to support Razer's esports activities in Brazil for 2020. Brazil has a large gaming market with over 75 million players and US$1.5 billion in video game revenue in 2018 alone. Mogul's localisation technology allows Razer Brazil to more easily attract the Portuguese speaking market in South America.

Cameron Adams Joins Mogul Board

Cameron Adams, the Co-Founder and Chief Product Officer of Canva, a Software-as-a-Service graphic design platform, joined the Mogul board during Q4 2019 to support Mogul's pursuit of being the premier online esports destination for gamers, fans, teams, publishers, influencers, and organisers. Mr Adams brings to Mogul his significant experience in scaling a technology business, as well as developing and refining a digital platform towards a multi-billion-dollar valuation.

The Mogul Board expects to continue to engage with prospective board candidates who represent a diversity of experience across the esports, technology, global growth and digital sectors over the course of 2020 – especially as the business continues to significantly evolve.

Corporate Activity in 2019

Capital Raising Activity

Mogul was successfully able to complete 2 oversubscribed share placements during 2019. Both share placements were well supported by existing shareholders and the Company was also pleased to be able to welcome new shareholders to its register.

DIRECTORS' REPORT (Continued)

5. REVIEW OF OPERATIONS (Continued)

On 24 May 2019, the Company undertook a placement to further support the rollout of the industry first opportunity with Alliance, further international expansion and continued innovation of Mogul’s market leading tournament platform, and issued 310,000,000 fully paid ordinary shares at $0.01 raising $3,100,000, with subscribers in the placement receiving one (1) free-attaching option for every two (2) placement shares subscribed for and issued, exercisable at $0.02 per option on or before 23 July 2021.

On 17 December 2019, the Company undertook a placement to begin to accelerate user acquisition and potentially fast track monetisation of the Mogul platform through 2020 and continued innovation of Mogul’s market-leading tournament platform, and issued 397,000,000 fully paid ordinary shares at $0.01 raising $3,970,000, with subscribers in the placement receiving one (1) free-attaching option for every two (2) placement shares subscribed for and issued, exercisable at $0.02 per option on or before 23 July 2021. The options will require shareholder approval, which is to be obtained at the Company’s Annual General Meeting.

Issuance of Performance Rights and Ordinary Shares

During the course of 2019 Mogul issued the following tranches of performance rights and ordinary shares to align interests of employees and contractors:

On 15 February 2019, the Company issued 13,400,000 fully paid ordinary shares for nil consideration in relation to the exercising of performance rights.

On 23 July 2019, the Company issued 175,000,000 options exercisable at $0.02 per option on or before 23 July 2021, with 155,000,000 relating to the placement on 24 May 2019 and 20,000,000 to brokers and advisors for services provided in relation to the placement.

On 21 August 2019, the Company issued the following securities to senior management and consultants under the Company’s Employee Incentive Plan:

- 30,200,000 fully paid ordinary shares;
- 62,500,0000 performance rights; and
- 50,000,000 options exercisable at $0.02 per option on or before 21 August 2021.

On 13 November 2019, the Company issued 3,000,000 performance rights for nil cash consideration to consultants.

On 17 December 2019, the Company issued 3,230,000 fully paid ordinary shares for nil consideration in relation to the exercising of performance rights.

Performance rights redemption

On 7 June 2019, the Company redeemed 100,000,000 Class B Performance Shares, which had expired, for the sum of $0.00001 each ($1,000 in total).

DIRECTORS' REPORT (Continued)

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial year:

- On 15 February 2019, the Company issued 13,400,000 fully paid ordinary shares at for nil consideration in relation to the exercising of performance rights;
- On 24 May 2019, the Company undertook a placement and issued 310,000,000 fully paid ordinary shares at $0.01 raising $3,100,000, each subscriber in the placement received one (1) free-attaching option for every two (2) placement shares subscribed for and issued, exercisable at $0.02 per option on or before 23 July 2021;
- On 7 June 2019, the Company redeemed 100,000,000 Class B Performance Shares, which had expired, for the sum of $0.00001 each ($1,000 in total);
- On 23 July 2019, the Company issued 175,000,000 options exercisable at $0.02 per option on or before 23 July 2021, with 155,000,000 relating to the placement on 24 May 2019 and 20,000,000 to brokers and advisors for services provided in relation to the placement;
- On 21 August 2019, the Company issued the following securities to senior management and consultants under the Company's Employee Incentive Plan:
  - 30,200,000 fully paid ordinary shares;
  - 62,500,0000 performance rights; and
  - 50,000,000 options exercisable at $0.02 per option on or before 21 August 2021;
- On 6 September 2019 the Company issued 8,000,000 fully paid ordinary shares in accordance with the Heads of Agreement with Alliance;
- On 13 November 2019, the Company issued 3,000,000 performance rights for nil cash consideration to consultants;
- On 17 December 2019, the Company undertook a placement to fast track monetisation of the Mogul platform through 2020 and continued innovation of Mogul's market-leading tournament platform, and issued 397,000,000 fully paid ordinary shares at $0.01 raising $3,100,000, with subscribers in the placement receiving one (1) free-attaching option for every two (2) placement shares subscribed for and issued, exercisable at $0.02 per option on or before 23 July 2021;and
- On 17 December 2019, the Company issued 3,230,000 fully paid ordinary shares for nil consideration in relation to the exercising of performance rights.

There were no other significant changes in the state of affairs of the Company during the financial year.

7. AFTER REPORTING DATE EVENTS

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT (Continued)

8. MEETINGS OF DIRECTORS

The number of directors' meetings held during the financial year when each director held office during the financial year and the numbers of meetings attended by each director are:

	Directors Meetings	
Director	**Number Eligible to Attend**	**Meetings Attended**
Adam Jacoby	9	9
Gernot Abl	9	9
Cameron Adams (appointed 19 November 2019)	1	1
George Lazarou (resigned 19 November 2019)	8	8

The Company does not have a formally constituted audit committee as the board considers that the Company's size and type of operation do not warrant such a committee.

9. FUTURE DEVELOPMENTS

The Group remains committed to building shareholder value by showing continued traction in the Mogul model. This ultimately means achieving revenue but is initially driven by strong User Acquisition and User Engagement.

Mogul's strategy to achieve this goal continues to be providing value as both a consumer and partner facing esports tournament platform. This simultaneous top-down and bottom-up approach will help drive customer engagement via multiple channels and gives us the best opportunity to engage and monetise the broadest range of users possible.

Mogul's partner-facing technology, headlined by our Branded Hubs, enables partners to leverage our platform's administrative tools and enable growth via partners and organisers within our four verticals. The strategy remains to scale this by opening up our tool suite to all organisers where they will be able to utilise our best-in-class tournament creation wizard, tournament administration tools, payment provider integration and localisation capability.

Mogul's consumer-facing platform offers gamers centralised access and engagement opportunities with their favourite teams, influencers, and game titles, as well as a strong competitive gaming environment.

Mogul currently plans to continue to enhance the platform to enable more immediate play capability, enhance virality and improve discoverability – whilst concurrently driving user acquisition and engagement through existing partnerships and bespoke first party content.

10. ENVIRONMENTAL ISSUES

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

11. OPTIONS

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	**Exercise Price**	**Number of Options**
23 July 2021	$0.02	175,000,000
21 August 2021	$0.02	50,000,000

225,000,000 options were issued, none were exercised and 346,478,207 expired during the year.

DIRECTORS' REPORT (Continued)

12. INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company has paid premiums to insure each Director and officer against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The total amount of premiums paid was $42,820.

13. PROCEEDINGS ON BEHALF OF COMPANY

On 22 October 2019, the Company commenced proceedings in the Federal Circuit Court of Australia against First Point Ventures Pty Ltd seeking a declaration that a Partnership Mandate Agreement which the Company entered into with First Point Ventures Pty Limited on 28 April 2019 be declared void ab initio on the basis of misrepresentations made by First Point Ventures Pty Ltd.

14. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on page 23 of the annual report.

15. NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Moore Stephens. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Moore Stephens received or are due to receive the following amounts for the provision of non-audit services:

	2019	**2018**
	$	**$**
Tax compliance & consultancy	12,550	12,830
	12,550	12,830

DIRECTORS' REPORT (Continued)

16. DIVERSITY

The Company believes that the promotion of diversity on its Board and within the organisation generally is good practice and is committed to managing diversity as a means of enhancing the Company's performance. There are currently no women on the Company's board or filling senior management positions within the Company, however the Company (as set out in the Diversity Policy, further information in relation to which is set out in the Corporate Governance section on page 78 of this report) will focus on participation of women on its Board and within senior management and has set measureable objectives for achieving gender diversity.

Gender diversity objectives for the employment of women are as follows:

- to the Board – 35% by 2022;
- to senior management (including board and company secretary) – 40% by 2022
- to the organisation as a whole – 40% by 2022

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – 0%
- to senior management (including board and company secretary) – 0%
- to the organisation as a whole – 27%

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT - AUDITED

Details of key management personnel
The following persons were directors of the Company during the financial year unless otherwise stated:-

Adam Jacoby	Non-Executive Chairman
Gernot Abl	Managing Director
Cameron Adams	Non-Executive Director (appointed 19 November 2019)
George Lazarou	Non-Executive Director (resigned 19 November 2019)

Remuneration Policy
The remuneration policy of the Group has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:-

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using a binomial option pricing method or Black Scholes model.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $250,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

Performance based remuneration
Other than share based remuneration, the Group has no performance-based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and director's and executive's remuneration
The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This will be facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Group believes the policy will be effective in increasing shareholder wealth.

Compensation of key management personnel for the period ended 31 December 2019

	Short-Term Benefits	Post-Employment Benefits	Share-Based Payments		Value of equity as Proportion of remuneration
	Salary and Fees	Superannuation	Equity	Total	
	$	$	$	$	%
Directors					
Adam Jacoby	60,000	5,700	-	65,700	-
Gernot Abl	225,000	21,375	-	246,375	-
George Lazarou *	31,500	2,993	-	34,493	-
Cameron Adams **	3,417	325	-	3,742	-
Executives					
Jamie Skella (COPO)	173,590	16,491	161,474	351,555	45.93
Mark Warburton (CMO)	147,043	13,969	145,685	306,697	47.50
George Lazarou (CFO)***	120,000	-	-	120,000	-
Total	**760,550**	**60,853**	**307,159**	**1,128,562**	

* Resigned 19 November 2019
** Appointed 19 November 2019
*** Mr Lazarou receives his fees through Citadel Capital Pty Ltd

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

Compensation of key management personnel for the period ended 31 December 2018

	Short-Term Benefits	Post-Employment Benefits	Share-Based Payments		Value of equity as Proportion of remuneration
	Salary and Fees	Superannuation	Equity	Total	
	$	$	$	$	%
Directors					
Adam Jacoby	60,000	5,700	-	65,700	-
Gernot Abl	225,000	21,375	-	246,375	-
George Lazarou	36,000	3,420	-	39,420	-
Executives					
George Lazarou (CFO)*	120,000	-	-	120,000	-
Total	**441,000**	**30,495**	**-**	**471,495**	

* Mr Lazarou receives his fees through Citadel Capital Pty Ltd

Equity issued as part of remuneration

During the financial year ended 31 December 2019, the following equity was issued as part of remuneration to Key Management Personnel:

- 13,200,000 fully paid ordinary shares;
- 30,000,000 unlisted options exercisable at $0.02 on or before 21 August 2021; and
- 44,000,000 performance rights

For details on the valuation of the above equities, including models and assumptions used, please refer to Note 26. There were no alterations to the terms and conditions of any securities granted as remuneration since their grant date.

