



## **BLACK FIRE MINERALS LIMITED**

**ACN 122 921 813**

**To be renamed Animoca Brands Corporation Limited  
subject to Shareholder approval**

### **PROSPECTUS**

For the offer of 12,000,000 ordinary Shares at an offer  
price of 20 cents each to raise \$2,400,000

Oversubscriptions of up to a further 13,000,000 ordinary Shares at an offer  
price of 20 cents each to raise up to a further \$2,600,000 may be accepted

This Prospectus is a re-compliance prospectus for the purposes of satisfying  
Chapters 1 and 2 of the  
ASX Listing Rules and to satisfy ASX requirements  
for re-listing following a change to the nature  
and scale of the Company's activities.

#### **Important Information**

This document provides important information to assist prospective investors in deciding whether or not  
to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult  
your professional advisers.

**THE SHARES OFFERED UNDER THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.**



Lead Manager



**TAYLOR COLLISON**

## IMPORTANT NOTICES

### Change In Nature and Scale - Re-Compliance with Chapters 1 and 2 of the ASX Listing Rules

The Company has historically operated as a minerals exploration company with tenement interests in Western Australia, Nevada USA and the Democratic Republic of Congo. As first announced to ASX on 23 June 2014 and subsequently on 24 September 2014, the Company has recently entered into a Share Purchase Agreement to acquire all of the issued shares in Animoca Brands Corporation (Company No 1799850), incorporated in the British Virgin Islands (**Animoca Brands**).

Animoca Brands' wholly owned subsidiary, Hong Kong company Animoca Brands Limited (Registration No 2047605) (**Animoca Brands HK**), was incorporated in 2014 to spin off part of the mobile game portfolio of Appionics Holdings Limited (**Appionics**), which is known to consumers as 'Animoca'. Appionics is a global developer and publisher of mobile games and its core business is the creation and/or publication of mobile games for smartphones and tablets, primarily but not exclusively for the iOS and Android platforms.

Animoca Brands' focus is the creation of mobile games, particularly based on licensed intellectual properties including publishing high quality games developed by third parties. Several Animoca Brands mobile games leverage a portfolio of globally-recognised brands including 'Garfield', 'Doraemon', 'Ultraman' and other popular licensed intellectual properties from around the world. Animoca Brands distributes games globally

on platforms including the Apple App Store, Google Play and Amazon, among others. The majority of Animoca Brands' games are free to play, and generate revenue in two primary ways: when consumers pay for in-game virtual items or services; and when Animoca Brands sells in-game advertising across its network of more than one hundred titles which Animoca Brands owns or has the rights to receive revenue. These games have been downloaded over 100 million times and are played by millions of users around the world.

In the second half of 2014 Animoca Brands will continue to launch new products, including new mobile games based on popular characters from its portfolio of licensed intellectual property, new original Animoca Brands mobile games, and promising new titles developed by third parties. In addition, Animoca Brands will seek to identify and secure additional licences for popular characters on which to base new games.

The acquisition of Animoca Brands will result in a significant change to the nature and scale of the Company's activities which requires approval by its Shareholders under Chapter 11 of the ASX Listing Rules.

The Company has convened a general meeting of its Shareholders to be held on or about 23 October 2014 to seek Shareholder approval for, amongst other approvals, the issue of shares to effect the acquisition of Animoca Brands, the change in nature and scale of the Company's activities, the Consolidation of the Company's Shares, and the change of Company name to Animoca Brands Corporation Limited. A

copy of the notice of meeting is available on ASX's website.

The Offer made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon Shareholders passing Resolutions 5 to 11 (inclusive) at the meeting to be held on or about 23 October 2014, the satisfaction of the conditions referred to in those resolutions and the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement. If Resolutions 5 to 11 are not passed, the conditions referred to in those resolutions are not satisfied or the conditions precedent in the Share Purchase Agreement are not satisfied or waived, this Offer will not proceed, no Shares will be allotted pursuant to this Prospectus and the Company will repay all money received from Applicants without interest.

The Company must comply with ASX requirements to re-list on ASX, which include re-complying with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

This Prospectus is dated 22 October 2014 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. Neither ASIC nor ASX Ltd (**ASX**) takes any responsibility for the contents of this Prospectus. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Directors of and advisers to the Company do not guarantee the success of the Company, repayment of capital, payment of dividends or the price at which Shares will trade on ASX.

### Electronic Prospectus

This Prospectus will be issued in



paper form and as an electronic Prospectus which may be accessed on the internet at [www.blackfireminerals.com.au](http://www.blackfireminerals.com.au). The Offer of Shares pursuant to the paper form or electronic Prospectus is only available to persons receiving this Prospectus in Australia. The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by email at [info@blackfireminerals.com.au](mailto:info@blackfireminerals.com.au).

### **Financial Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

### **Consolidation of Capital**

Unless otherwise stated, all references to securities of the Company as set out in this Prospectus are on the basis that the proposed Consolidation (on a one-for-13.3333333 basis) of the Company's capital (proposed for Shareholder approval at the general meeting of Shareholders to be held on or about 23 October 2014) has been implemented.

### **Foreign Jurisdictions**

This Prospectus does not constitute an offer or invitation in

any place in which, or to persons to whom, it would not be lawful to make an offer. Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **Risk Factors**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in the Investment Overview and Section 3 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

### **Forward Looking Statements**

This Prospectus may contain forward looking statements or information. Forward-looking statements can be identified by the use of words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believe', 'estimate', 'intend', 'scheduled' or 'continue' or similar expressions. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in such forward looking

statements or information. Whilst the Company considers the expectations reflected in any perceived forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 3 of this Prospectus, as well as other matters as not yet known to the Company or not currently considered material by the Company, may cause actual events to be materially different from those expressed, implied or projected in any perceived forward looking statements or information. Any forward looking statements or information contained in this Prospectus is qualified by this cautionary statement.

### **Website Address**

This Prospectus can be downloaded from [www.blackfireminerals.com.au](http://www.blackfireminerals.com.au).

### **Photographs and Diagrams**

Items and undertakings depicted in photographs and diagrams in this Prospectus are not assets of the Company, unless otherwise stated. Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale.

### **Definitions**

Throughout this Prospectus abbreviations and defined terms are used. Abbreviations and legal and technical terms are contained in the Definitions in Section 9 of this Prospectus. Defined terms are generally identified by the uppercase first letter.

### **Conditions Precedent**

The Offer made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon Shareholders passing Resolutions 5 to 11 (inclusive) at the meeting

to be held on or about 23 October 2014, the satisfaction of the conditions referred to in those resolutions and the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement. If Resolutions 5 to 11 (inclusive) are not passed, the conditions referred to in those resolutions are not satisfied or the conditions precedent in the Share Purchase Agreement are not satisfied or waived, this Offer will not proceed, no Shares will be allotted pursuant to this Prospectus and the Company will repay all money received from Applicants without interest.

#### **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.



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# Corporate Directory

## Current Directors

Michael Billing - Non-Executive Chairman  
(to resign post Acquisition)  
Martin Green - Non-Executive Director  
(Non-Executive Director post Acquisition)  
Matthew Sheldrick - Non-Executive Director  
(to resign post Acquisition)

## Incoming Directors (to be appointed post Acquisition)

David Kim  
(Non-Executive Chairman post Acquisition)  
Robert Yung  
(Managing Director post Acquisition)  
Yat Siu  
(Non-Executive Director post Acquisition)  
David Brickler  
(Non-Executive Director post Acquisition)  
Richard Kuo  
(Non-Executive Director post Acquisition)

## Company Secretary

Donald Stephens

## Registered Office

c/- HLB Mann Judd (SA) Pty Ltd  
169 Fullarton Road  
Dulwich SA 5065  
Email: [info@blackfireminerals.com.au](mailto:info@blackfireminerals.com.au)  
Website: [www.blackfireminerals.com.au](http://www.blackfireminerals.com.au)

## Share Registrar

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153  
[www.securitytransfer.com.au](http://www.securitytransfer.com.au)

## Solicitors to the Company

O'Loughlins Lawyers  
Level 2, 99 Frome Street  
Adelaide SA 5000

## Investigating Accountant

PricewaterhouseCoopers Securities Ltd  
Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 2000

## Lead Manager

Taylor Collison Limited  
Level 16, 211 Victoria Square  
Adelaide SA 5000



# LETTER FROM THE CHAIRMAN

22 October 2014

Dear Investor,

On behalf of the Directors of Black Fire Minerals Limited (**Black Fire Minerals** or **the Company**), it is my pleasure to introduce this Prospectus to you. This Prospectus has been issued by Black Fire Minerals to enable the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and for the offer of 12,000,000 new Shares at \$0.20 per Share to raise \$2,400,000 (up to a further 13,000,000 Shares at \$0.20 per Share may be accepted as oversubscriptions to raise up to a further \$2,600,000) (**Offer**).

