

30 April 2015

Acquisition of Megastar Millionaire

Highlights

- **MSC to acquire 100% of Megastar Millionaire (MSM)**
- **Early mover in global, mobile-first, music competitions**
- **Unprecedented cash prizes, quality artists, celebrity panel, highly engaged fans**
- **Doug Barry, co-founder of [Selby Ventures](#), engaged to Chair the U.S. operations based in San Francisco**

Minerals Corporation Limited (the **Company** or **MSC**) is pleased to announce that it has entered into a binding term sheet to acquire 100% of Megastar Millionaire Pty Ltd (**MSM**), an online, mobile-first, music competition platform (**Acquisition**) with operations based in San Francisco. Doug Barry has been engaged to act as Chairman of the U.S. operating company.

Mr Barry said, “new consumer technologies are enriching peoples’ lives throughout the world with innovative music services like Pandora, ‘on-demand’ mobile services like 4INFO and rich media entertainment games like VideoJax. I believe Megastar Millionaire fits this mould and that it will play a leading role in revolutionising the way artists and fans engage.”

About Megastar Millionaire

Megastar Millionaire is preparing to launch the world’s richest online, mobile-first music competition. MSM will connect musicians and fans in an innovative and interactive experience that transforms, mobilises and individualises the search for new artists. The MSM model focuses on paid voting as the primary revenue stream via frictionless Premium-SMS payments. The approach leverages consumer behaviours proven by broadcast music competitions (such as Idol, xFactor and The Voice) against massive growth in mobile consumption of music videos.

The competition is designed to attract high quality artists by offering unprecedented cash prizes along with the freedom to independently produce and commercialise their music. Fans will watch, shortlist and vote for their favourite artists, sharing with friends via the MSM Mobile App and social media channels. A celebrity panel will seed interest and promote MSM through social and broadcast media to generate awareness and engage the global audience.

The Team

MSM is assembling a highly connected team of digital marketing, online entertainment, and technology experts to deliver the next evolution in music competitions. MSM’s operations team are based in San Francisco to leverage the best available talent in mobile/social game development, music and digital marketing.

Doug Barry – Chairman US Operations (San Francisco)

Mr Barry has spent the past 20 years in the media, entertainment and technology industries as a successful entrepreneur, investor, advisor and operating executive. He co-founded Selby Ventures in 2000 and focuses on seed and early stage investments in digital media, Internet and mobile. Mr Barry was an **original venture investor in Pandora Media**, now the largest global internet radio service with over 100 million registered users and nearly \$1 billion in revenue. Pandora continues to be one of the top 5 mobile apps of all time. Other notable investments include TiVo, 4INFO (mobile ad platform), Bigfix (software/service), Clairvoyante (mobile display), Coremetrics (web analytics), and Panopticon (ecommerce personalisation). Mr Barry was an early advisor to Glu (early mobile gaming IPO) and Rightsflow (music rights management acquired by Google).

He has worked closely with numerous pioneering digital media/tech startups including:

- Pandora Media (World's largest internet radio company) - **Mkt Cap > US\$3.8B**
- TiVo – **Mkt Cap > US\$1B**
- Glu Mobile (Mobile Phone Game Publisher) - **Mkt Cap > US\$550M**
- Pledge Music (engagement platform for funding and promoting music projects) – Named by Fast Company as one of the **top ten most innovative companies in music in 2015**
- Cartoon Network Online (leading kids TV network - Division of Turner Broadcasting)

* sources: YahooFinance.com, Forbes.com

Adam Wellisch – Director (Sydney)

Mr Wellisch has over 18 years' experience in technology strategy, business administration, systems consulting and software development. He has held executive and non-executive positions for technology organisations ranging from start-ups to large multinationals. Recent appointments include Asia-Pacific CIO for market leading FTSE 100, Compass Group plc and Information Systems Director for Bupa's fast-growing Health Services division.