Remuneration policy of key management personnel

The objective of the Group’s executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

Non-Executive Directors
The constitution of the Company provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum sum per annum from time to time determined by the Company in a general meeting (currently $250,000). The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The remuneration policy has been tailored to increase goal congruence between shareholders and Directors. This will be facilitated through the issue of free options to Directors to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing wealth.

Directors' fees
A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:-

Name:	Adam Jacoby
Title:	Independent Non-Executive Chairman
Agreement Commenced:	31 December 2016
Term of Agreement:	Subject to re - election every 3 years
Details:	Base salary of $60,000 plus superannuation per annum, to be reviewed annually by the Board.

Name:	Gernot Abl
Title:	Managing Director
Agreement Commenced:	14 November 2018
Term of Agreement:	2 years
Details:	There are two components to Mr Abl's remuneration:

(a) Gross Annual Remuneration Package

Base salary of $250,000 plus superannuation per annum, to be reviewed annually by the Board, plus payment of all reasonable travelling and other incidental costs incurred while performing his duties. 3 month termination notice by either party.

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

(b) Long Term Incentive Benefits

Subject to compliance with the ASX Listing Rules, the Corporations Act and shareholder approval (if required), the Company will issue the following securities to Mr Abl (or his nominee):

(a) 40,000,000 Performance Rights subject to the following vesting conditions:
   (i) Milestone 1: 20,000,000 Performance Rights will vest on achieving Annualised Recurring Revenue being at least A$2,000,000 in any six-month period commencing 1 January 2020 to 1 January 2022; and
   (ii) Milestone 2: 20,000,000 Performance Rights will vest on achieving Annualised Recurring Revenue being at least A$6,000,000 in any six-month period commencing 1 January 2020 to 1 January 2024.

Annualised Recurring Revenue is defined as the amount of gross recurring revenue forecast to be generated during a 12-month period, which will be calculated based on each six-month period within the term of the Performance Rights (being 2 times the six-month Recurring Revenue).

Any Performance Rights that have not vested, automatically lapse on cessation of employment.

(b) 10,000,000 unlisted options subject to the following vesting conditions:

   (i) Milestone 1: 5,000,000 Options vest 12 months from date of issue and are exercisable at $0.02 per option on or before 24 months from date of issue; and
   (ii) Milestone 2: 5,000,000 Options vest 24 months from date of issue and are exercisable at $0.02 per option on or before 36 months from date of issue.

Any Options that have not vested, automatically lapse on cessation of employment.

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

Name:	Cameron Adams
Title:	Independent Non-Executive Director
Agreement Commenced:	19 November 2019
Term of Agreement:	Subject to re - election every 3 years
Details:	Base salary of $90,000 plus superannuation per annum, subject to annual review by the Board of the Company, however, it cannot be reduced and must increase by at least 3% per annum each year. Of the base salary, the Company will accrue and not pay in cash $60,000 per annum. The remaining portion of the base salary will be paid on a monthly basis. Prior to each Annual General Meeting of the Company, the Board of Directors may elect to seek shareholder and regulatory approval for the accrued base salary to be paid by the issuance of the equal value of fully paid ordinary shares in the Company to Mr Adams or his nominee. The issue price will be calculated on a monthly basis at the monthly Volume Weighed Average Price (VWAP) for the month in which the accrued base salary is to be paid If the shares are not issued to Mr Adams or his nominee, the Board of Directors must pay the accrued base salary in cash.
Name:	Jamie Skella
Title:	Chief Operations & Products Officer (COPO)
Agreement Commenced:	18 February 2019
Term of Agreement:	Continue until terminated in accordance with the agreement
Details:	Base salary of $200,000 plus superannuation per annum, to be reviewed annually by the Board, plus payment of all reasonable travelling and other incidental costs incurred while performing his duties. One month termination notice by either party.
Name:	Mark Warburton
Title:	Chief Marketing Officer (CMO)
Agreement Commenced:	22 May 2019
Term of Agreement:	Continue until terminated in accordance with the agreement
Details	Base salary of $200,000 plus superannuation per annum, to be reviewed annually by the Board, and if performance is in line with expectations, subsequent years base minimum of $250,000 plus superannuation per annum plus payment of all reasonable travelling and other incidental costs incurred while performing his duties. One month termination notice by either party. Short Term Incentive (STI) is payable quarterly in the month following the end of each quarter and is equal to the Commission Rate x Net Revenue generated from New Opportunities. Net Revenue is defined as revenue after any distribution or share. New Opportunities is defined as revenue generating opportunities not already in Esports Mogul's business development pipeline opportunities.

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

Commission Rate is defined as 3% except in the first 12 months of employment only when the rate of 20% will apply.

In the first 12 months only, the STI will be paid as AU$50,000 cash forward, at the following minimum instalments:
- AU$12,500 at 3 months
- AU$12,500 at 6 months
- AU$12,500 at 9 months
- AU$12,500 at 12 months

Name:	George Lazarou
Title:	Non-Executive Director
Agreement Commenced:	14 November 2018
Term of Agreement:	2 years
Details:	The Company has an Agreement with Citadel Capital Pty Ltd (Mr George Lazarou is a Director and Shareholder) for the provision of Company Secretarial and Chief Financial Officer services by Mr George Lazarou at a fixed fee of $10,000 plus GST per month, with a 2 month termination period.

Retirement benefits
Other retirement benefits may be provided directly by the Group if approved by shareholders.

Shareholdings of key management personnel

The movement during the reporting period in the number of shares in eSports Mogul Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2019	Balance at 1 January 2019	Holding on Date of Appointment	Bought& (Sold)	Holding on Date of Resignation	Balance at 31 December 2019
Adam Jacoby	250,000	-	-	-	250,000
Gernot Abl	20,000,000	-	-	-	20,000,000
Cameron Adams*	-	-	-	-	-
George Lazarou**	951,514	-	-	-	951,514
Jamie Skella [1]	-	-	5,100,000	-	5,100,000
Mark Warburton [2]	-	-	6,600,000	-	6,600,000
	21,201,514	-	11,700,000	-	32,901,514

* Cameron Adams appointed as a Director on19 November 2019
** George Lazarou resigned as a Director on 19 November 2019
[1] Jamie Skella was issued with 6,600,000 fully paid ordinary shares under the Company's Employee Incentive Plan
[2] Mark Warburton was issued with 6,600,000 fully paid ordinary shares under the Company's Employee Incentive Plan

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

Shareholdings of key management personnel

2018	Balance at 1 January 2018	Holding on Date of Appointment	Bought& (Sold)	Holding on Date of Resignation	Balance at 31 December 2018
Adam Jacoby	250,000	-	-	-	250,000
Gernot Abl	20,000,000	-	-	-	20,000,000
George Lazarou	951,514	-	-	-	951,514
	21,201,514	-	-	-	21,201,514

Class A and Class B Performance Shareholdings of key management personnel

The movement during the reporting period in the number of Class A and Class B Performance Shares in eSports Mogul Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2019	Balance at 1 January 2019	Class B Performance Shares Expired	Bought& (Sold)	Holding on Date of Resignation	Class B Performance Shares Held at 31 December 2019
Adam Jacoby	-	-	-	-	-
Gernot Abl	20,000,000	(20,000,000)	-	-	-
Cameron Adams*	-	-	-	-	-
George Lazarou**	-	-	-	-	-
Jamie Skella	-	-	-	-	-
Mark Warburton	-	-	-	-	-
	20,000,000	(20,000,000)	-	-	-

* Cameron Adams appointed as a Director on19 November 2019
** George Lazarou resigned as a Director on 19 November 2019

2018	Balance at 1 January 2018	Class A Performance Shares Expired	Class B Performance Shares Expired	Bought& (Sold)	Holding on Date of Resignation	Class B Performance Shares Held at 31 December 2018
Adam Jacoby	-	-	-	-	-	-
Gernot Abl	40,000,000	(20,000,000)	-	-	-	20,000,000
George Lazarou	-	-	-	-	-	-
	40,000,000	(20,000,000)	-	-	-	20,000,000

DIRECTORS' REPORT (Continued)

17. REMUNERATION REPORT (Continued)

Option holdings of key management personnel

The movement during the reporting period in the number of options over ordinary shares in eSports Mogul Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2019	Balance at 1 January 2019	Holding on Date of Appointment	Expired	Issued	Holding at Date of Resignation	Balance at 31 December 2019	Total Vested at 31 December 2019	Total Exercisable at 31 December 2019
Adam Jacoby	-	-	-	-	-	-	-	-
Gernot Abl	-	-	-	-	-	-	-	-
Cameron Adams*	-	-	-	-	-	-	-	-
George Lazarou**	713,636	-	(713,636)	-	-	-	-	-
Jamie Skella[1]	-	-	-	10,000,000	-	10,000,000	-	-
Mark Warburton[2]	-	-	-	20,000,000	-	20,000,000	-	-
	713,636	-	(713,636)	30,000,000	-	30,000,000	-	-

* Cameron Adams appointed as a Director on19 November 2019
** George Lazarou resigned as a Director on 19 November 2019
[1] Jamie Skella was issued with 10,000,000 options under the Company's Employee Incentive Plan
[2] Mark Warburton was issued with 20,00,000 options under the Company's Employee Incentive Plan

2018	Balance at 1 January 2018	Holding on Date of Appointment	Expired	Issued	Holding at Date of Resignation	Balance at 31 December 2018	Total Vested at 31 December 2018	Total Exercisable at 31 December 2018
Adam Jacoby	-	-	-	-	-	-	-	-
Gernot Abl	-	-	-	-	-	-	-	-
George Lazarou	713,636	-	-	-	-	713,636	713,636	713,636
	713,636	-	-	-	-	713,636	713,636	713,636

Performance Rights holdings of key management personnel

The movement during the reporting period in the number of performance rights in eSports Mogul Limited held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2019	Balance at 1 January 2019	Holding on Date of Appointment	Issued	Exercised	Holding at Date of Resignation	Balance at 31 December 2019	Total Vested at 31 December 2019	Total Exercisable at 31 December 2019
Adam Jacoby	-	-	-	-	-	-	-	-
Gernot Abl	-	-	-	-	-	-	-	-
Cameron Adams*	-	-	-	-	-	-	-	-
George Lazarou**	-	-	-	-	-	-	-	-
Jamie Skella[1]	-	-	30,800,000	-	-	30,800,000	-	-
Mark Warburton[2]	-	-	13,200,000	-	-	13,200,000	-	-
	-	-	44,000,000	-	-	44,000,000	-	-

* Cameron Adams appointed as a Director on19 November 2019
** George Lazarou resigned as a Director on 19 November 2019
[1] Jamie Skella was issued with 10,000,000 options under the Company's Employee Incentive Plan
[2] Mark Warburton was issued with 20,00,000 options under the Company's Employee Incentive Plan

DIRECTORS' REPORT (Continued)

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

Gernot Abl
Managing Director

Dated this 28th day of February 2020

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF ESPORTS MOGUL LIMITED (FORMERLY ESPORTS MOGUL ASIA PACIFIC LIMITED)