Black Fire Minerals was incorporated on 30 November 2006 and has historically operated as a minerals exploration company with tenement interests in Western Australia, Nevada USA and the Democratic Republic of Congo. However, as announced to the ASX on 23 June 2014 and subsequently on 24 September 2014, the Company has now moved into an exciting new phase of its development by entering into a Share Purchase Agreement (**Share Purchase Agreement**) to acquire all of the issued shares in Animoca Brands Corporation (Company No 1799850), incorporated in the British Virgin Islands (**Animoca Brands**).

Animoca Brands' wholly owned Hong Kong subsidiary company Animoca Brands Limited (Registration No 2047605) operates a mobile applications/games development and publishing business. Upon completion of the Acquisition, the Company's focus will be the further development of its mobile games business, particularly the launch of new titles into the market.

The Animoca Brands business will be well capitalised following the minimum \$2.4 million equity raising comprising this Offer. Existing and new funds will be directed to accelerate growth by funding additional sales and marketing activities as well as continuing product and service development to obtain market leadership.

The acquisition of Animoca Brands will result in a significant change to the nature and scale of the Company's activities and as such requires approval of its Shareholders under Chapter 11 of the ASX Listing Rules. The Company has convened a general meeting of its Shareholders to be held on or about 23 October 2014 to seek Shareholder approval for, amongst other approvals, the issue of shares to effect the acquisition of Animoca Brands, the change in nature and scale of the Company's activities, the Consolidation of the Company's Shares and the change of Company name to Animoca Brands Corporation Limited.

Subject to the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement (and completion of the Acquisition), shareholder approval and re-compliance with the ASX Listing Rules, the Company will own 100% of the shares in Animoca Brands. Further details of the Share Purchase Agreement are contained in Section 6.1 of this Prospectus.

The restructured Company Board that will be in place post Acquisition has the necessary background to ensure there is focus on sound development of the Company's business targets whilst building shareholder wealth in the process. Further details on each of the Company's current and proposed directors are contained in the Investment Overview of this Prospectus.

The Directors believe that the decision to acquire Animoca Brands will deliver a significant opportunity to create increased value for current and future shareholders. The Board believe the main drivers of value from the Acquisition and capital raising are:

- More certain return to shareholder value creation, given the current state of the Australian share market with regard to junior exploration companies and continued low investor sentiment. In the current share market environment there is greater likelihood of restoring shareholder value by progressing the proposed acquisition of Animoca Brands than if the Company was simply to remain a junior mineral explorer listed on ASX;
- Increased liquidity in the securities of the Company;
- The Animoca Brands Acquisition provides current and future shareholders of the Company with exposure to an existing well managed business involved in the mobile games industry; and
- Exposure to the sizable and fast-growing mobile games industry and the global market which Animoca Brands serves.

The Company, once it has changed its name to Animoca Brands Corporation Limited, will move out of the mineral exploration business and focus on the mobile games industry in which Animoca Brands has established a position as a former subsidiary of Appionics Holdings Ltd, which was recognized by Pocket Gamer as one of the “Top 50 Developers” in the world in both 2013 and 2014 (see figure 1 on page 36). For this purpose, as announced to ASX on 10 June 2014 and on 16 September 2014, the Company has entered into a Share Sale Agreement to sell all of the shares in its wholly owned subsidiary Black Fire Industrial Minerals Pty Ltd to dual ASX and AIM listed company Thor Mining Plc thereby divesting its Pilot Mountain Tungsten-Copper Project located in Nevada, USA. The Company’s other exploration interests in Western Australia and the Democratic Republic of Congo have also been (or will shortly be) divested by the Company. This Prospectus, having been prepared on the basis that the Company will shortly divest these interests, does not therefore contain detailed reporting of those assets.

It is envisaged that following completion of the Acquisition, the Company will be focused on growing the portfolio of games and intellectual property of Animoca Brands, through which the Company can increase its revenue base.

The Black Fire Minerals Board believes the proposed acquisition and change of business post Acquisition are both very positive and in the best interests of current and future shareholders.

This Prospectus contains detailed information about Black Fire Minerals and its business, subject to the Acquisition succeeding, including about the risk factors identified in the Investment Overview and in Section 3 of this Prospectus. Please read this Prospectus carefully before you make a decision to invest and, where necessary, consult with your professional advisers.

Yours sincerely



**MICHAEL BILLING**  
Non-Executive Chairman



# Investment overview

## IMPORTANT

The Shares offered by this Prospectus are of a speculative nature. Prospective investors should carefully consider the risk factors outlined in Section 3 of this Prospectus.

The information in this Section is a key points summary only and is not intended to provide comprehensive details of the Offer. Prospective investors should read the full text of this Prospectus and, if in any doubt, consult with their professional advisers before deciding whether to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

## THE COMPANY

Black Fire Minerals was incorporated on 30 November 2006 as Black Fire Energy Ltd and has been listed on the Australian Securities Exchange (ASX Code: BFE) since 30 April 2007. On 4 November 2009 the Company changed its name to Black Fire Minerals Ltd.

## THE ACQUISITION

The Company has entered into a Share Purchase Agreement (**Share Purchase Agreement**) with the registered holder of the Animoca Brands shares (**Animoca Vendor**) in order to acquire 100% of the shares in Animoca Brands. Details of the Share Purchase Agreement are contained in Section 6.1 of this Prospectus.

Animoca Brands was incorporated in the British Virgin Islands on 20 November 2013 and via its Hong Kong based wholly owned subsidiary Animoca Brands HK is a developer of mobile games for smartphones and tablets, primarily (but not exclusively) based on the Apple iOS and Google Android platforms. Animoca Brands publishes globally, and it holds a number of licences to intellectual property for the purposes of developing and publishing mobile applications and games. Details of these licences and the Animoca Brands business are contained in Section 2 of this Prospectus.

Subject to the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement and the passing of Resolutions 5 to 11 (inclusive) at the general meeting of Black Fire Minerals' Shareholders on or about 23 October 2014, the Company will acquire all of the Animoca Brands Shares.

Black Fire Minerals has either entered into agreements to divest or taken steps to surrender its Australian, USA and Democratic Republic of Congo exploration tenement interests, details of which agreements and other arrangements are contained in Section 2.2(b) of this Prospectus. In particular, the Company has entered into a Share Sale Agreement (**Share Sale Agreement**) with dual ASX and AIM listed company Thor Mining Plc (**Thor**) for the sale of all of the Company's shares in its wholly owned subsidiary Black Fire Industrial Minerals Pty Ltd (**Industrial**) thereby disposing of its 100% interest in the Pilot Mountain Tungsten-Copper Project in Nevada USA (**Pilot Mountain Project**). This Prospectus has been prepared on the basis that the Company will divest its exploration interests, and does not therefore contain a detailed discussion of those assets.

If the Acquisition proceeds:

- (a) Black Fire Minerals will acquire all of the Animoca Brands Shares and Animoca Brands will become a wholly owned subsidiary of Black Fire Minerals;
- (b) the Consideration Securities will be issued in consideration of the acquisition of the Animoca Brands Shares;
- (c) existing board members of Black Fire Minerals (Michael Billing and Matthew Sheldrick) will be

replaced with representatives of Animoca Brands (Yat Siu, David Kim, Robert Yung, David Brickler and Richard Kuo) whilst Martin Green will remain as a non-executive director with David Kim being appointed Chairman at Completion of the Acquisition; and

- (d) Black Fire Minerals will maintain its listing on ASX and change its name to Animoca Brands Corporation Ltd.

#### THE COMPANY'S OBJECTIVES

The Company's main objective, after the Acquisition of Animoca Brands, is to create and publish more mobile games with a particular focus on leveraging licensed intellectual property in order to create significant value for the Company's current and future shareholders. These mobile games and their target market are further discussed in Section 2 of this Prospectus.

#### INVESTMENT HIGHLIGHTS

The main highlights of the proposed Acquisition and project development are as follows:

- The Company will create more mobile games based on its existing library of intellectual property, such as Garfield, Doraemon, and Chibi Maruko-Chan.
- The Company will identify and secure new licences for other globally-recognised intellectual property with which to make games.
- The Company will seek to identify lucrative mobile games to publish or acquire.