Dion Sullivan – Director (San Francisco)

Dion Sullivan is a digital marketing veteran with more than 20 years' experience. He was awarded a Gold Effie for advertising effectiveness at Clairol (Bristol Myers Squibb). In 1996 he spearheaded the launch of FTD.com, transforming a struggling not-for-profit into a thriving NASDAQ listing (current mkt cap ~US\$1B). He has since served as Vice President – Marketing at Bank of America and held executive roles at MTV/Viacom, Electronic Arts (EA) and Videojax.

Term Sheet

Under the terms of the Acquisition, MSC will acquire up to 100% of Megastar for upfront consideration of 75,000,000 MSC shares (**Consideration Shares**) at a deemed issue price of \$0.04 per share (**Deemed Issue Price**), with an additional 100,000,000 Performance Shares subject to the following revenue based performance hurdles (**Performance Shares**):

- (i) 50 million Performance Shares that convert upon Megastar achieving \$5,000,000 in earnings before interest, tax, depreciation and amortisation (**EBITDA**) on or before the date 3 years from issue (**Class A Performance Shares**); and
- (ii) 50 million Performance Shares that convert upon Megastar achieving \$15,000,000 in EBITDA on or before the date 5 years from issue (**Class B Performance Shares**),

Additionally, MSC has agreed to issue the following:

- 25,000,000 MSC Shares (**Convertible Notes Shares**) in consideration for the acquisition (or cancellation) of convertible notes issued by Megastar (**Megastar Convertible Notes**). Megastar has issued 8,000 Convertible Notes, with a face value of \$100.00 each that are convertible into Megastar shares and options. The Convertible Notes Shares will be issued at an issue price of \$0.032 each, with each Convertible Note Share to be issued with a free attaching option in MSC exercisable at \$0.10 on or before 7 November 2019 (**Convertible Note Options**);
- 12,500,000 MSC Shares on completion of the Acquisition to satisfy the contractual obligations under the services agreement with the proposed Non-Executive Chairman, Mr Doug Barry (or his nominee) (**Chairman Shares**); and
- 18,000,000 options exercisable at \$0.10 on or before 7 November 2019 and otherwise on such terms and conditions acceptable to MSC and Megastar, acting reasonably in consideration for the cancellation of Megastar options proposed to be issued as incentives (**Consideration Options**).

Conditions Precedent

The Acquisition is subject to a number of conditions being satisfied, including:

- (i) MSC obtaining all regulatory approvals (as required) in order to undertake the transactions contemplated by this Agreement, including with respect to Chapter 11 of the ASX listing rules;
- (ii) MSC conducting due diligence enquiries to its sole satisfaction within a period of 30 days;
- (iii) MSC receiving "in principle" approval from ASX for the reinstatement of its securities to official quotation following completion of the Acquisition;
- (iv) Megastar preparing audited accounts for the shorter period of three years and the date of incorporation of Megastar and delivering those accounts to MSC;
- (v) MSC raising at least A\$3,000,000 in new working capital by the issue of MSC Shares (**Public Offer**);
- (vi) MSC obtaining all necessary shareholder approvals required by the Corporations Act and the Listing Rules in relation to the Acquisition within 180 days (or such other date as the parties may agree in writing);
- (vii) the Company and the Vendors entering into formal agreements for the Acquisition;
- (viii) MSC and each of the holders of the Megastar Convertible Notes entering into agreements for the acquisition by MSC (or cancellation) of the Megastar Convertible Notes on terms whereby the noteholders will be entitled to receive the Convertible Notes Shares and free attaching Convertible Note Options
- (ix) MSC and each of the holders of Megastar options entering into agreements for the cancellation of the Megastar Options in consideration for the issue of the Consideration Options conditional on the completion of the Acquisition;
- (x) to the extent required by the ASX or the ASX Listing Rules, each vendor entering into a restriction agreement as required by ASX imposing such restrictions on trading of those securities as mandated by the ASX Listing Rules in respect of the Consideration Shares, Performance Shares, Convertible Notes Shares, Convertible Notes Options and Consideration Options.