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Neil Pace

Moore Stephens

NEIL PACE
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 28th day of February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 $	2018 $
Revenue from continuing operations	2	86,991	14,022
Unrealised foreign exchange gain		3,154	98,615
Administration expenses		(332,454)	(250,807)
Amortisation expense	12	(233,002)	(762,554)
Compliance & professional expenses		(738,601)	(954,409)
Depreciation expense	11	(9,811)	(5,410)
Employee benefits	3	(1,736,100)	(919,727)
Finance costs		(16,670)	(10,206)
Foreign exchange loss		(5,329)	-
Impairment on intangibles	12	(120,878)	-
Loss on sale of equity investment		-	(44,408)
Loss on sale of plant & equipment		-	(212)
Marketing & promotional		(1,785,522)	(1,198,762)
Occupancy		(32,404)	(15,280)
Tournament operations		(842,353)	-
Travel expenses		(157,966)	(101,599)
Loss before income tax expense	3	(5,920,945)	(4,150,737)
Income tax expense	4	-	-
Loss from continuing operations		(5,920,945)	(4,150,737)
Revenue from discontinued operations		-	311
Profit/(Loss) from discontinued operations		-	311
Net loss after tax		**(5,920,945)**	**(4,150,426)**
Other comprehensive income			
Other comprehensive income		-	-
Income tax expense		-	-
Other comprehensive income after tax		-	-
Total comprehensive loss for the period		**(5,920,945)**	**(4,150,426)**
Total comprehensive loss is attributable to:			
Equity holders of Esports Mogul Limited		(5,920,945)	(4,113,250)
Non-controlling interests		-	(37,176)
		(5,920,945)	**(4,150,426)**
Basic and diluted earnings per share (cents per share)	24	(0.40)	(0.37)
Basic and diluted earnings per share (cents per share) – continuing operations	24	(0.40)	(0.37)
Basic and diluted earnings per share (cents per share) – discontinued operations	24	0.00	0.00

The Company's potential ordinary shares were not considered dilutive as the Company is in a loss position.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	7	4,293,217	2,395,126
Trade & other receivables	8	145,634	37,422
Other assets	9	526,686	999,423
Consideration held in escrow		45,391	-
TOTAL CURRENT ASSETS		**5,010,928**	**3,431,971**
NON-CURRENT ASSETS			
Consideration held in escrow		-	45,391
Plant and equipment	11	14,127	7,383
Intangibles	12	1,372,614	985,190
Equity investment	13	105,325	99,325
TOTAL NON-CURRENT ASSETS		**1,492,066**	**1,137,289**
TOTAL ASSETS		**6,502,994**	**4,569,260**
CURRENT LIABILITIES			
Trade and other payables	14	354,963	99,131
Provisions	15	29,140	11,264
TOTAL CURRENT LIABILITIES		**384,103**	**110,395**
TOTAL LIABILITIES		**384,103**	**110,395**
NET ASSETS		**6,118,891**	**4,458,865**
EQUITY			
Issued capital	16	40,439,178	33,450,156
Option reserve	17	4,358,558	4,163,464
Share based payments reserve	18	1,334,841	937,986
Acquisition reserve - controlling interest	19	(295,921)	(295,921)
Accumulated losses	20	(39,717,765)	(33,796,820)
		6,118,891	**4,458,865**
Minority interests	21	-	-
TOTAL EQUITY		**6,118,891**	**4,458,865**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Issued Capital $	Accumulated Losses $	Option Reserve $	Share Based Payments Reserve $	Acquisition Reserve-Controlling Interest	Total $
Balance at 1 January 2019	33,450,156	(33,796,820)	4,163,464	937,986	(295,921)	4,458,865
Total comprehensive income for the year						
Loss for the period	-	(5,920,945)	-	-	-	(5,920,945)
Other comprehensive income	-	-	-	-	-	
	-	(5,920,945)	-	-	-	(5,920,945)
Transaction with owners in their capacity as owners:						
Issue of shares – capital raising (net of expenses)	6,516,422	-	-	-	-	6,516,422
Issue of share-based payments	392,600	-	104,077	397,855	-	894,532
Issue of options to brokers	-	-	91,017	-	-	91,017
Issue of shares - HOA	80,000	-	-	-	-	80,000
Redemption of Performance Shares	-	-	-	(1,000)	-	(1,000)
Balance at 31 December 2019	**40,439,178**	**(39,717,765)**	**4,358,558**	**1,334,841**	**(295,921)**	**6,118,891**

	Issued Capital $	Accumulated Losses $	Option Reserve $	Share Based Payments Reserve $	Acquisition Reserve-Controlling Interest	Minority Interests $	Total $
Balance at 1 January 2018	28,789,956	(29,683,570)	4,163,464	438,414	-	(28,745)	3,679,519
Total comprehensive income for the year							
Loss for the period	-	(4,113,250)	-	-	-	(37,176)	(4,150,426)
Other comprehensive income	-	-	-	-	-	-	-
	-	(4,113,250)	-	-	-	(37,176)	(4,150,426)
Transaction with owners in their capacity as owners:							
Shares issued to vendors	230,000	-	-	-	-	-	230,000
Issue of shares – public relation services	43,450	-	-	-	-	-	43,450
Issue of shares – capital raising (net of expenses)	4,386,750	-	-	-	-	-	4,386,750
Issue of share-based payments	-	-	-	500,572	-	-	500,572
Redemption of Performance Shares	-	-	-	(1,000)	-	-	(1,000)
Minority interests removed on acquisition of NCI	-	-	-	-	(65,921)	65,921	-
GameGeek Pte Ltd acquisition	-	-	-	-	(230,000)	-	(230,000)
Balance at 31 December 2018	**33,450,156**	**(33,796,820)**	**4,163,464**	**937,986**	**(295,921)**	**-**	**4,458,865**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Note	2019 $	2018 $
Cash Flows from Operating Activities			
- Receipts from customers		59,171	4,794
- Interest received		4,639	9,229
- Payments to suppliers and employees		(4,038,787)	(3,883,652)
- Payment of rent bond		(6,566)	(2,024)
- Receipt of rent bond		2,024	4,886
Net cash used in operating activities	25 (a)	(3,979,519)	(3,866,767)
Cash Flows from Investing Activities			
- Refund of shire rates		-	311
- Payment for plant and equipment		(16,555)	(6,407)
- Proceeds from sale of plant and equipment		-	1,000
- Payment for intangibles		(732,538)	(577,625)
- Payment for equity investment		(6,000)	-
- Proceeds from sale of investments		-	282,386
Net cash used in investing activities		(755,093)	(300,335)
Cash Flows from Financing Activities			
- Proceeds from issue of shares		7,020,000	4,410,000
- Proceeds from issue of performance rights		-	25
- Payments for cost of issue of shares		(389,452)	(23,250)
- Redemption of Performance Shares		(1,000)	(1,000)
Net cash provided by financing activities		6,629,548	4,385,775
Net increase/(decrease) in cash and cash equivalents held		1,894,936	218,673
Cash and cash equivalents at beginning of financial period		2,395,126	2,078,132
Effect of movement in exchange rates on cash held		3,155	98,321
Cash and cash equivalents at end of financial period	25 (b)	**4,293,217**	**2,395,126**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

eSports Mogul Limited (the "Company") is a Company domiciled in Australia and listed on the ASX.

The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The principal activities of the Group primarily are an esports media and software business. At its core is the mogul.gg tournament platform technology – a tournament and matchmaking platform with automation for major esports titles.

Basis of Preparation
Except for those changes as described in note 1(w), the accounting policies set out below have been consistently applied to all years presented.

Statement of Compliance
The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) as issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 for profit oriented entities. The consolidated financial report of the Group comply with International Financial Reporting Standards (lFRSs) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Board of Directors on 28th February 2020.

Basis of Measurement
The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value

Functional and Presentation Currency
These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

Use of Estimates and Judgements
The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share Based Payment Transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using either a binomial option pricing model or Black Scholes Model.

Income Tax Expenses
Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

Fair Value Measurement
The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. The fair values of financial instruments measured at amortised cost are disclosed in Note 31. Also, from time to time, the fair values of non-financial assets and liabilities are required to be determined, e.g., when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit (CGU) at fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of eSports Mogul Limited ('company' or 'parent entity') as at 31 December 2019 and the results of all subsidiaries for the year then ended. eSports Mogul Limited and its subsidiaries together are referred to in these financial statements as the 'group entity'.

Subsidiaries are all those entities over which the parent entity is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect returns through its power over the entity, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the group entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the group entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the group entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument, is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(d) Income Tax

Current Tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity are not in the profit or loss in the statement of comprehensive income.

(e) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Impairment

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the profit or loss in the statement of comprehensive income in the cost of sales line item.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets vary from 40% to 50%.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

– fixed lease payments less any lease incentives;
– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
– the amount expected to be payable by the lessee under residual value guarantees;
– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
– lease payments under extension options, if lessee is reasonably certain to exercise the options; and
– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(g) Earnings Per Share

Basic earnings per share (“EPS”) is calculated by dividing the net loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated as net loss attributable to members, adjusted for, costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group has concluded that it is the principal in all of its revenue arrangements, since it is the primary obligator in all revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Interest income

Interest income is accrued when earnt.

Subscription Revenue

Subscription revenue comprises the monthly or yearly fees from subscribers to Mogul's online platform. Subscribers pay directly via various online payment methods and subscription revenue is earnt once payment has been accepted.

Other Revenue

Other revenue comprises tournament entry fees, fees charged on withdrawals from the Mogul wallet and prizemoney contributions. Revenue is recognised as performance obligations under any contracts are met.

(i) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics. All impairment losses are recognised either in the profit or loss in the statement of comprehensive income or revaluation reserves in the period in which the impairment arises.

Non-Financial Assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exits.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(l) Non-current assets classified as held for sale
A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell and are not subject to depreciation. Non-current assets, disposal groups and related liabilities assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held as financial assets at fair value through profit and loss, are measured at fair value. Gains or losses on investments held as financial assets at fair value are recognised in the profit or loss in the statement of comprehensive income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

(n) Intangible Assets

Licences

Licences that the Company acquires are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the term of the licence. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

Software under development and acquired

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services and employee costs.

Assets in the course of construction include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

Other licences that the Company acquires are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

The Razer license fee is amortised over a useful life of 2 years and the Mogul Platform is amortised over a useful life of 5 years.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outlay of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(q) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(r) Share-Based Payment Transactions

The Company provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transaction").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using either the binomial option pricing model or Black Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Issued Capital
Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(t) Trade and Other Receivables
Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss. The Group applies the simplified approach to providing for expected credit loss which permits the use of the lifetime expected credit loss provision for all trade receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for expected credit loss is raised when there is objective evidence that the Group will not be able to collect the debt taking into consideration historical and forward looking information.

(u) Comparatives
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

(v) Fair Value Measurement
Fair values of financial instruments measured at fair value through profit and loss are disclosed in Note 31.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which value measured or disclosed in the financial statements are categorised within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board determines the policies and procedures for both recurring fair value measurement, such as derivatives, and non-recurring measurement, such as impairment tests.