#### KEY RISKS

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can be effectively managed is limited.

Set out below are the key risks which the Directors consider are associated with an investment in the Company. Further risks associated with an investment in the Company are outlined in Section 3 of this Prospectus:

- **Operating Experience and Reliance on Key Personnel Risk**

Animoca Brands has a relatively limited operating history, and there is a risk that the successful implementation of Animoca Brands' business plans will not result in profitability.

The Company's incoming Directors and management team have significant experience in the mobile games industry. If growth objectives are to be met, this will depend on the ability of the incoming Directors and management to implement the current development strategies and to adapt, where necessary, to accommodate and manage any unforeseen difficulties. Initially, the Company will rely heavily on the experience of its incoming Directors and management and intends in the short term to secure the services of a team of experienced executives. There is no guarantee the Company will be successful in securing suitable additional executive management.

Animoca Brands is headquartered and has the majority of its operations in Hong Kong, which is a large city, but with a relatively small pool of talent in the mobile technology industry, and the risk exists that Animoca Brands may have difficulty in future recruiting staff with the relevant experience, and recruiting from overseas may be more expensive.

Animoca Brands depends on a number of key technical and management personnel, and the business could be severely disrupted if Animoca Brands lost the benefit of their services.



- **Reliance on Third Party Providers Risk**

The majority of Animoca Brands' revenues come via the two platforms operated by Apple and Google, and there exists a risk that Animoca Brands' revenues, cost of sales or cash flow may be adversely affected by changes in the business practices and/or policies of Apple and Google.

The availability of the majority of Animoca Brands' mobile games for sale depends upon the app stores operated by Apple, Google and Amazon, and the risk exists that they may be subject to technical problems, such as server outages, computer viruses and hacking, that impact their ability to maintain the operations of their app stores which could adversely affect the ability of Animoca Brands to market, operate and make revenue and profit from its products.

Apple, Google and Amazon have extensive discretionary rights to terminate the respective agreements, and no guarantee can be given that Animoca Brands will continue to be permitted to distribute its apps through the Apple, Google and Amazon operated platforms. Any restriction on Animoca Brands' ability to distribute its apps through the said platforms would have a materially detrimental effect on Animoca Brands' business.

- **Reliance on Related Party Provider Risk**

Animoca Brands relies on Outblaze Ventures Holdings Ltd (**Outblaze Ventures**) (of which proposed Company directors (and current Animoca Brands directors) Yat Siu, David Kim and Robert Yung are directors) for the distribution of a majority of its apps, and it has entered into a Mobile App Advertising Services Agreement as described later in this Investment Overview Section. Were Outblaze Ventures to terminate this agreement, Animoca Brands would have to either work with distribution platforms like Google and Apple directly, or find other new distribution partners.

- **Regulatory Risk**

The current industry trend of 'freemium' games, in which the game is free to download but requires payment for certain services within the game, may not be as broadly accepted in future by consumers as it is today. It is also possible that government regulators may place restrictions on the manner in which this freemium model is implemented, which may have an adverse impact on Animoca Brands' financial prospects.

In addition, the mobile games developed and/or operated by Animoca Brands collect a certain amount of personal data from the user, subject to a privacy policy for each mobile game. The risk exists that governments will increase regulation of privacy issues related to mobile applications, and that this will adversely affect the ability of Animoca Brands to market, operate and make revenue and profit from its products.

There is relatively little regulation in the mobile games industry, and therefore there may be risk in not only increased regulation, but in that local legislatures and judiciaries are insufficiently familiar with this new industry to draft fair legislation or adjudicate fairly in disputes.

Animoca Brands' diverse player base exposes Animoca Brands to potential litigation risk in different jurisdictions in the event that a particular jurisdiction enacts legislation regulating player behaviour on the internet.

- **Market Risk**

The market for mobile games is a vibrant global market, and it is expected to grow rapidly. However, the risk of a new entertainment technology emerging that competes for consumers' time and discretionary spending with mobile games is always possible.

Mobile games also compete with other forms of entertainment, such as television, print media and the world wide web, and the risk exists that consumers will decrease their time and

spending on mobile games in favour of other existing media products.

- **Competition Risk**

The mobile game industry is highly competitive, with thousands of companies around the world producing games, and the risk exists that Animoca Brands will not be able to effectively compete with so many other companies, and this will adversely affect Animoca Brands' prospects. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Price competitiveness brought about by increased competition may affect the Company's margins.

#### THE OFFER

The Company is offering 12,000,000 Shares for subscription at an Offer Price of 20 cents per Share to raise \$2,400,000. Oversubscriptions of up to a further 13,000,000 Shares may be accepted to raise up to a further \$2,600,000. The Minimum Subscription is 12,000,000 Shares. The key information relating to the Offer and references to further details are set out below.

#### INDICATIVE TIMETABLE FOR THE OFFER

Event	Date
Lodgement of this Prospectus with ASIC and ASX	22 October 2014
General Meeting of Black Fire Minerals Shareholders	23 October 2014
Suspension of trading in the Company's securities	23 October 2014
Opening Date of the Offer	30 October 2014
Expected Closing Date of the Offer	13 November 2014
Completion of Acquisition and issue of Shares under this Prospectus	20 November 2014
Expected Date for re-quotation of Shares on ASX	25 November 2014

The above dates are indicative only and may vary, subject to the requirements of the ASX Listing Rules and the Corporations Act.

#### **KEY INFORMATION**

##### **Type of security being offered and its rights and liabilities**

Fully paid ordinary shares in the capital of the Company ranking equally with existing Shares on issue.

##### **Subscription of the Offer**

\$2,400,000 (Minimum Subscription) with oversubscriptions up to a further \$2,600,000.

##### **How to apply for Shares**

Complete and return the Application Form together with payment in full for the quantity of Shares being applied for. You may also apply for Shares and make payment via BPAY® using internet or phone banking by visiting the Share Registrar's website: [www.securitytransfer.com.au](http://www.securitytransfer.com.au) and completing the online Application Form. Applications must also be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

##### **Will the securities be listed?**

Application for Official Quotation by ASX of the Shares issued pursuant

#### **FURTHER DETAILS**

Section 7.4

Section 1.2

Section 1 and  
Application Form

Section 1.9



to this Prospectus will be made within 7 days after the date of this Prospectus.

**How will Shares be allocated?**

Section 1.7

The Directors will determine the allottees in their sole discretion.

**Where will the Offer be made?**

Section 1.11

No action has been taken to register or qualify the Shares, or, otherwise permit a public offering of the Shares the subject of this Prospectus, in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

**Broker commissions**

Section 1.8

The Company reserves the right to pay a commission on amounts subscribed through any licensed securities dealers or Australian financial services licensee and accepted by the Company.

**CHESS and Issuer Sponsorship**

Section 1.10

The Company participates in CHESS for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

**Who should I contact with queries?**

Any questions concerning the Offer should be directed to the Company by telephone on (08) 8133 5000.

**PURPOSE OF THE OFFER**

The purpose of the Offer is to facilitate an application by the Company for re-admission of the Company to the official list of the ASX and to raise at least \$2,400,000.

The Company is seeking to satisfy Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

The Company aims to achieve the objectives set out above, the completion of the Acquisition of Animoca Brands and the development of the mobile games business as described in this Prospectus.

**CAPITAL STRUCTURE**

Following completion of the Issue, the proposed issued capital structure of the Company on a post-Consolidation basis will be as set out in the table below (assuming that Resolutions 5 to 11 (inclusive) are passed at the general meeting of Shareholders to be held on or about 23 October 2014 and the Acquisition is completed). References to 'Resolutions' in the table below are to the resolutions contained in the notice convening the above meeting, a copy of which notice is available on the Company's website.

	Shares	Options	Performance Shares
<b>Current issued capital (pre-Consolidation)</b>	417,344,536	Nil	Nil
<b>Total issued capital (post Consolidation) (Resolution 4)</b>	31,300,840	Nil	Nil
<b>Issued to Animoca Brands Vendors (Resolution 7) (post-Consolidation)***</b>	75,000,000	Nil	45,000,000**
<b>Issued pursuant to Capital Raising (Resolution 8)</b>	25,000,000*	Nil	Nil

	Shares	Options	Performance Shares
Issued to Taycol Nominees Pty Ltd ( <b>Resolution 9</b> )*	Nil	2,626,017*	Nil
<b>Total issued capital on reinstatement*</b>	<b>131,300,840*</b>	<b>2,626,017*</b>	<b>45,000,000**</b>

\*Assumes that pursuant to Resolution 8, the maximum number of 25,000,000 Shares are issued. If the minimum number of 12,000,000 Shares are issued, the total issued capital on reinstatement will be 118,300,840 Shares (instead of 131,300,840 Shares) and 2,366,017 Options issued to Taycol Nominees Pty Ltd, as nominee of Taylor Collison Limited (instead of 2,626,017 Options).