Re-compliance with Chapters 1 & 2 of the ASX Listing Rules

The Acquisition will result in a change in the Company's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules and the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rule. The Company will dispatch a notice of meeting to shareholders seeking the relevant approvals to undertake this process, with such notice to contain detailed information relating to the acquisition of Megastar.

Name Change

As part of the Acquisition, the Company will seek the approval of shareholders to change its name to MSM Group Limited.

Board Changes

Megastar will be entitled to nominate three persons to the Board of Directors on completion of the transaction including Mr Adam Wellisch and Mr Dion Sullivan.

As part of the Acquisition, existing Directors Mr Nicholas Ong and Dr Andrew Tunks will step down from the Board. Mr Matthew Foy will remain as a Non Executive Director.

Placement

MSC is finalising a placement to raise approximately \$280,000 (before costs) by placing 7,000,000 shares at \$0.04 per share pursuant to the Company's placement capacities under ASX Listing Rules 7.1 and 7.1A (**Placement**). 3,500,000 free attaching options exercisable at \$0.10 on or before 7 November 2019 are to be issued to Placement participants on a 1:2 basis subject to shareholder approval.

Funds raised under the Placement will be used to fund due diligence and other associated costs of the Acquisition (including preparing a notice of meeting and prospectus) and otherwise for working capital purposes.

Indicative Capital Structure on Completion

	Number of Shares (anticipated minimum)	Number of Shares (anticipated maximum)	Performance Shares	Options
Current Issued Capital	36,938,402	36,938,402	-	28,501,913 ¹
Placement	7,000,000	7,000,000	-	3,500,000 ²
Public Offer	50,000,000 ³	133,333,333 ⁴	-	-
Vendor consideration	75,000,000	75,000,000	100,000,000 ⁵	-
Convertible Notes consideration	25,000,000	25,000,000	-	25,000,000 ²
Chairman Shares	12,500,000	12,500,000	-	-
Additional Consideration Options				18,000,000 ²
Total	206,438,402³	289,771,735⁴	100,000,000	75,001,913

Notes:

1. Comprised of the following:

- 4,351,290 quoted options exercisable at \$0.65 each on or before 31 December 2015;
 - 22,408,186 options exercisable at \$0.10 each on or before 7 November 2019;
 - 757,576 options exercisable at \$0.30 each on or before 30 June 2017;
 - 757,587 options exercisable at \$0.99 each on or before 31 December 2015; and
 - 227,274 options exercisable at \$0.21 each on or before 31 December 2015.
2. Exercisable at \$0.10 each on or before 7 November 2019.
 3. Assumes 50,000,000 shares are issued at \$0.06 each to raise \$3,000,000 under the minimum Public Offer. The Public Offer price is indicative only and is based on the last traded price of MSC Shares as the issue price of shares to be offered under the Public Offer has yet to be determined.
 4. Assumes 133,333,333 shares are issued at \$0.06 each to raise \$8,000,000 under the maximum Public Offer. The Public Offer price is indicative only and is based on the last traded price of MSC Shares as the issue price of shares to be offered under the Public Offer has yet to be determined.
 5. Comprised of 50,000,000 Class A Performance Shares and 50,000,000 Class B Performance Shares.

Further details of the assets proposed to be acquired will be provided following completion of the due diligence period including information about the likely effect of the transaction on MSC's total assets, total equity interests, annual revenue and annual expenditure.

Indicative Timetable

An indicative timetable for the Transaction is set out below. The Company notes that the timetable may be subject to change.

Event	Date
Announcement of Acquisition	30 April 2015
Dispatch Notice of Meeting	29 May 2015
Shareholder Meeting to Approve Acquisition	1 July 2015
Suspension from Trading	1 July 2015
Lodgement of Prospectus and Offer Open	2 July 2015
Offer Close	17 July 2015
Satisfaction of ASX re-compliance conditions	27 July 2015
Re-admission to the Official List	28 July 2015

Contact

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