At each reporting date, the Board analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, the Board verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents

The Board also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(w) New and amended accounting standards adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the group had to change its accounting policy as a result of adopting the following standard:

- AASB 16: Leases

The impact of the adoption of this standard and the respective accounting policy is discussed below.

Initial application of AASB 16

The Group has adopted the modified retrospective approach under AASB 16: *Leases* at 1 January 2019. In accordance with AASB 16, the comparatives for the 2018 reporting period have not been restated.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has not recognised a lease liability and right-of-use asset for all leases due to using the practical expedients for short-term and low-value leases. Instead the short-term and low-value leases were recognised as operating leases under AASB 117: *Leases* where the Group is the lessee.

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

– for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;

– leases that have a remaining lease term of less than 12 months as at 1 January 2019 have been accounted for in the same way as short-term leases;

– the use of hindsight to determine lease terms on contracts that have options to extend or terminate;

– applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application; and

– not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The adoption of AASB 16 has had no significant impact on the Group’s financial statements given the Group’s current state of operations.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

	2019 $	2018 $
2. *REVENUE FROM CONTINUING ACTIVITIES*		
Advertising revenue	-	4,794
Fees charged on withdrawals	11,150	-
Prizemoney contribution	20,000	-
Subscriptions	15,168	-
Tournament entry fees	36,034	-
Interest received	4,639	9,228
	86,991	14,022

3. *EXPENSES*

	2019 $	2018 $
Loss has been determined after the following specific expenses:		
- Auditing or reviewing the financial report	42,500	44,270
- Depreciation	9,811	5,410
- Operating lease expense - rental	32,404	15,280
Employee benefits expense:		
- Annual leave	17,875	3,418
- Director’s fees	94,917	96,000
- Income protection insurance	526	5,729
- Recruitment	95,867	19,792
- Share based payments	894,532	500,547
- Superannuation	65,297	33,856
- Wages	567,086	260,385
	1,736,100	919,727
Impairment on intangibles:		
- Impairment	120,878	-
	120,878	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

4. INCOME TAX

(a) The components of tax expense comprise:

	2019 $	2018 $
Current income tax	-	-
Deferred tax	-	-
	-	-

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2019	2018
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2018: 30%) from continuing operations	(1,776,285)	(1,234,062)
Add tax effect of:		
- Other non-allowable items	1,046,338	715,634
- Revenue losses not recognised	878,841	2,726,270
- Other deferred tax balances not recognised	(148,894)	(2,196,689)
- Other non-assessable items	-	(11,153)
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income from continuing operations	-	-

(c) Unrecognised deferred tax assets at 30% (2018:30%) (Note 1):

	2019 $	2018 $
Carried forward revenue losses	6,752,812	5,846,012
Carried forward capital losses	3,863,272	3,863,272
Capital raising costs	218,075	289,331
Provisions and accruals	17,142	11,779
Financial investments	4,534	4,534
Other	1,788	213
	10,857,623	10,015,141

(d) The tax benefits of the above Deferred Tax Assets will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(ii) the Group continues to comply with the conditions for deductibility imposed by law; and
(iii) no changes in income tax legislation adversely affect the Group in utilising benefits.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

4. INCOME TAX (Continued)

(e) Tax Consolidation

eSports Mogul Limited and its wholly owned Australian resident subsidiaries formed a tax consolidated group with effect from 5 February 2014. eSports Mogul Limited is the head entity of the tax consolidated group.

Note 1 - the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

	2019 $	**2018 $**
5. AUDITOR'S REMUNERATION		
Remuneration of the auditor Moore Stephens:		
(i) Auditing and reviewing the financial statements of Group	42,500	44,270

6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid during the year. No recommendation for payment of dividends has been made.

	2019 $	**2018 $**
7. CASH AND CASH EQUIVALENTS		
Current		
Cash at bank and on hand	4,293,217	2,395,126

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

8. TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Current		
Trade receivables[1]	23,181	-
Other receivables	50,000	-
GST receivable	72,453	37,422
	145,634	37,422

[1] *Aging of gross carrying amounts due*		
0-30 days	1,175	-
30-60 days	517	-
60-90 days	170	-
90+ days	21,319	-
Loss allowance provision	-	-
Total	23,181	-

The loss allowance provision as at 31 December 2019 is determined to be nil; which also incorporate forward-looking information.

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: *Financial Instruments*.

	Note	Opening balance under AASB 139 1 January 2018 $	Adjust-ment for AASB 9 $	Net measure-ment of loss allowance $	Closing balance 31 December 2018 $
a. Lifetime Expected Credit Loss: Credit Impaired					
(i) Current trade receivables		-	-	-	-
		-	-	-	-

	Opening balance under AASB 139 1 January 2019 $	Adjust-ment for AASB 9 $	Net measure-ment of loss allowance $	Closing balance 31 December 2019 $
(i) Current trade receivables	-	-		
	-	-		

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

8. TRADE AND OTHER RECEIVABLES (Continued)

Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Company's credit risk exposure is located entirely within Singapore.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor (where applicable) and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two or more years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

The Company does not currently hold any collateral as security.

9. OTHER ASSETS

Current		
Prepayments [1]	519,620	996,899
Bond on office rental	7,066	2,524
	526,686	999,423

[1] $512,437 relates to prepaid marketing expenses in relation to zSilver.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

10. INTERESTS IN CONTROLLED ENTITIES

(a) Controlled entities consolidated

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding*		Investment($)**	
			2019	2018	2019	2018
eSports Nominees Pty Ltd	Australia	Ordinary	100%	100%	-	-
SEA Esports Pte Ltd	Singapore	Ordinary	100%	100%	95	95
GameGeek Pte Ltd	Singapore	Ordinary	100%	100%	-	-
					95	95

* Percentage of voting power is in proportion to ownership.
** An impairment of $Nil (2018: $790,000) has been made against GameGeek Pte Ltd.

(b) Acquisition of Non-Controlling Interest (NCI)

On 16 October 2018, the Company acquired an additional 30% in GameGeek Pte Ltd, increasing its ownership from 70% to 100%. The carrying amount of the GameGeek Pte Ltd net liabilities in the Group's consolidated financial statements on the date of acquisition was $65,921.

	2019	2018
	$	$
Carrying amount of NCI acquired	-	65,921
Consideration paid to NCI	-	230,000
A decrease in equity attributable to owners of the Company	**-**	**(295,921)**

The decrease in equity attributable to owners of the Company comprised:
(i) An increase in accumulated losses of $295,921

11. PLANT AND EQUIPMENT

Office Equipment

At cost	34,252	17,697
Accumulated depreciation	(20,125)	(10,314)
Total	14,127	7,383

Movements in carrying amounts

Office Equipment

Carrying amount at beginning of reporting period	7,383	7,598
Additions	16,555	6,406
Disposals	-	(1,211)
Depreciation expense	(9,811)	(5,410)
Carrying amount at end of reporting period	14,127	7,383

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

12. INTANGIBLES

	2019	2018
Non-Current	**$**	**$**
Mogul Platform		
Razer licence fee – at cost[1]	271,712	271,712
Mogul platform – at cost[2]	1,525,591	784,287
Accumulated amortisation	(424,689)	(191,687)
WDV Razer and Mogul	**1,372,614**	**864,312**
Academy Platform		
Academy Platform – at cost[3]	120,878	120,878
Impairment	(120,878)	-
WDV Academy Platform	**-**	**120,878**
GameGeek Website		
Website – fair value at acquisition[4]	-	627,070
Accumulated amortisation	-	(627,070)
WDV GameGeek website	**-**	**-**
Total cost	**1,918,181**	**1,803,947**
Total accumulated amortisation	**(424,689)**	**(818,757)**
Total impairment	**(120,878)**	**-**
WDV	**1,372,614**	**985,190**

[1] The licence fee relates to the Razer (Asia-Pacific) Pte Ltd Tournament Platform, that has subsequently been renamed "Mogul" and runs for an initial 2-year period. The Group is amortising the cost of the licence fee over the period of the licence.

[2] Relates to costs associated with building out the Mogul Platform with additional functionality, games, etc. The Group is amortising the costs over a period of 5 years.

[3] The costs associated with the Academy Platform were fully impaired during the year.

[4]The website relates to the GameGeek website that is a localised esports portal for mid to hardcore gamers and provides insider content and commentary for the esports community. The Group amortised the total cost of the website during the prior year, due to the website being closed before the end of the year, as a result of merging the GameGeek website contents into Mogul News.

13. EQUITY INVESTMENT

	2019	2018
Non-Current		
Financial assets at fair value through profit and loss	**$**	**$**
Unquoted equity shares – Red 32 Pty Ltd	38,000	32,000
Unquoted equity shares – Unikrn Inc	67,325	67,325
	105,325	99,325

The above equity investments are classified as a financial asset at fair value through profit and loss.

The Directors have considered indicators of impairment in the value of its Equity Investments and have made an impairment of $Nil ($2018: $Nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

14. TRADE AND OTHER PAYABLES

	2019	2018
Current (unsecured)	**$**	**$**
Trade creditors [1]	243,153	38,011
Other creditors & accruals [2]	111,810	61,120
	354,963	99,131

Terms and conditions relating to the above financial instruments.
1. *Trade creditors are non-interest bearing and generally on 30 day terms.*
2. *Other creditors are non-interest bearing have no fixed repayment terms.*

For further details refer to note 23 Financial Instruments.

15. PROVISIONS

	2019	2018
	$	**$**
Current		
Employee benefits	29,140	11,264

The Group currently has 9 (2018: 4) employees including Directors.

16. ISSUED CAPITAL

	2019	2018
	$	$
2,031,084,275 (2018: 1,269,254,275) fully paid ordinary shares	40,439,178	33,450,156

(a) Movements in fully paid ordinary shares on issue

	2019	
	$	**Number**
At the beginning of the reporting period	33,450,156	1,269,254,275
Shares issued during the period:		
Issue of shares on exercise of performance rights	-	13,400,000
Capital raising - placement	3,100,000	310,000,000
Issue of shares under employee incentive plan	392,600	30,200,000
Issue of shares under Heads of Agreement	80,000	8,000,000
Capital raising - placement	3,970,000	397,000,000
Issue of shares on exercise of performance rights	-	3,230,000
Capital raising costs	(553,578)	-
Balance at 31 December 2019	40,439,178	2,031,084,275

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

16. ISSUED CAPITAL (Continued)

	2018 $	2018 Number
At the beginning of the reporting period	28,789,956	918,637,609
Shares issued during the period:		
Issue of shares for public relation services	8,250	550,000
Issue of shares for public relation services	27,500	2,291,666
Issue of shares on exercise of performance rights	-	92,500,000
Capital raising - placement	4,410,000	245,000,000
Issue of shares for public relation services	7,700	275,000
Issue of shares to GameGeek Pte Ltd shareholders	230,000	10,000,000
Capital raising costs	(23,250)	-
Balance at 31 December 2018	33,450,156	1,269,254,275

(b) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholder’s meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands. These fully paid ordinary shares have no par value.