\*\*Of these, 30,000,000 will be A Class Performance Shares and 15,000,000 will be B Class Performance Shares (post Consolidation).

\*\*\*On reinstatement assuming maximum subscription, the Animoca Brands Vendors will collectively hold approximately 57.12% of the issued Shares of the Company. At that time, no person either alone or together with that person's associates (as defined in the Corporations Act) will have more than 20% of the voting power in the Company. Assuming that the Performance Shares are all converted into Shares, the Animoca Brands Vendors will collectively hold approximately 68.07% of the issued Shares in the Company (assuming that the Company does not issue any further Shares following reinstatement and that Taycol Nominees Pty Ltd does not exercise the Options referred to above).

Rights attaching to the Shares are summarised in Section 7.4 of this Prospectus. Terms and conditions of the Options and Performance Shares are summarised in Section 7.5 of this Prospectus.

#### SUBSTANTIAL SHAREHOLDERS

Those Shareholders holding 5% or more of the Shares on issue at the date of this Prospectus on a pre-Consolidation basis are:

Shareholder	Shares	%
HSBC Custody Nominees	35,796,925	8.58%
Westbourne Associates Limited	30,971,856	7.42%
Nefco Nominees Pty Ltd	23,193,719	5.56%
Citicorp Nominees Pty Ltd	21,419,551	5.13%
Cleland Projects Pty Ltd	20,971,856	5.03%

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

#### USE OF FUNDS

The proposed application of funds over two calendar years from the date on which the Shares allotted under this Prospectus are quoted on the ASX is as follows. Note that all amounts in this section have been quoted in Australian Dollars. For the purposes of the Financial Information at Section 5, these amounts have been translated into US dollar amounts:



## 1. MINIMUM SUBSCRIPTION

Use of Funds (A\$)	Notes	Funds Available Post Acquisition	Year 1 Spend	Year 2 Spend	Total Spend
Pre-offer Cash	1	921,564			
Total Funds Raised Under The Offer		2,400,000			
<b>Total Funds Available</b>		<b>3,321,564</b>			
Expenses of the Offer	3	(583,634)	-	-	(583,634)
Acquisition of new IP licences	2		(250,000)	(250,000)	(500,000)
Acquisition of new publishing title rights	2		(250,000)	-	(250,000)
Marketing expenses	2		(1,201,141)	(630,446)	(1,831,587)
<b>Total Funds Applied</b>	<b>2</b>	<b>2,737,930</b>	<b>(1,701,141)</b>	<b>(880,446)</b>	<b>(3,165,221)</b>

Notes:

1. Represents cash on hand at 30 June 2014 adjusted for the Company's placement conducted in August 2014 (actual cash levels at the date of Completion of the Acquisition will likely differ from the above).
2. Acquisition of new IP licences, additional publishing title rights and market expenses are more fully described in Section 2 of this Prospectus.
3. Refer to a breakdown of the expenses of the Offer in the Investment Overview below.

All remaining funds will be used to provide the working capital requirements of the Company.

## 2. MAXIMUM SUBSCRIPTION

Use of Funds (A\$)	Notes	Funds Available Post Acquisition	Year 1 Spend	Year 2 Spend	Total Spend
Pre-offer Cash	1	921,564			
Total Funds Raised Under The Offer		5,000,000			
<b>Total Funds Available</b>		<b>5,921,564</b>			
Expenses of the Offer	3	(733,763)	-	-	(733,763)
Acquisition of new IP licences	2		(500,000)	(500,000)	(1,000,000)
Acquisition of new publishing title rights	2		(500,000)	(500,000)	(1,000,000)
Marketing expenses	2		(1,324,333)	(879,665)	(2,203,998)
<b>Total Funds Applied</b>		<b>5,187,801</b>	<b>(2,324,333)</b>	<b>(1,879,665)</b>	<b>(4,937,761)</b>

Notes:

1. Represents cash on hand at 30 June 2014 adjusted for the Company's placement conducted in August 2014 (actual cash levels at the date of Completion of the Acquisition will likely differ from the above).
2. Acquisition of new IP licences, additional publishing title rights and market expenses are more fully described in Section 2 of this Prospectus.

3. Refer to a breakdown of the expenses of the Offer in the Investment Overview below.

All remaining funds will be used to provide the working capital requirements of the Company.

#### EXPENSES OF THE OFFER

The estimated expenses (exclusive of GST) connected with the Offer which are payable by the Company, based on the Minimum Subscription and Maximum Subscription amounts of \$2,400,000 and \$5,000,000 respectively. For the purposes of the Financial Information at Section 5, these amounts have been translated into US dollar amounts. The estimated expenses (in AUD) are as follows:

Expense Item	Minimum Subscription (A\$)	Maximum Subscription (A\$)
Independent Limited Assurance Report	100,000	100,000
Legal Expenses*	200,000	200,000
ASX and ASIC fees	70,719	82,273
Lead Manager fees	127,915	266,490
Professional fees	55,000	55,000
Printing, marketing and distribution	30,000	30,000
<b>Total</b>	<b>583,634</b>	<b>733,763</b>

\*These expenses also include expenses associated with the Acquisition, the Thor Transaction and other expenses incurred in advising the Company, in addition to those relating directly to the Offer, as noted in Section 7.8.

The above tables together with the business development program outlined in Section 2 of this Prospectus are statements of current intentions at the date of the lodgement of this Prospectus with ASIC. As with any budget, intervening events (including market success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied in these circumstances.

**The Directors are satisfied that, upon completion of the Issue, the Company will have sufficient funds to meet its stated objectives for a period of at least two years.**

#### DIRECTORS AND KEY PERSONNEL

The Company is currently managed by an energetic Board and management team possessing a broad range of technical, commercial and financial skills with significant experience in the mineral exploration industry. Profiles of the current directors are as follows:

##### CURRENT DIRECTORS

**Michael Billing CPA – B Bus MAICD**  
**Non-Executive Chairman**  
**(Will resign post Acquisition)**

Mr Billing has 40 years of mining and agri-business experience and a background in finance. His career includes experience as a company director and in general management, company secretarial, senior commercial, and CFO roles including lengthy periods with Bougainville Copper Ltd and WMC Resources Ltd. He has worked extensively with junior resource companies over the past 17 years.

He is also a director of ASX listed company Southern Gold Limited, dual ASX and AIM listed company Thor Mining Plc, and a director of unlisted Emperor Range Group Limited.



**Martin Green BA (Hons)**  
**Non-Executive Director**  
***(Non-Executive Director post Acquisition)***

Mr Green holds a BA (Hons) in Accounting & Finance from the University of West of England (Bristol) and qualified as a Chartered Accountant with Ernst & Young in London before joining their Corporate Finance Division. He continued his career with Ernst & Young Corporate Finance in Australia before joining Consolidated Press Holdings (CPH) in 1999. During his more than 10 years with CPH he undertook various tasks including sourcing deals, deal analysis and execution and ongoing management of a wide range of investments for the Group. Mr Green is now resident in Hong Kong.

**Matthew Sheldrick B.Comm, ACA**  
**Non-Executive Director**  
***(Will resign post Acquisition)***

Mr Sheldrick holds a Bachelor of Commerce Degree from the University of Western Australia and is a qualified Chartered Accountant. He has over 25 years' experience in the securities, finance and corporate advisory industries, with particular emphasis in the resources and energy sectors. He has founded a number of ASX listed companies, and has been involved in the growth of these companies by way of mergers and acquisitions. Mr Sheldrick was a founding director of Black Fire Minerals Ltd and he is currently a Non-Executive Director of unlisted public companies Vesuvius Minerals Ltd and PME Biofuels Ltd. He has also previously acted for a number of public and ASX listed companies in a variety of executive and non-executive roles.