(c) Capital risk management

The Group’s objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group’s activities, being an eSports media software business, it does not have ready access to credit facilities, with the primary source of funding being equity raisings, given the early stage of its business. Accordingly, the objective of the Group’s capital risk management is to balance the current working capital position against the requirements of the Group to meet the building of its eSports media and software business and general corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

	2019	2018
17. OPTION RESERVE	**$**	**$**
225,000,000 (2018: 346,478,207) options	4,358,558	4,163,464

	2019	
(a) Movements in listed options on issue:	**$**	**Number**
Options		
At the beginning of the reporting period	4,163,464	346,478,207
Options issued during the period:		
Issued as part of capital raising to subscribers	-	155,000,000
Issued as part of capital raising to brokers	91,017	20,000,000
Issued as part of Employee Incentive Plan	104,077	50,000,000
Expiry of 30 October 2019 Listed Options	-	(346,478,207)
Balance at 31 December 2019	4,358,558	225,000,000

	2018	
	$	**Number**
Options		
At the beginning of the reporting period	4,163,464	346,478,207
Options issued during the period:		
Movements	-	-
Balance at 31 December 2018	4,163,464	346,478,207

(b) Terms of Options

At the end of reporting period, there are 225,000,000 options over unissued shares as follows:

Expiry Date	Exercise Price	Number of Options
23 July 2021	$0.02	175,000,000
21 August 2021	$0.02	50,000,000
		225,000,000

18. SHARE BASED PAYMENTS RESERVE	2019	2018
	$	**$**
Share based payments at the beginning of the reporting period	937,986	438,414
Employee equity settled transactions (refer note 26)	397,855	500,547
Performance rights subscribed for	-	25
Redemption of Performance Shares	(1,000)	(1,000)
Share based payments at the end of the reporting period	1,334,841	937,986

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

19. ACQUISITION RESERVE	**2019 $**	**2018 $**
Acquisition reserve at the beginning of the reporting period	(295,921)	-
Acquisition of Non-Controlling Interest (refer note 10(b))	-	(230,000)
Minority interests removed on acquisition of NCI	-	(65,921)
Acquisition Reserve at the end of the reporting period	(295,921)	(295,921)

20. ACCUMULATED LOSSES

Accumulated losses at the beginning of the reporting period	(33,796,820)	(29,683,570)
Net loss attributable to members	(5,920,945)	(4,113,250)
Accumulated losses at the end of the reporting period	(39,717,765)	(33,796,820)

21. MINORITY INTEREST

Minority interest at the beginning of the reporting period	-	(28,745)
Initial interest	-	-
Net loss	-	(37,176)
Minority interests removed on acquisition of NCI	-	65,921
Minority interest at the end of the reporting period	-	-

22. RELATED PARTY DISCLOSURES

(a) Parent entity

The ultimate parent entity within the Group is eSports Mogul Limited.

(b) Intercompany transactions

Loans

eSports Mogul Limited has provided an unsecured, interest free loan to its wholly owned subsidiary, eSports Nominees Pty Ltd totalling $1,838,081 (2018: $1,837,739) at reporting date. The Company has made a provision for impairment against the loan of $1,725,365 (2018: $1,725,023) during the year ended 31 December 2019. There were repayments totalling $Nil (2018: $247,311) made during the year. This loan can be recalled on demand.

eSports Mogul Limited has provided an unsecured, interest free loan to its wholly owned subsidiary, SEA Esports Pte Ltd totalling $5,847,734 (2018: $3,154,928) at reporting date. The Company has made a provision for impairment against the loan of $3,831,964 (2018: $1,244,157) during the year ended 31 December 2019. There were no repayments made during the year. This loan can be recalled on demand.

eSports Mogul Limited has provided an unsecured, interest free loan to its wholly owned subsidiary GameGeek Pte Ltd totalling $229,499 (2018: $218,027) at reporting date. The Company has made a provision for impairment against the loan of $229,499 (2018: $218,027) during the year ended 31 December 2018. There were no repayments made during the year. This loan can be recalled on demand.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

22. RELATED PARTY DISCLOSURES (Continued)

(c) Loans to key management personnel

There were no loans to key management personnel at the end of the year.

(d) Other transactions and balances with key management personnel

Mr George Lazarou is a director and shareholder of Citadel Capital Pty Ltd. During this period Citadel Capital Pty Ltd received $120,000 (2018: $120,000) for the provision of company secretarial and Chief Financial Officer services. These costs have not been included in directors' remuneration as these fees were not paid to individual directors in relation to the management of the affairs of the Company. All transactions were entered into on normal commercial terms.

(e) Executive Agreement

On 27 September 2016, the Company entered into an Executive Services Agreement and on 12 October 2018 entered into an extension of Executive Services Agreement Letter for a further 2 years effective 14 November 2018 and a variation of the Executive Services Agreement on 17 November 2019, with Mr Gernot Abl as the Managing Director of the Company. Pursuant to the terms of the Executive Services Agreement, Mr Abl will be paid an amount of $250,000 per annum plus statutory superannuation, reviewed annually. The Company will also pay income protection insurance, reasonable travelling and other incidental costs incurred by Mr Abl while performing his duties under the Executive Services Agreement.

Either Mr Abl or the Company may terminate the Executive Services Agreement at any time on the giving of not less than 3 months' notice in writing.

For the year ended 31 December 2019, an amount of $246,375 including statutory superannuation (2018: $246,375) was paid or payable.

(f) Key management personnel compensation

	2019 $	2018 $
The key management personnel compensation comprised:		
Short term employment benefits	760,550	441,000
Post employment benefits	60,853	30,495
Share based payments	307,159	-
	1,128,562	471,495

Detailed remuneration disclosures are provided in the Remuneration Report on pages 13 to 22.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

23. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, short term deposits and equity investments. The main purpose of the cash and term deposit is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

The directors' overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies arising from paying suppliers in foreign currencies for work in relation to SEA Esports Pte Ltd and GameGeek Pte Ltd. The Group is in the process of formalising a policy in regard to foreign currency risk.

(ii) Interest Rate Risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long term debt, and therefore this risk is minimal.

(ii) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the economic entities' maximum exposure to credit risk.

(iii) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows. The Group does not have any significant liquidity risk as the Group does not have any collateral debts.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

23. FINANCIAL INSTRUMENTS (Continued)

(iv) Equity Price Risk

Price risk relates to the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market prices for equities. The Group is exposed to equity price risk, which arises from financial assets at fair value through profit and loss of equity investments held. Such risk is managed through diversification of investments across industries and geographical locations.

(v) Equity Price Risk Sensitivity Analysis

	2019 $	2018 $
Change in profit/(loss)		
Increase in financial assets at fair value through profit and loss by 10%	10,532	9,932
Decrease in financial assets at fair value through profit and loss by 10%	(10,532)	(9,932)
Change in equity		
Increase in financial assets at fair value through profit and loss by 10%	10,532	9,932
Decrease in financial assets at fair value through profit and loss by 10%	(10,532)	(9,932)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

(b) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

2019	Weighted Average Effective Interest Rate %	Floating interest rate $	Fixed Interest Rate Maturing Within 1 year $	 Over 1 year $	Non-Interest bearing $
Financial Assets					
Cash at bank	0.23%	4,233,622	-	-	59,595
Trade & other receivables		-	-	-	145,634
Equity investment		-	-	-	105,325
Consideration held in escrow		-	-	-	45,391
Total Financial Assets		4,233,622	-	-	355,945
Financial Liabilities					
Trade & other creditors		-	-	-	354,963
Total Financial Liabilities		-	-	-	354,963

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

23. FINANCIAL INSTRUMENTS (Continued)

2018	Weighted Average Effective Interest Rate %	Floating interest rate $	Fixed Interest Rate Maturing Within 1 year $	Fixed Interest Rate Maturing Over 1 year $	Non-Interest bearing $
Financial Assets					
Cash at bank	0.43%	2,036,240	-	-	358,886
Trade & other receivables		-	-	-	37,422
Equity investment		-	-	-	99,325
Consideration held in escrow		-	-	-	45,391
Total Financial Assets		2,036,240	-	-	541,024
Financial Liabilities					
Trade & other creditors		-	-	-	99,131
Total Financial Liabilities		-	-	-	99,131

	2019 $	2018 $
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	354,963	99,131
6 months to 1 year	-	-
1-5 years	-	-
	354,963	99,131

(c) Net Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2019 Carrying Value $	2019 Fair Value $	2018 Carrying Value $	2018 Fair Value $
Consolidated				
Cash and cash equivalents	4,293,217	4,293,217	2,395,126	2,395,126
Receivables	145,634	145,634	37,422	37,422
Equity investment	105,325	105,325	99,325	99,325
Consideration held in escrow	45,391	45,391	45,391	45,391
Payables	(354,963)	(354,963)	(99,131)	(99,131)
	4,234,604	4,234,604	2,478,133	2,478,133

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

23. FINANCIAL INSTRUMENTS (Continued)

(d) Interest Rate Sensitivity Analysis

At 31 December 2019, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2019 $	**2018 $**
Change in profit/(loss)		
Increase in interest rate by 1% (100 basis points)	20,309	34,167
Decrease in interest rate by 1% (100 basis points)	(20,309)	(34,167)
Change in equity		
Increase in interest rate by 1% (100 basis points)	20,309	34,167
Decrease in interest rate by 1% (100 basis points)	(20,309)	(34,167)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

(e) Foreign Currency Exchange Rate Sensitivity Analysis

The Group's main foreign currency risk arises from cash and cash equivalents held in foreign currency bank accounts and trade and other payable amounts denominated in currencies other than the functional currency. At 31 December 2019 and 31 December 2018, the Group's exposure to foreign currency risk is not considered material.

24. EARNINGS PER SHARE

	2019 $	**2018 $**
(a) (Loss) used in the calculation of basic and dilutive earnings per share for continuing operations	(5,920,945)	(4,113,561)
Profit/(Loss) used in the calculation of basic and dilutive earnings per share for discontinued operations	-	311

	Number of shares 2019	***Number of shares 2018***
(b) Weighted average number of ordinary shares outstanding during the reporting period used in calculation of basic and diluted earnings per share	1,497,525,759	1,107,119,316

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

25. CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with loss from ordinary activities after income tax.	**2019 $**	**2018 $**
Loss after income tax	(5,920,945)	(4,113,250)
Adjustment for;		
- Depreciation	9,811	5,410
- Share based payments	974,531	500,548
- Annual leave accrual	17,875	3,418
- Unrealised foreign exchange gain	(3,154)	(98,615)
- Amortisation	233,002	762,554
- Impairment on intangibles	120,878	-
- Equity payment for services	-	43,450
- Loss on sale of equity investment	-	44,408
- Loss on sale of plant & equipment	-	212
- Minority interests	-	(37,176)
Changes in assets and liabilities		
- (Increase)/Decrease in trade and other receivables	437,091	(1,006,082)
- (Increase)Decrease in deposits	(4,542)	2,552
- Increase/(Decrease) in trade and other payables	155,934	25,804
Net cash flow used in operating activities	(3,979,519)	(3,866,767)

(b) Reconciliation of cash and cash equivalents	**2019 $**	**2018 $**
Cash and cash equivalents comprises:		
Cash at bank and on hand	4,293,217	2,395,126

(c) Non-cash financing and investing activities

The was no non-cash financing and investing activities during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

26. SHARE BASED PAYMENTS

(a) Recognised employee share based payment expenses

The expense recognised for employee services received during the period are as follows:

	2019 $	2018 $
Total expense rising from employee, consultant and Director share based payment transactions	894,532	500,548

Performance Rights – 31 December 2019

On 21 August 2019, the Company granted 62,500,000 performance rights to senior executives, employees and consultants.

The terms of the Performance Rights issued are as follows:-

Class A

(a) 27,000,000 Performance Rights were granted on 21 August 2019;
(b) 27,000,000 Performance Rights will vest and become exercisable upon the Company achieving Annualised Recurring Revenue being at least A$2,000,000 in any six-month period commencing 1 January 2020 to 1 January 2022.
Annualised Gross Recurring Revenue is defined as the amount of gross revenue forecast to be generated during a 12 month period, measured on the actual gross revenues for each Half Year and Annual reporting period for the six months);
(c) Vested Performance Rights can be exercised from vesting until 14 January 2022.

Class B

(a) 27,000,000 Performance Rights were granted on 21 August 2019;
(b) 27,000,000 Performance Rights will vest and become exercisable upon the Company achieving Annualised Recurring Revenue being at least A$6,000,000 in any six-month period commencing 1 January 2020 to 1 January 2024);
Annualised Gross Recurring Revenue is defined as the amount of gross revenue forecast to be generated during a 12 month period, measured on the actual gross revenues for each Half Year and Annual reporting period for the six months);
(c) Vested Performance Rights can be exercised from vesting until 14 January 2024.

Class C

(a) 8,500,000 Performance Rights were granted on 21 August 2019;
(b) 50% of the Performance Rights vesting in the September 2019 Quarter and 50% vesting in the December 2019 Quarter. The Performance Rights will vest and become exercisable upon the Company achieving:
- 50% of quarterly KPI from “Delivery on Schedule”;
- up to 13% of quarterly KPI from “Critical & External Bugs”;
- up to 12% of quarterly KPI from “Stakeholder Sentiment”; and
- 25% of quarterly KPI from “Company Wide Revenue”;

(c) Vested Performance Rights can be exercised from vesting until 14 January 2020.

On 13 November 2019, the Company granted 3,000,000 performance rights to senior executives and consultants.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

26. SHARE BASED PAYMENTS (Continued)

Class D

(a) 3,000,000 Performance Rights were granted on 13 November 2019;
(b) The 3,000,000 Performance Rights are subject to various vesting conditions:
(c) Vested Performance Rights can be exercised from vesting until 14 January 2020

The value of performance rights granted during the period was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled $829,240. The expense during the period ended 31 December 2019 amounted to $210,012 (2018: $66,758). The values and inputs are as follows:

Class A:

Performance Rights	
Performance rights issued	27,000,000
Underlying share value	$0.013
Exercise price of performance rights	Nil
Risk free interest rate	0.73%
Share price volatility	106%
Expiration period	14 January 2022
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.013

Class B:

Performance Rights	
Performance rights issued	27,000,000
Underlying share value	$0.013
Exercise price of performance rights	Nil
Risk free interest rate	0.7%
Share price volatility	106%
Expiration period	14 January 2024
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.013

Class C:

Performance Rights	
Performance rights issued	8,500,000
Underlying share value	$0.013
Exercise price of performance rights	Nil
Risk free interest rate	0.73%
Share price volatility	106%
Expiration period	14 January 2020
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.013

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

26. SHARE BASED PAYMENTS (Continued)

Class D:

Performance Rights	
Performance rights issued	3,000,000
Underlying share value	$0.01
Exercise price of performance rights	Nil
Risk free interest rate	0.73%
Share price volatility	106%
Expiration period	14 January 2020
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.01

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The Performance Rights were subscribed for nil consideration per Performance Right.

4,978,000 Performance Rights have vested since the financial period, with 2,272,000 Performance Rights having been cancelled and 2,272,000 Performance Rights having been exercised.

<u>Performance Rights – 31 December 2018</u>

On 19 December 2018, the Company granted 13,400,000 performance rights to consultants.

The terms of the Performance Rights issued are as follows:-

Class A

(a) 12,000,000 Performance Rights were granted on 19 December 2018;
(b) 12,000,000 Performance Rights will vest and become exercisable upon the Company achieving all of the product features as noted in the agreed Product Roadmap for the January 2019 "Production Release" going live on mogul.gg and, where relevant, live in the Google Play store on or before 31 January 2019. If the Performance Rights do not vest, they will automatically lapse (unless the board of directors of the Company (Board) waives the vesting condition in its absolute discretion);
(c) Vested Performance Rights can be exercised from vesting until 14 February 2019.

Class B

(a) 1,400,000 Performance Rights were granted on 19 December 2018;
(b) 1,400,000 Performance Rights will vest and become exercisable upon the Company achieving 1,000,000 registered users across all Mogul service offerings on or before 31 March 2019. If the Performance Rights do not vest, they will automatically lapse (unless the board of directors of the Company (Board) waives the vesting condition in its absolute discretion);
(c) Vested Performance Rights can be exercised from vesting until 14 April 2019.

The value of performance rights granted during the period was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled $254,600. The expense during the period ended 31 December 2019 amounted to $187,843 (2018: $66,758). The values and inputs are as follows:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

26. SHARE BASED PAYMENTS (Continued)

Class A:

Performance Rights	
Performance rights issued	12,000,000
Underlying share value	$0.019
Exercise price of performance rights	Nil
Risk free interest rate	1.95%
Share price volatility	75%
Expiration period	31 January 2019
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.019

Class B:

Performance Rights	
Performance rights issued	1,400,000
Underlying share value	$0.019
Exercise price of performance rights	Nil
Risk free interest rate	1.95%
Share price volatility	75%
Expiration period	31 March 2019
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.019

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The Performance Rights were subscribed for nil consideration per Performance Right.

13,400,000 Performance Rights have vested since the financial period, and all Performance Rights have been exercised.

Issued 8 March 2018:

Performance Rights	
Performance rights issued	2,500,000
Underlying share value	$0.015
Exercise price of performance rights	Nil
Risk free interest rate	1.97%
Share price volatility	75%
Expiration period	30 June 2019
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.015

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The expense during the period ended 31 December 2018 amounted to $37,500.

The Performance Rights were subscribed for by the recipient at $0.00001 per Performance Right.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

26. SHARE BASED PAYMENTS (Continued)

92,500,000 Performance Rights have vested during the prior financial period, and all Performance Rights have been exercised.

Options – 31 December 2019

On 23 July 2019, the Company issued 20,000,000 options to brokers in relation to services provided with the capital raising completed in late May 2019.

The value of options granted during the period to brokers was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled $91,017.

The values and inputs are as follows:

Options	
Options issued	20,000,000
Underlying share value	$0.011
Exercise price of options	$0.02
Risk free interest rate	0.93%
Share price volatility	106%
Expiration period	23 July 2021
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.0046

On 21 August 2019, the Company granted 50,000,000 options to senior executives.

The key terms of the options issued are as follows:-

(a) 50,000,000 0ptions were granted on 21 August 2019;
(b) 50% vest after 12 months of employment and are exercisable at $0.02 per option on or before the date which is two years from the date of issue; and
(c) 50% vest after 24 months of employment and are exercisable at $0.02 per option on or before the date which is two years from the date of issue.

The value of options granted during the period was calculated using the Black-Scholes Option Pricing Model incorporating a Monte Carlo simulation and totalled $293,251. The expense during the period ended 31 December 2019 amounted to $104,077 (2018: $Nil). The values and inputs are as follows:

Options	
Options issued	50,000,000
Underlying share value	$0.013
Exercise price of options	$0.02
Risk free interest rate	0.73%
Share price volatility	106%
Expiration period	21 August 2021
Probability of meeting milestone hurdle	100%
Valuation per performance right	$0.0059

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

26. SHARE BASED PAYMENTS (Continued)

Employee Incentive Plan Shares – 31 December 2019

On 21 August 2019, the company issued 30,200,000 fully paid ordinary shares under the Company's Employee Incentive Plan to senior executives, employees and consultants. The fair value of these shares amounted to $392,600 (2018: $Nil) and were expensed to profit and loss.

Partner Shares – Year Ended 31 December 2019

On 6 September 2019, the company issued 8,000,000 fully paid ordinary shares as part of a Heads of Agreement with Alliance. The fair value of these shares amounted to $80,000 and were expensed to profit and loss.

Consultant Shares – Year ended 31 December 2018

On 8 March 2018, the company issued 550,000 fully paid ordinary shares as part of a consultancy agreement for investor relation services. The fair value of these shares amounted to $8,250 and were expensed to profit and loss.

On 4 April 2018, the company issued 2,291,666 fully paid ordinary shares as part of a consultancy agreement for investor relation services. The fair value of these shares amounted to $27,500 and were expensed to profit and loss.

On 17 August 2018, the company issued 275,000 fully paid ordinary shares as part of a consultancy agreement for investor relation services. The fair value of these shares amounted to $7,700 and were expensed to profit and loss

A summary of the movements of all company options issued is as follows:-

	Number	**Weighted Average Exercise Price**
Options outstanding as at 1 January 2018	**346,478,207**	**$0.05**
Options outstanding as at 31 December 2018	**346,478,207**	**$0.05**
Issued as part of capital raising	155,000,000	$0.02
Issued to brokers for capital raising services	20,000,000	$0.02
Issued as part of Employee Incentive Plan	50,000,000	$0.02
Expiry of 30 October 2019 Listed Options	(346,478,207)	($0.05)
Options outstanding as at 31 December 2019	**225,000,000**	**$0.02**
Options exercisable as at 31 December 2019	225,000,000	
Options exercisable as at 31 December 2018	346,478,207	

As at the date of this report, there were no options exercised during the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

27. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its eSports, and corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments

(i) *eSports*

Segment assets, such as equity investments and intangible assets and all expenses related to the eSports business are reported on in this segment.

(ii) *Unallocated*

Corporate, including treasury, corporate and regulatory expenses arising from operating an entity. Corporate assets, including cash and cash equivalents are reported in this segment.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the consolidated entity.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables.