**Donald Stephens BA (Acc), FCA**  
**Company Secretary**  
***(Company Secretary post Acquisition)***

Mr Stephens is a Chartered Accountant and corporate adviser with over 25 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd Stephens, a firm of Chartered Accountants. He is a director of Papyrus Australia Ltd, Reproductive Health Science Ltd, Mithril Resources Ltd and Lawson Gold Ltd and is company secretary to Minotaur Exploration Ltd, Musgrave Minerals Ltd, Highfield Resources Ltd, Mithril Resources Ltd and Reproductive Health Science Ltd. In the last three years he has been a Director of TW Holdings Ltd and CRW Holdings Ltd. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

**PROPOSED DIRECTORS AND SENIOR MANAGEMENT TO BE APPOINTED POST ACQUISITION**

Profiles of the proposed new directors to be appointed post Acquisition are as follows:

**David Kim BA (Hons) – Current Non-Executive Chairman of Animoca Brands**  
***(Proposed as Non-Executive Chairman of the Company post Acquisition)***

Mr Kim serves as the CEO of Appionics, more commonly known by the consumer brand 'Animoca'. Prior to that he was the CEO of mail.com Corporation, a leading personalized email and messenger service co-based in Seattle and Hong Kong. Mr Kim also manages several independent financing and advisory projects ranging from private equity investments to refinancing of distressed assets. In recent years, he has advised and served on the boards of many prominent companies around the Pacific Rim including Viztel Solutions Group of Malaysia and Daum Corporation in Korea, where after 7 years of service as the chairman of the Audit Committee, he spearheaded the USD 105 million acquisition of Lycos, Inc. After the highly publicized transaction, Mr Kim managed the integration of the acquisition as the CEO of Lycos. In 1999, when he steered China.com Corporation to its Initial Public Offering, he became the youngest CFO of a company listed on the NASDAQ. He has also served as managing director for Softbank, Inc., and as managing director and CEO for Techpacific Venture Capital Limited. A graduate of Stanford University in Economics and Communications with

Honours, Mr Kim is also a classical vocalist with extensive musical and theatrical interest and experience.

**Robert Yung BA (Hons) MA – Current CEO of Animoca Brands**  
***(Proposed as Managing Director of the Company post Acquisition)***

Mr Yung is the CEO of Animoca Brands and a director of Appionics. He was previously the co-founder and CFO of Redgate Media, a venture-backed Chinese television and outdoor media holding company sold to Inno-Tech Holdings Limited (HK.8202) in 2012. Mr Yung was also co-founder and Chief Strategy Officer of One Media Group Limited (HK.426), a Hong Kong-based magazine group whose IPO he oversaw in 2005. Prior to that, he was the founder and CEO of One Studio Limited, a venture-backed web development company in Hong Kong, and OSMedia Limited, a Chinese television advertising sales company. Mr Yung began his career in Asia as the General Manager of Metromedia Asia Limited, a subsidiary of Metromedia International Group (AMEX: MMG), building wireless broadband networks and mobile telecoms services in China and Indonesia. He holds a Master of Arts from New York University and a Bachelor of Arts with Honors in Public Policy from the University of Chicago.

**Yat Siu – Current Non-Executive Director of Animoca Brands**  
***(Proposed as Non-Executive Director of the Company post Acquisition)***

Mr Siu is the founder and CEO of Outblaze Limited, a digital media company specializing in gaming, cloud technology, and smartphone/tablet software development. In 2009 he sold Outblaze's messaging division to IBM and successfully pivoted Outblaze Limited from B2B messaging services to B2C digital entertainment. Mr Siu is a director for TurnOut Ventures Limited, a partnership between Outblaze Investments Limited and Turner Entertainment Holdings Asia-Pacific Limited, and he is co-founder of Appionics (known by the consumer brand 'Animoca'), a major developer and publisher of smartphone games. In 2012 he set up ThinkBlaze, the research arm of Outblaze Limited dedicated to investigating socially meaningful issues related to technology. Mr Siu has earned numerous accolades including Global Leader of Tomorrow at the World Economic Forum, and Young Entrepreneur of the Year at the DHL/SCMP Awards. He is a supporter of various NGOs and serves on the board of directors for the Asian Youth Orchestra.

**David Brickler BA, MBA**  
***(Proposed as Non-Executive Director of the Company post Acquisition)***

Mr Brickler is the ICT Manager for Baptcare - a provider of healthcare and family and community services throughout Victoria and Tasmania. Before this, Mr. Brickler was Senior Director of Applications for World Vision International, one of the world's largest non-profit organisations. Prior to that, he served as Asia Pacific CIO for Mizuho Securities Asia Ltd., was an Executive Director of Ernst & Young in Hong Kong, and Global CIO for the Noble Group, one of the largest commodities traders in the world. Mr Brickler was the founder and CEO of Emergent Technology Limited, a venture-backed Hong Kong supply-chain company, and a Vice President of Information Technology at Caspian Securities. Prior to his 14 years in Hong Kong, he spent 15 years in Japan, including several years as the Vice President of Equity Technology at Goldman Sachs Securities Co. Ltd, Japan. Mr Brickler also served in various engineering positions at EDS Japan LLC, Sundai, and Fujitsu Limited. He holds an MBA from Kellogg-HKUST and a BA from Princeton University and is a fluent speaker of Chinese and Japanese.

**Richard Kuo B.Com., LL.B FAICD**  
***(Proposed as Non-Executive Director of the Company post Acquisition)***

Mr Kuo is the founder and CEO of Pier Capital, a boutique investment banking firm specialising in the technology sectors. He is a non-executive director of Probiotec Limited and Favourit.com and has held directorships of Equity Capital Markets Limited, Glenorchy Arts & Sculpture Park, and Australian Art Events Foundation. Prior to founding Pier Capital, Mr Kuo initially practiced as a lawyer,



specialising in corporate law in a large national law firm before moving into investment banking as a corporate adviser. His technology experience includes a senior management role in Open Telecommunications during a period in which it grew to become one of Australia's largest software companies. He has advised on a wide range of domestic and cross-border transactions involving technology and digital media companies including investing directly in emerging technology companies in Australia and internationally. Mr Kuo is a Fellow of the Australian Institute of Company Directors and holds qualifications in accounting, finance and law together with post graduate qualifications in applied finance and investment.

**Lobson Chan - MSc Information Systems, MA Communication & New Media, MA Linguistics,  
(Proposed as Chief Operating Officer of the Company post Acquisition)**

Mr. Chan joined Outblaze Limited (**Outblaze**) (a related company of Appionics) in December 2000 as Product Manager, in which capacity he oversaw Outblaze's product strategy and development. He was later promoted to Product & Project Director in April 2007 and Senior Director, Solutions in July 2009, during which he supervised a team of project managers to centralize and coordinate the management of projects and product development. He was internally transferred to Outblaze Ventures Holdings Limited (a subsidiary of Appionics) in October 2011 as Senior Director. Prior to joining the Appionics group, Mr Chan was Community Manager at hongkong.com Corporation. Mr Chan has been awarded a Master of Science majoring in Information Systems, a Master of Arts majoring in Communication & New Media, a Master of Arts majoring in Linguistics, status as a Certified Commercial E-Business Specialist from the China General Chamber of Commerce and a Project Management Professional from the Project Management Institute. Mr Chan is currently the Chief Operating Officer of Animoca Brands and its subsidiary Animoca Brands HK and is the proposed Chief Operating Officer of the Company following Completion of the Acquisition.

#### DISCLOSURE OF INTERESTS

Each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting. The aggregate remuneration for all non-executive Directors is currently \$200,000 per annum.

From the completion of the Offer, it is expected that Black Fire Minerals Directors' annual remuneration (including superannuation) will be as follows (with outgoing directors quoted at their previous annual rate for comparison):

Director	Remuneration
Michael Billing*	\$21,800
Martin Green	\$30,000
Matthew Sheldrick*	\$21,800
Yat Siu**	\$30,000
David Kim**	\$30,000
Robert Yung**	HK\$1,500,000***
David Brickler**	\$30,000
Richard Kuo**	\$30,000

\*Messrs Billing and Sheldrick intend to resign as Directors of the Company post Acquisition. Mr Sheldrick has in addition to his fee as a non-executive director, received consultancy fees paid at a daily rate.

\*\* Proposed Directors to be appointed post Acquisition.

\*\*\*Refer summary of Executive Services Agreement in this Investment Overview Section of this Prospectus. This sum equates, as at the date of this Prospectus, to approximately A\$220,381.

Matthew Sheldrick has been engaged as a consultant by the Company. These consulting fees are paid at a daily rate of A\$1,200 and for the year ended 30 June 2014, these consulting fees totalled

\$49,200.

Animoca Brands HK agreed to pay the proposed Director, Robert Yung HK\$1,200,000 per annum for his service as Chief Executive Officer of Animoca Brands HK and Animoca Brands commencing on 1 August 2014 (which annual salary will be increased by HK\$300,000 on Completion of the Acquisition). The key terms of Mr Yung's employment agreement are summarised later in this Investment Overview.