The following represents revenue, profit information, for reportable segments for the period ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

27. SEGMENT INFORMATION (Continued)

2019	**eSports**	**Unallocated**	**Total**
	$	**$**	**$**
Revenue from continuing operations			
Fees charged on withdrawals	11,150	-	11,150
Prizemoney contribution	20,000	-	20,000
Subscriptions	15,168	-	15,168
Tournament entry fees	36,034	-	36,034
Interest revenue	-	4,639	4,639
Unrealised Foreign Exchange Gain	-	3,154	3,154
Net profit/(loss) before tax from continuing operations	**(2,775,518)**	**(3,145,427)**	**(5,920,945)**
- Administration	(88,170)	(244,284)	(332,454)
- Amortisation	(233,002)	-	(233,002)
- Compliance & Professional	(29,720)	(708,881)	(738,601)
- Depreciation	-	(9,811)	(9,811)
- Employee Benefits	-	(1,736,100)	(1,736,100)
- Finance	(9,447)	(7,223)	(16,670)
- Foreign Exchange Gain/(Loss)	226	(5,555)	(5,329)
- Impairment of Intangibles	(120,878)	-	(120,878)
- Marketing & Promotional	(1,532,634)	(252,888)	(1,785,522)
- Occupancy	(1,346)	(31,058)	(32,404)
- Tournament Operations	(842,353)	-	(842,353)
- Travel	(546)	(157,420)	(157,966)

2019			
	$	**$**	**$**
Segment assets	2,047,548	4,455,446	6,502,994
Segment liabilities	36,767	347,336	384,103

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

27. SEGMENT INFORMATION (Continued)

2018	**Mineral Exploration**	**eSports**	**Unallocated**	**Total**
	$	**$**	**$**	**$**
Revenue from continuing operations				
Advertising Revenue	-	4,794	-	4,794
Interest revenue	-	-	9,228	9,228
Unrealised Foreign Exchange Gain	-	-	98,615	98,615
Net profit/(loss) before tax from continuing operations	**-**	**(1,851,181)**	**(2,299,556)**	**(4,150,737)**
- Administration	-	(26,988)	(223,819)	(250,807)
- Amortisation	-	(762,554)	-	(762,554)
- Compliance & Professional	-	(12,366)	(942,043)	(954,409)
- Depreciation	-	-	(5,410)	(5,410)
- Employee Benefits	-	-	(919,727)	(919,727)
- Finance	-	(8,663)	(1,543)	(10,206)
- Loss on Sale of Equity Investment	-	(44,408)	-	(44,408)
- Loss on Sale of Plant & Equipment	-	-	(212)	(212)
- Marketing & Promotional	-	(992,161)	(206,601)	(1,198,762)
- Occupancy	-	(7,059)	(8,221)	(15,280)
- Travel	-	(1,776)	(99,823)	(101,599)
Profit before tax from discontinuing operations:	311	-	-	311
Revenue from discontinued operations				
- Refund of Shire Rates	311	-	-	311

2018				
Segment assets	-	2,086,481	2,482,779	4,569,260
Segment liabilities	-	13,577	96,818	110,395

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

27. SEGMENT INFORMATION (Continued)

Revenue by geographical region

There was $82,352 in revenue attributable to external customers for the period ended 31 December 2019 (2018: $4,794), which relates to Asia.

Assets by geographical region

The only reportable segment assets located outside of Australia as at 31 December 2019 totalling $2,047,548 (2018: $1,965,603) are:-

- an equity investment of $67,325 and consideration held in escrow of $45,391 in the USA (2018: $112,716); and
- cash of $26,600, trade receivables of $23,181, prepayments of $512,437 and intangibles of $1,372,614 in Singapore (2018: $1,852,887).

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28 EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

29. CONTINGENT LIABILITIES

On 22 October 2019, the Company commenced proceedings in the Federal Circuit Court of Australia against First Point Ventures Pty Ltd (**First Point Ventures Proceedings**) seeking a declaration that a Partnership Mandate Agreement which the Company entered into with First Point Ventures Pty Ltd on 28 April 2019 be declared void ab initio on the basis of misrepresentations made by First Point Ventures Pty Ltd.

In the First Point Ventures Proceedings, First Point Ventures Pty Ltd has filed a cross-claim seeking damages allegedly due under the Partnership Mandate Agreement or in the alternative, reasonable remuneration, for the services it allegedly provided under the Partnership Mandate Agreement. The Company is defending the cross-claim and is confident the cross-claim will be dismissed. It is not practical at this stage to provide an estimate as to the amount, if any, which may be payable. Otherwise, there are no contingent liabilities to declare.

30. COMMITMENTS

	2019	2018
Operating lease expenditure commitments	**$**	**$**
No later than 6 months	7,140	2,140
Between 6 and 12 months	-	-
Between 12 and 18 months	-	-
	7,140	2,140

The Company is currently leasing premises at Level 21, 459 Collins Street, Melbourne, Victoria, with the lease running until 31 March 2020, which can be extended by a further 6 months.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

31. FAIR VALUE MEASUREMENTS

The Group measures and recognises the obligation for contingent consideration arising from a business combination at fair value on a recurring basis after initial recognition. The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

a) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:-

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value; or
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset as its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Groups assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

31. FAIR VALUE MEASUREMENTS (Continued)

	31 December 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Assets				
Equity investment	-	-	105,325	105,325
Total assets recognised at fair value	**-**	**-**	**105,325**	**105,325**

b) **Valuation Techniques and Unobservable Inputs Used to Measure Level 3 Fair Values**

Equity Investment

In circumstances where a valuation technique for financial instruments is based on significant unobservable inputs, such instruments are included in level 3. These include investments in unlisted equity investments. The Directors utilised as at period end information provided by the underlying entities and used its best estimate based on events during and subsequent to period end in valuing its investments.

Contingent consideration arising from acquisition of eSports Nominees Pty Ltd

On 14 November 2016, the Company acquired all the issued capital of eSports Nominees Pty Ltd. In acquiring eSports Nominees Pty Ltd, the Group incurred a contingent consideration liability consisting of an obligation to make an additional payment in fully paid ordinary shares provided various milestones are met.

The fair value of the contingent consideration $Nil (2018: $Nil) is measured using a discounted cash flow methodology and determined on the basis of the agreed consideration to be paid for achieving each of the milestones within the time period, weighted by the probability of meeting each milestone. The discount rate used is based on the Group's weighted average cost of capital.

The following table provides qualitative information regarding the key significant unobservable inputs, the ranges of those inputs and the relationships of unobservable inputs to the fair value measurement:

Significant Unobservable Inputs Used	Range of Unobservable Inputs Used	Estimated Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs
Probability of achieving milestones – 0%	0%	If the probability rate is 5% higher/lower, the fair value would increase/decrease by $110,000
Discount Rate (risk adjusted) – 20%	15%-25%	If the discount rate is 1% higher/lower, the fair value would decrease/increase by $Nil

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

31. FAIR VALUE MEASUREMENTS (Continued)

Valuation processes

Given the size of the organisation, the Board of Directors, amongst other things, manage the risk exposures of the Group. The Group's finance department calculates the fair value of the contingent liability on a six monthly basis in light of the likelihood of meeting the milestones. The Company uses a discounted cash flow model that is prepared internally. Any significant movements in the contingent liability are reported to the Board on a six monthly basis.

There has been no change in the valuation technique used to measure the fair value of the contingent consideration liability since the parent entity acquired control of eSports Mogul Pty Ltd.

There were no significant interrelationships between the unobservable inputs that could materially affect the fair value of the contingent consideration.

Reconciliation of Recurring Fair Value Measurement	**2019 $**	**2018 $**
Movements in level 3 liabilities during the current financial year are set out below:		
Opening Balance	-	-
Additions	-	-
Impairment	-	-
	-	-

The 100,000,000 Class A Performance Shares expired as the relevant Milestone was not achieved by the required date, being 14 November 2018.

The 100,000,000 Class B Performance Shares expired as the relevant Milestone was not achieved by the required date, being 14 June 2019.

Under the terms of the Class A & Class B Performance Shares, each Class A & Class B Performance Share were automatically redeemed by the Company for the sum of $0.00001.

32. PARENT ENTITY INFORMATION

Information for eSports Mogul Limited	**2019 $**	**2018 $**
Current assets	4,403,319	2,443,396
Total assets	6,584,028	4,627,238
Current liabilities	347,069	96,818
Total liabilities	347,069	96,818
Issued capital	40,439,178	33,450,156
Reserves	5,693,399	5,101,450
Accumulated losses	(39,895,618)	(34,021,186)
Total shareholders' equity	6,236,959	4,530,420
Net loss after tax of the parent entity	(5,874,432)	(4,302,235)
Total comprehensive income of the parent	(5,874,432)	(4,302,235)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

33. COMPARATIVE INFORMATION

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

34. COMPANY DETAILS

The registered office and principal place of business address is:

Level 21
459 Collins Street
Melbourne Victoria 3000

DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements, notes and additional disclosures included in the Directors’ report and designated as audited, are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards and Corporations Regulations 2001;

    (b) giving a true and fair view of the Group’s financial position as at 31 December 2019 and of its performance for the year ended on that date;

    (c) the financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

2. The Chief Executive Officer and Chief Financial Officer have declared that:

    (b) the financial records of the company for the financial period have been properly maintained in accordance with section 295A of the Corporations Act 2001;

    (c) the financial statements and notes for the financial period comply with Accounting Standards; and

    (d) the financial statements and notes for the financial period give a true and fair view.

3. 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
Managing Director

Dated this 28th day of February 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ESPORTS MOGUL LIMITED
(FORMERLY ESPORTS MOGUL ASIA PACIFIC LIMITED)

Report on the audit of the financial report

Opinion

We have audited the financial report of eSports Mogul Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

<table>
<tr><th colspan="2">Carrying Value of Intangible Assets</th></tr>
<tr><th colspan="2">Refer to 12 Intangibles ($1,372,614)</th></tr>
<tr><td>This is a material asset representing 21% of the total assets as at 31 December 2019.

As detailed in Note 12, the Group currently holds several intangible assets that are core to its eSports operating platform, Mogul. They include technology licences (Razer Arena platform) and ongoing development costs capitalised on the Mogul Platform.

The value of these intangibles was a key audit matter given the significance of the technology to the Group's operations and the judgement involved in the assessment of its overall value.</td><td>Our procedures included, amongst others:

• Inquiries of management and obtained understanding of the processes and assumptions involved in capitalisation of intangibles;

• Evaluated the progress made by management in developing the Mogul (https://mogul.gg/) platform and assessing for any indicators of impairment by reviewing minutes of Board minutes, ASX announcements and other documentation;

• Tested capitalised expenditures related to these intangibles during the year on a sample basis against supporting documentation such as supplier invoices and various cost agreements to ensure such costs are permitted to be recorded in accordance with AASB 138;

• Ensured those intangible assets that are no longer expected to be utilised or developed further are fully amortised or impaired to the extent necessary;

• Reviewed the reasonableness of management estimates including useful life;

• Tested the mathematical accuracy of the calculation and disclosures presented in Note 12;

• Compared the market capitalisation of the Group ($18 million) to its net asset position ($6.1 million) and noted that the market capitalisation (based on the closing share price of $0.009) was significantly higher at balance date; and

• Assessed the appropriateness of the relevant disclosures in the financial statements.</td></tr>
</table>

Key Audit Matters (continued)

Share-Based Payments	
Refer to Notes 18 Share Based Payments Reserve & 26 Share Based Payments	
During the year ended 31 December 2019, total share-based payments amounting to $974,531 was recognised by the Company arising from services provided by employees, contractors and consultants. The fair value of the share-based payments is determined using the Black Scholes model which takes into account the terms and conditions upon which the instruments were granted and a number of key underlying assumptions. The value of these share-based payments is considered a key audit matter due to it being a material balance and its valuation is subject to significant judgment and accounting estimation.	Our procedures included, amongst others, the following: • Reviewed ASX announcements and other documentation (including the Company's Employee Incentive Plan & various offer letters) pertaining to the underlying share-based payments; • Assessed the valuation methodology used by management to estimate the fair value of equity instruments issued (where they relate to performance rights and options), including testing the integrity of information provided, assessing the appropriateness of key assumptions input into the valuation model as applicable; • Ensured the proper expensing of the share-based payments on a proportionate basis across the relevant financial period from grant date to vesting date; • Assessing whether the share-based payments have been appropriately classified and accounted for in the financial statements; and • Assessing the appropriateness of the relevant disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Responsibilities of the Directors for the Financial Report (continued)

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of eSports Mogul Limited, for the year ended 31 December 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 28th day of February 2020

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (3rd Edition) (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at www.esportmogul.com