The remuneration of the directors of Black Fire Minerals as outlined above is current as at the date of this Prospectus, but is subject to adjustment in the ordinary course of business. All Directors are entitled to be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

The Company maintains Directors' and Officers' Liability Insurance on behalf of the Directors and officers of the Company.

The direct and indirect interests of the current Black Fire Minerals Directors in the securities of the Company as at the date of this Prospectus are as follows:

Current Black Fire Minerals Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Michael Billing	Nil	7,247,203	Nil	Nil
Martin Green	11,300,000	Nil	Nil	Nil
Matthew Sheldrick	Nil	6,575,964	Nil	Nil
<b>Total</b>	<b>11,300,000</b>	<b>13,823,167</b>	<b>-</b>	<b>-</b>

The Proposed Directors of the Company do not hold any direct or indirect interests in the securities of the Company as at the date of this Prospectus.

Assuming all resolutions are passed at the general meeting of Shareholders to be held on or about 23 October 2014 and that the Acquisition is completed:

- (a) The direct and indirect interests (post-Consolidation) of the current Black Fire Minerals Directors in the securities of the Company will be as follows:

Current Black Fire Minerals Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Michael Billing	Nil	543,541	Nil	Nil
Martin Green	847,501	Nil	Nil	Nil
Matthew Sheldrick	Nil	493,198	Nil	Nil
<b>Total</b>	<b>847,501</b>	<b>1,036,739</b>	<b>-</b>	<b>-</b>

- (b) The direct and indirect interests (post-Consolidation and Completion) of the Proposed Directors in the securities of the Company will be as follows:

Proposed Black Fire Minerals Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Yat Siu	Nil	14,021,882	Nil	Nil
Robert Yung	Nil	Nil	Nil	Nil
David Kim	Nil	Nil	Nil	Nil
David Brickler	Nil	Nil	Nil	Nil
Richard Kuo	Nil	Nil	Nil	Nil



<b>Total</b>	-	-	-	-
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#### AGREEMENTS WITH DIRECTORS OR RELATED PARTIES

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

In respect of the Company's policies in dealing with transactions involving Director controlled or related entities, refer to Section 7.2 of this Prospectus.

#### **Executive Service Agreement – Robert Yung**

Animoca Brands HK and Robert Yung entered into an Executive Service Agreement (**Agreement**) on 1 August 2014.

By the Agreement, Animoca Brands HK agrees to employ Robert Yung as Chief Executive Officer of Animoca Brands HK, its affiliates and related companies (including Animoca Brands) for an indefinite period (subject to each party's rights to terminate) commencing on 1 August 2014.

Animoca Brands HK will pay Robert Yung an annual salary of HK\$1,500,000, with HK\$300,000 of that salary only being payable following Completion of the Acquisition. In addition, Robert Yung is entitled to participate in Animoca Brands HK's rental reimbursement and insurance and medical benefits programs, and Animoca Brands HK will match Robert Yung's contribution to a Mandatory Provident Fund, up to the limit mandated by the Mandatory Provident Fund Schemes Authority.

Animoca Brands HK will reimburse reasonable and necessary travel and other expenses properly incurred by Robert Yung in or about its business.

Animoca Brands HK may terminate Robert Yung's employment summarily because of, among other things, situations of wilful disobedience of a lawful and reasonable order, gross misconduct, gross incompetence, gross negligence, serious criminal offence, fraud and dishonesty.

Either party may terminate the Agreement on three months' notice to the other or provision of salary in lieu of notice.

#### **Indemnity, Insurance and Access Deeds**

The Company has entered into an Indemnity, Insurance and Access Deed with each current Director (and expects to enter into an Indemnity, Insurance and Access Deed on the same or substantially similar terms with each Proposed Director at the time of their appointment). Pursuant to the Deed the Director is indemnified by the Company against any liability incurred in their capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.

The Company must keep a complete set of company documents until the later of the date which is seven years after the Director ceases to be an officer of the Company and the date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (**Relevant Proceedings**).

The Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the period referred to above.

The Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of the

date which is seven years after the Director ceases to be an officer of the Company and the date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available.

### **Restructure Agreements**

Animoca Brands and Animoca Brands HK have entered into the following agreements with related party companies (**Animoca Brands Restructure**):

#### **(i) Deed of Assignment (Revenue) – Totally Apps Holdings Ltd**

Totally Apps Holdings Ltd (**Totally Apps**) (a company incorporated in the British Virgin Islands) is a wholly owned subsidiary of Appionics, of which proposed Company director (and current Animoca Brands director) Yat Siu is sole director. Totally Apps is the publisher of certain smart phone applications, as well as all updates, upgrades, releases versions (including platform translations and localised versions) (**Apps**), and has the right to receive certain revenues or proceeds in relation to the commercialisation of the Apps (**Revenues**), and the obligation to pay certain debts, liabilities, obligations and other expenses in respect of the commercialisation of the Apps (but excluding specified administration and other costs and expenses incurred by Totally Apps in relation to the Apps (**Expenses**)).

By Deed of Assignment dated 1 August 2014 Totally Apps has agreed to assign to Animoca Brands all of its rights, title and interest in the Revenues and the obligations to pay the Expenses, and Animoca Brands has agreed to accept those rights and obligations, with effect on and from 1 August 2014 (**Effective Date**).

Totally Apps warrants that, at the Effective Date, it is the sole legal and beneficial owner of the Revenues, free from encumbrances and rights of third parties whatsoever, and that it has not licensed or assigned these rights to any third party in any part of the world. The Deed is to be governed and construed in accordance with the laws of Hong Kong.

#### **(ii) Deed of Assignment (IP Rights) – Outblaze Ventures Holdings Ltd**

Outblaze Ventures Holdings Ltd (**Outblaze Ventures**) (a company incorporated in Hong Kong) is a wholly owned subsidiary of Appionics, of which proposed Company directors (and current Animoca Brands directors), Yat Siu, David Kim and Robert Yung are directors. Outblaze Ventures owns the intellectual property rights in certain smart phone applications, as well as all updates, upgrades, releases, versions (including platform translations and localised versions), and including the source code and object code, and all content, other works or material recorded or embodied in the smart phone application, including the audio and visual content in any screen displays in the end user interface (**Apps**), as well as all software development tools, game engines, middleware and technology used for the content creation, game design or programming of the Apps (**Technology and Tools**), and any and all documentation relating thereto, whether in human or machine-readable form, and whether associated with the creation, design, development, compilation, assembly instructions or modification of the Apps and all other technical or functional specifications, testing documentation, technical data and user instruction and tutorial materials (**App Documentation**).

By Deed of Assignment dated 1 August 2014 Outblaze Ventures has agreed to assign to Animoca Brands, which has agreed to receive and accept, with effect on and from 1 August 2014 (**Effective Date**) the following rights throughout the world (**Rights**):

- (a) the entire right, title and interest in any and all intellectual property rights in the Apps and the App Documentation (**Intellectual Property Rights**), and all their tangible embodiments of any of the foregoing, in any form and in any media, in the possession of Outblaze Ventures;
- (b) the exclusive right to exercise, exploit, assign, transfer, commercialise, develop, improve and



grant rights and licences under and with respect to any of the Intellectual Property Rights;

- (c) all of the right and title of Outblaze Ventures in and to all confidential information relating to or comprised in the Apps or App Documentation in any form, and the exclusive right throughout the world to use that information for any purpose whatsoever; and
- (d) all related rights and powers arising or accrued, including the right to sue or otherwise enforce, and continue any suit or other enforcement, for any damages and other remedies in respect of infringement of the Rights occurring prior to or after the Effective Date.

To the extent that any of the Intellectual Property Rights are for any reason whatsoever currently not capable of being transferred to, conferred upon or exercised by Animoca Brands, then Outblaze Ventures undertakes to use its best endeavours (and to procure its related parties to use best endeavours) to take all steps necessary, at its sole cost, to vest those rights in Animoca Brands as soon as reasonably practicable, and for that purpose to do all acts and things, including (without limitation) the execution of all documents, as may reasonably be required by Animoca Brands to give effect to that obligation.

Outblaze Ventures also grants to Animoca Brands a worldwide, irrevocable, perpetual, royalty free, non-exclusive right and licence to use the Technology and Tools as they are integrated into and made part of the Apps to ensure full enjoyment by Animoca Brands of the Rights assigned under the Deed.

Outblaze Ventures warrants that as at the Effective Date the Apps and App Documentation are its original works and have not been copied wholly or substantially from any other source, and that the use of the Rights by Animoca Brands will not infringe the rights of any third party, that it is the sole legal and beneficial owner of the Rights, free from encumbrances and rights of third parties whatsoever, and that it has not licensed or assigned the Rights to any third party in any part of the world.

Outblaze Ventures undertakes that it has obtained from all authors of the Apps and/or App Documentation absolute, irrevocable and unconditional waivers in relation to all moral rights which subsist in the Apps and/or App Documentation by virtue of Division IV of the Hong Kong Copyright Ordinance (Cap 528) and so far as is legally possible, any broadly equivalent rights such authors may have in any territory of the world. The Deed is to be governed and construed in accordance with the laws of Hong Kong.

### **(iii) Mobile App Advertising Services Agreement – Outblaze Ventures Holdings Ltd**

On 1 August 2014 Animoca Brands entered into a Mobile App Advertising Services Agreement with Outblaze Ventures, of which proposed Company directors (and current Animoca Brands directors) Yat Siu, David Kim and Robert Yung are directors. The Agreement provides for the engagement by Animoca Brands of Outblaze Ventures, on a non-exclusive worldwide basis on and from 1 August 2014 (**Effective Date**) to provide certain services, comprising:

- (a) using the 'Muneris' technology services platform owned by Outblaze Ventures to integrate the software development kit, application programming interface or other tools supplied by Outblaze Ventures including documentation software and updates that communicate with Outblaze Ventures' advertising network (**Muneris SDK**) and the Animoca Brands software development kit, application programming interface or other tools supplied by Animoca Brands, including documentation, software and updates that communicates with Animoca Brands' network (**AB SDK**) into the mobile applications set out in the Schedule to the Agreement (**Apps**);
- (b) using the above technology to provide advertising, marketing and distribution services in relation to the Apps, together with content hosting and serving services (including customer support and community management services) for the Apps,

**(Services).**

Outblaze Ventures undertakes to perform the Services diligently using professional standards in accordance with industry best practices for the Services, and may, subject to the prior written approval of Animoca Brands, retain a related company or other third party to provide one or more of the Services, in which case Outblaze Ventures will enter into contracts with those parties on the same or substantially similar terms as are set out in the Agreement.

In consideration of the provision of the Services, Outblaze Ventures shall be entitled to retain a commission being 20% of net revenues received, calculated in accordance with the Agreement, the balance of which is to be paid to Animoca Brands. If net revenues of any Apps are recognised and collected by Outblaze Ventures, Outblaze Ventures shall pay to Animoca Brands the net revenues less the above commission on a monthly basis.

Outblaze Ventures reserves the right in its sole discretion to incur advertising, marketing and distribution expenses in addition to those advertising marketing and distribution expenses incurred by Outblaze Ventures in providing the Services, during the term of the Agreement.

The Agreement also provides for the grant by Outblaze Ventures to Animoca Brands of a non-exclusive, non-transferable and non-sublicensable worldwide licence during the term of the Agreement to use the Muneris SDK solely to the extent necessary in connection with the provision of the above services by Outblaze Ventures.

However, Animoca Brands must not modify the Muneris SDK, or distribute any such modified version, or reproduce, sell, alter, decipher, reverse engineer, decompile or disassemble the Muneris SDK or develop derivative works, or knowingly allow others to do so. Outblaze Ventures shall retain ownership of the Muneris SDK, including all rights to the Muneris SDK source code, object code, script and animation data technology and software tools of Outblaze Ventures used for the Muneris SDK, and all data collected by the Muneris SDK, subject to which, as between Animoca Brands and Outblaze Ventures, Animoca Brands will retain all intellectual property rights in the Apps, their source code, object code script and animation data and technology, together with all ownership of the AB SDK, including all rights to its source code, object code, script and animation technology, software tools and all data collected by the AB SDK.

Outblaze Ventures warrants that it has full right power and authority to grant the rights and interests and licences under the Agreement, that it will not in the provision of the Services infringe the rights of any third party (including intellectual property rights) and that the Muneris SDK does not and will not contain any code designed to disrupt or otherwise impede the operation of the Apps or damage or destroy data files on any mobile phones or devices without the end user's consent, and will not adversely affect the hardware, Animoca Brands' development or test equipment, or other software of the end user in any way. Each party agrees to indemnify the other party against all losses, claims and expenses arising in connection with any proceedings for breach of third party intellectual property rights by the indemnifying party or other breach of warranty, and except in relation to such indemnity, the aggregate liability of Animoca Brands to Outblaze Ventures shall be limited to the amount of the commissions paid to Outblaze Ventures under the Agreement.

The Agreement shall continue for an initial period of two years, following which the Agreement will be automatically renewed for successive yearly periods until terminated by either party giving 14 days' written notice prior to the commencement of a yearly renewal term. The Agreement may also be terminated by either party immediately by written notice if the other party ceases to operate its business, becomes insolvent or is in material breach of a provision of the Agreement and fails to rectify such breach within 30 days after receiving notice of that breach.

Either party may terminate the Agreement at any time without cause upon 14 days' prior written notice. Upon termination, all rights and licences granted to Animoca Brands under the Agreement shall revert back to Outblaze Ventures. The Agreement is to be governed and construed in



accordance with the laws of Hong Kong.

**(iv) Office Services and Management Services Agreement – Outblaze Ltd**

On 1 August 2014 Animoca Brands entered into an Office Services and Management Services Agreement with Outblaze Ltd (**Outblaze**) of which proposed Company director (and current Animoca Brands director) Yat Siu is a director. The Agreement provides for the provision by Outblaze, on and from 1 August 2014 (**Effective Date**) of:

- (a) the right for Animoca Brands and its subsidiaries to use certain office facilities at Outblaze's premises situated at Unit 411-415, Cyberport 1, 100 Cyberport Road, Pokfulam, Hong Kong to conduct its business, in consideration of a monthly payment calculated at the rate of HK \$2,300 per workstation per month during the term of the Agreement; and
- (b) certain management and administration services (comprising general, operations, project and human resources management and related assistance, finance, accounting and legal functions assistance and sharing of all relevant database and information systems) in consideration of a monthly management fee based on the rates of the personnel involved in providing those services, at rates as set out in the Agreement, together with all non-ordinary, out-of-pocket expenses incurred by Outblaze in the provision of those services and approved by Animoca Brands in advance.

All liability of Outblaze in relation to the provision of the above office facilities and management services is excluded except to the extent that it is the result of wilful misconduct or gross negligence on the part of Outblaze, in which event Outblaze's total aggregate liability shall not exceed an amount equal to the relevant service fees paid by Animoca Brands under the Agreement during the previous six months.

The Agreement shall be for an initial term of three years and then automatically renewed on a yearly basis unless terminated by either party upon giving 30 days' written notice to the other party prior to the commencement of a renewal term. The Agreement is to be governed and construed in accordance with the laws of Hong Kong.

**(v) Deed of Assignment (Advertising Revenue) – Totally Apps Holdings Ltd**

Totally Apps a wholly owned subsidiary of Appionics, of which proposed Company director (and current Animoca Brands director) Yat Siu is sole director. Totally Apps is the publisher of certain smart phone applications, as well as all updates, upgrades, releases, versions (including platform translations and localised versions) (**Apps**), and has the right to receive certain advertising revenues or proceeds in relation to the commercialisation of the Apps (**Advertising Revenues**).

By Deed of Assignment dated 1 August 2014 Totally Apps has agreed to assign to Animoca Brands all of its rights, title and interest in the Advertising Revenues and Animoca Brands has agreed to accept those rights and obligations, with effect on and from 1 August 2014 (**Effective Date**).

Totally Apps warrants that, at the Effective Date, it is the sole legal and beneficial owner of the Advertising Revenues, free from encumbrances and rights of third parties whatsoever, and that it has not licensed or assigned these rights to any third party in any part of the world. The Deed is to be governed and construed in accordance with the laws of Hong Kong.

**(vi) Employee Transfers**

Totally Apps (a wholly owned subsidiary of Appionics of which proposed Company director (and current Animoca Brands director) Yat Siu is sole director), Outblaze Ventures (a wholly owned subsidiary of Appionics of which proposed Company directors (and current Animoca Brands directors) Yat Siu, David Kim and Robert Yung are directors), and Outblaze (of which proposed Company director (and current Animoca Brands director) Yat Siu is a director) have each transferred their employees to Animoca Brands pursuant to various Employee Transfer Letters dated on or

about 1 August 2014.

#### CORPORATE GOVERNANCE

To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 7.2 of this Prospectus.

In addition, the Company's full Corporate Governance Plan is available from the Company's website ([www.blackfireminerals.com.au](http://www.blackfireminerals.com.au)).