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	YES	(a) The Company has detailed guidelines for the appointment and selection of the Board. The Nomination Committee Charter requires the Committee, and in this case the Board, as no Committee currently exists due to the size of the Company, to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. (b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	YES	The Nomination Committee Charter requires the Committee, and in this case the Board, as no Committee currently exists due to the size of the Company, to ensure that each director and senior executive is a party to a written agreement with the Company

		which sets out the terms of that Director's or senior executive's appointment. The Company has entered into an Executive Service Agreement with its Managing Director and Letters of Appointment with the Chairman and each Non-Executive Director.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have a diversity policy which includes requirements for the Board: (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	YES	(a) The Company has adopted a Diversity Policy (i) The Diversity Policy provides a framework for the Company to achieve a list of measurable objectives that encompass gender equality. (ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives. (b) The Diversity Policy is available on the company website. (c) (i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment. (ii) (A) The Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level. Information in relation to measurable objectives for achieving gender diversity is set out in the Director's Report
Recommendation 1.6		(a) As the Board only consists of three (3) members, the Company does not have

A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Nomination Committee are currently carried out by the Board, who may do so with the aid of an independent advisor, and involve evaluating the performance of the Board, any committees and individual directors on an annual basis. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. (b) The Company has established the Nomination Committee Charter, which requires disclosure as to whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	(a) As the Board only consists of three (3) members, the Company does not have a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Remuneration Committee are currently carried out by the Board, which includes evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives and may do so with the aid of an independent advisor. (b) The Company has established the Remuneration Committee Charter, which requires an annual performance of the senior executives. Schedule 6 "Performance Evaluation" requires disclosure as to whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report.
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should:	NO	(a) As the Board only consists of three (3) members, the Company does not have a Nomination Committee because it would not be a more efficient

(a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.		mechanism than the full Board for focusing the Company on specific issues. The responsibilities of a Nomination Committee are currently carried out by the Board. (b) The Company has adopted the Nomination Committee Charter, which will be followed by the Nomination Committee once it has been established. The Charter provides that the Committee: (i) shall comprise of at least three (3) non-executive directors, the majority of whom are independent; and (ii) the Committee Chairman is to be an independent Director. (iii) The Nomination Committee Charter is available online; (iv) The Board Charter provides for the disclosure of the members of each Committee. Details of the members of each Committee once established will be provided in the Annual Report; and (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the performance evaluations conducted once the Committee has been established will be provided in the Company's Annual Report.
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	YES	As the Company does not have a Nomination Committee, the Board (with the assistance of an independent advisor, if required), prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve). The composition of the Board is to be reviewed regularly against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. The Board Charter requires the disclosure of each Board members qualifications and expertise as set out in the Company's Board skills matrix. Full details as to each

		director and senior executive's relevant skills and experience are available in the Annual Report and the Company's Website.
Recommendation 2.3 **A listed entity should disclose:** (a) the names of the directors considered by the Board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each director	YES	(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Report; (b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors interests, positions associations and relationships are provided in the Annual Report; and (c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Report.
Recommendation 2.4 A majority of the Board of a listed entity should be independent directors.	YES	The Board Charter requires that where practical the majority of the Board will be independent. Currently the Board has two independent directors (Mr Adam Jacoby & Mr Cameron Adams) and one non-independent director (Mr Gernot Abl). Details of each Director's independence are provided in the Annual Report.
Recommendation 2.5 The chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent, then the Board will consider appointing a lead independent Director. Currently Mr Adam Jacoby fulfils the responsibilities of Chairman and is considered independent.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. As the Company does not have a Remuneration

<table>
<tr><td>opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</td><td></td><td>Committee, the Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.</td></tr>
<tr><td colspan="3">Principle 3: Act ethically and responsibly</td></tr>
<tr><td>Recommendation 3.1

A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and
(b) disclose that code or a summary of it.</td><td>YES</td><td>(a) The Corporate Code of Conduct applies to the Company’s directors, senior executives and employees.
(b) The Company’s Corporate Code of Conduct is available on the Company’s website.</td></tr>
<tr><td colspan="3">Principle 4: Safeguard integrity in financial reporting</td></tr>
<tr><td>Recommendation 4.1
The Board of a listed entity should:
(a) have an audit committee which:
(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(ii) is chaired by an independent director, who is not the chair of the Board,

and disclose:

(iii) the charter of the committee;

(iv) the relevant qualifications and experience of the members of the committee; and

(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</td><td>NO</td><td>(a) As the Board only consists of three (3) members, the Company does not have an Audit and Risk Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Audit and Risk Committee are currently carried out by the Board.

The Company has adopted the Audit and Risk Committee Charter, which will be followed by the Audit and Risk Committee once it has been established. The Charter provides that:

(i) The Audit and Risk Committee must have at least three (3) members, all of whom are non-executive directors, with a majority being independent; and

(ii) The Chairman of the Audit and Risk Committee must not be Chairman of the Board and must also be independent;

(iii) The Audit and Risk Committee Charter will be made available on the Company website;

(iv) The Board Charter requires the relevant qualifications and experience of all members to be disclosed. The Audit and Risk Committee Charter also outlines the requisite skills and experience in order to secure a</td></tr>
</table>

		position on the Audit and Risk Committee. Details of the qualifications and experience of Directors is provided in the Annual Report. (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report.
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	The Audit and Risk Committee Charter states that a duty and responsibility of the Committee, and as the Company does not have a Committee, the Board, is to ensure that before the Board approves the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Audit and Risk Committee Charter provides that the Committee, and as the Company does not have a Committee, the Board, must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure-Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.

Principle 6: ***Respect the rights of security holders***		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Shareholder Communication Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and	NO	(a) The Board is charged with the responsibility of determining the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies. As the Board only consists of three (3) members, the Company does not have an

(ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.		Audit and Risk Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Audit and Risk Committee are currently carried out by the Board. The Company has adopted the Audit and Risk Committee Charter, which will be followed by the Audit and Risk Committee once it has been established. (i) The Audit and Risk Committee Charter states that the majority of the Committee must be independent where practical. The Audit and Risk Committee must comprise of at least three (3) members, all being non-executive directors and a majority being independent; (ii) The Chairman of the Audit and Risk Committee must not be the Chairman of the Board and must be independent. (iii) The Audit and Risk Committee Charter is available online at the Company's website. (iv) The Board Charter requires disclosure of the members of the Committee. Details of the current members are provided in the Annual Report. (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings. The relevant details of each Committee meeting held will be provided in the Company's Annual Report.
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material	YES	(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is

business risks the entity faces and to ensure that they remain within the risk appetite set by the Board; and (b) disclose in relation to each reporting period, whether such a review has taken place.		entitled 'Disclosure - Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls. (b) The Board Charter requires (once each Committee has been established) in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	The Audit and Risk Committee Charter provides for the internal audit function of the Company. The Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures. Given the size of the Company, no internal audit function is currently considered necessary.
Recommendation 7.4 A listed entity should disclose whether, and if so, how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	The Audit and Risk Committee Charter details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and	NO	(a) As the Board only consists of three (3) members, the Company does not have a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Remuneration Committee are

(ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		currently carried out by the Board, with the aid of an independent advisor, if required, which includes evaluating the performance of senior executives. (b) The Company has adopted The Remuneration Committee Charter, which will be followed by the Remuneration Committee once it has been established. The Remuneration Committee Charter outlines the roles and responsibilities of the Remuneration Committee and provides that: (i) The Remuneration Committee comprises of at least three (3) Directors, the majority of whom are independent non-executive Directors; (ii) The Remuneration Committee must be chaired by an independent Director who is appointed by the Board. (iii) The Remuneration Committee Charter is available on the Company website; (iv) The Board Charter requires disclosure of the members of the Committee. Details of the current members are provided in the Annual Report; (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are	YES	The Remuneration Committee Charter requires the Company to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors.

reflected in the level and composition of their remuneration.		
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	(a) The Remuneration Committee Charter is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Remuneration Committee Charter states that the Remuneration Committee, and in this case the Board, as no Remuneration Committee currently exists, must review and approve any equity-based plans. (b) A copy of the Remuneration Committee Charter is available on the Company's website.

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 21 February 2020 were as follows:

Number Held as at 21 February 2020	**Class of Equity Securities** **Fully Paid Ordinary Shares**
1- 1,000	42
1,001 - 5,000	13
5,001 – 10,000	75
10,001 - 100,000	1,031
100,001 and over	1,209
TOTALS	2,370

Holders of less than a marketable parcel: 891

Substantial Shareholders

There are currently no substantial shareholders listed in the Company's register as at 21 February 2020.

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

On-market buyback

There is no current on-market buy-back.

Unquoted Securities

Securities	**Number of Securities**	**Number of Holders**	**Holders with more than 20%**
Options (23 July 2021)	175,000,000	88	None
Options (21 August 2021)	50,000,000	3	Mick O'Kane – 40% & Mark Warburton – 40%
Class A Performance Rights	27,000,000	3	Jamie Skella – 57% & Mark Warburton – 24%
Class B Performance Rights	27,000,000	3	Jamie Skella – 57% & Mark Warburton – 24%

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 21 February 2020 are as follows:

Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
HSBC Custody Nominees (Australia) Limited-GSCO ECA	73,340,667	3.61
HSBC Custody Nominees (Australia) Limited	50,540,893	2.73
Emery Number 2 Pty Ltd <Scott Emery Family No 2 A/C>	51,629,233	2.54
Beyer Investments Pty Ltd <Beyer Investments A/C>	50,000,000	2.46
Flourish Super Pty Ltd <Flourish S/F A/C>	42,500,000	2.09
R F Thomson (Qld) Pty Ltd <Thompson (Qld) Family No 2 A/C>	32,500,000	1.60
Cosmos24 Pty Ltd <The Cosmos24 A/C>	30,000,000	1.48
Nepean838 Pty Ltd <The Nepean838 A/C>	30,000,000	1.48
1215 Capital Pty Ltd	28,362,861	1.40
Cyber Century Limited	27,500,000	1.35
Mark Azzi Holdings Pty Ltd	24,190,000	1.19
Mr Peter Sarantzouklis	21,050,000	1.04
Sargon CT Pty Ltd <Cyan C3G Fund>	21,000,000	1.03
Quinlynton Pty Ltd <Purser Super Fund A/C>	20,500,000	1.01
Mr Andrew David Wilson & Mrs Jillian Gae Wilson <Wilson Family A/C>	20,000,000	0.98
Satori International Pty Ltd <Satori S/F A/C>	20,000,000	0.98
Block Capital Limited	20,000,000	0.98
Citycastle Pty Ltd	18,500,000	0.91
Mr Michael Duncombe & Ms Elaine Bracewell & Ms Jane Duncombe <Duncombe Family Super Fund A/C>	16,705,595	0.82
Mr Garry Dean Shaw	16,000,000	0.79
TOTAL	**614,319,249**	**30.47**

Company Secretary

The name of the Company Secretary is George Lazarou.

Address and telephone details of the entity's registered and administrative office

Level 21
459 Collins Street
Melbourne Victoria 3000
Telephone: + (61) 3 8630 3315

Address and telephone details of the office at which a register of securities is kept

Automic Pty Ltd
Level 2
267 St Georges Terrace
PERTH WA 6000
Telephone: 1300 288 664

Securities exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.