#### TAXATION

The Australian taxation consequences of any investment in Shares will depend upon an investor's particular circumstances. It is an obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course of action you should take, you should consult your professional advisers.

#### DIVIDEND POLICY

The Company does not yet have a dividend policy. The Company has no immediate intention to declare or distribute dividends. Payment of future dividends will depend upon the future profitability and financial position of the Company.

#### RESTRICTED SECURITIES

Under the Share Purchase Agreement, the Animoca Brands Vendors agree to execute, or will cause their nominees to execute, an escrow deed for the Consideration Shares to be issued to them for:

- a period of 12 calendar months after the completion date under the Share Purchase Agreement; or
- such longer period imposed by ASX under the ASX Listing Rules.

The Company will announce to the ASX full details (quantity and duration) for the Consideration Shares required to be held in escrow prior to the Shares commencing trading on ASX.



# Section 1: Details of the Offer

## 1.1 Introduction

The information set out in this Section is not comprehensive and should be read together with the other information in this Prospectus.

## 1.2 The Offer and Subscription

The Company is offering 12,000,000 Shares for subscription at an Offer Price of 20 cents per Share to raise \$2,400,000. Oversubscriptions of up to a further 13,000,000 Shares may be accepted to raise up to a further \$2,600,000. The Minimum Subscription is 12,000,000 Shares.

All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares already on issue. The rights attaching to the Shares are summarised in Section 7.4 of this Prospectus.

If the Minimum Subscription for the Offer is not achieved within four months after the date of this Prospectus, the Company will repay all money received from Applicants, without interest.

## 1.3 Offer Period

The Offer will open on the Opening Date and will remain open until 4.30 pm (ACDT) on the Closing Date. The Company reserves the right to either open or close the Offer at an earlier time or date or to extend the time or date without prior notice. Applicants are encouraged to submit their Applications as early as possible.

## 1.4 Conditions Precedent

The Company has convened a general meeting of its Shareholders to be held on or about 23 October 2014 to seek Shareholder approval for, amongst other approvals, the issue of shares to effect the acquisition of Animoca Brands, the change in nature and scale of the Company's activities, the Consolidation of the Company's Shares, and the change of Company name to Animoca Brands Corporation Limited. A copy of the notice of meeting is available on the Company's website.

The Offer made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon Shareholders passing Resolutions 5 to 11 (inclusive) at the meeting to be held on or about 23 October 2014, the satisfaction of the conditions referred to in those resolutions and the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement. If Resolutions 5 to 11 (inclusive) are not passed, the conditions referred to in those resolutions are not satisfied or the conditions precedent in the Share Purchase Agreement are not satisfied or waived, this Offer will not proceed, no Shares will be allotted pursuant to this Prospectus and the Company will repay all money received from Applicants without interest.

## 1.5 Exposure Period

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an Exposure Period of seven days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period.

## 1.6 How to Apply

Applications must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000

Shares (\$200) and can be made by completing the Application Form attached to this Prospectus. You may also apply for Shares and make payment via BPAY® using internet or phone banking by visiting the Share Registrar's website [www.securitytransfer.com.au](http://www.securitytransfer.com.au) and completing the online Application Form. The Company reserves the right to reject any Application or to allocate any investor fewer Shares than the number for which the Applicant has applied.

Applications under the Offer may be made, and will only be accepted, in one of the following forms:

- on the relevant Application Form accompanying this Prospectus;
- on a paper copy of the relevant electronic Application Form which accompanies the electronic version of this Prospectus, both of which can be found at and can be downloaded from [www.blackfireminerals.com.au](http://www.blackfireminerals.com.au); or
- by visiting the Share Registrar's website [www.securitytransfer.com.au](http://www.securitytransfer.com.au) and completing the online Application Form.

Application Forms must be accompanied by a personal cheque or a bank draft, payable in Australian dollars, for an amount equal to the number of Shares for which you wish to apply multiplied by the Application Price of 20 cents per Share. Cheques or bank drafts should be made payable to 'Black Fire Minerals Limited Application Account' and crossed 'Not Negotiable'. No brokerage or stamp duty is payable by Applicants. The amount payable on Application will not vary during the period of the Offer.

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected. Application monies will be held in trust in a subscription account established and controlled by the Company until allotment has taken place.

Completed Application Forms should be mailed or delivered to:

**Mailing Address**

Black Fire Minerals Limited Share Issue  
C/- Security Transfer Registrars Pty Ltd  
PO Box 535  
Applecross WA 6953

**Hand Delivery**

Black Fire Minerals Limited Share Issue  
C/- Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

Application Forms must be received by the Share Registrar no later than 4.30 pm (ACDT) on the Closing Date.

Detailed instructions on how to complete paper Application Forms are set out on the reverse of those forms. You are not required to sign the Application Form.

You may also apply for shares and make payment via BPAY® using internet or phone banking by visiting the Share Registrar's website [www.securitytransfer.com.au](http://www.securitytransfer.com.au) and completing the online Application Form.

Step 1: Go to [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

Step 2: Go to Online IPO Applications and click on Company name

Step 3: Follow the prompts and complete you application

Step 4: A unique BPAY® reference number and Biller Code will be emailed to you upon completion of the application allowing you to make payment via BPAY® using internet or phone banking



Your BPAY® reference number will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid.

You do not need to return any documents if you have made payment via BPAY®.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the Closing Date.

BPAY® applications will only be regarded as accepted if payment is received by the Share Registrar from your financial institution on the business day after the Closing Date. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

The Company reserves the right to reject any Application (including where an Application Form has not been correctly completed) or allocate any person fewer Shares than that person applied for, or vary the dates and times of the Offer without prior notice and independently of other parts of the Offer. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Money will be refunded. No interest will be paid on any Application Money refunded.

An Application may not be withdrawn after lodgement unless the Applicant is permitted to withdraw the Application in accordance with the Corporations Act.

#### **1.7 Allocation and Allotment of Shares**

Subject to ASX granting approval for quotation of the Shares, the allotment of Shares will occur as soon as practicable after the Offer closes. All Shares issued pursuant to the Offer will rank *pari passu* in all respects with the existing Shares of the Company. Holding statements will be dispatched as required by ASX. It is the responsibility of Applicants to determine their allocation prior to trading in Shares.

The Directors reserve the right to reject any Application or to allot a lesser number of Shares than subscribed for in an Application Form. If the number of Shares allocated is less than that applied for, or no allotment is made, the surplus Application Monies will be promptly refunded without interest.

#### **1.8 Brokerage and Handling Fees**

Brokerage and/or handling fees on Applications may be payable by the Company to member firms of ASX or licensed investment advisers on such Application Forms bearing their stamp and accepted by the Company.

#### **1.9 Stock Exchange Listing**

Application will be made to ASX within seven days after the date of this Prospectus for Quotation of the Shares issued pursuant to this Prospectus. If approval for Quotation of the Shares is not granted within three months after the date of this Prospectus, the Company will not allot or issue any Shares pursuant to the Offer and will repay all Application Money without interest as soon as practicable.

#### **1.10 Clearing House Sub-Register Systems CHESS and Issuer Sponsorship**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**), operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under this system, the Company will not issue certificates to investors in relation to their Shares. Instead, Shareholders will receive a statement of their shareholdings in the Company.

If an investor is broker sponsored, ASX Settlement Pty Limited will send them CHESS statements. The CHESS statements will set out the number of Shares allotted to each investor under this

Prospectus, give details of the Shareholder's holder identification number (**HIN**) and give the participant identification number of the sponsor.

Alternatively, if an investor is registered on the issuer sponsored sub register, the statements will be dispatched by the Share Registrar and will contain the number of Shares allotted under this Prospectus and the Shareholder's security holder reference number (**SRN**).

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time, however a charge may be made for additional statements.

#### **1.11 Overseas Investors**

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Lodgement of a duly completed Application Form will be taken by the Company as to constitute a representation that there has been no breach of such laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

The Offer pursuant to the paper form or electronic Prospectus is only available to persons receiving this Prospectus within Australia.

#### **1.12 Privacy Act**

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this Prospectus and may disclose it for those purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a Shareholder of the Company, the Corporations Act requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public registers. This information must remain in the registers even if that person ceases to be a Shareholder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. Successful Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

#### **1.13 No Underwriting**

The Offer is not underwritten.

#### **1.14 Investor Enquiries**

This document is important and should be read in its entirety. Persons in doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional



adviser without delay.

Additional copies of this Prospectus can be obtained from the Company Secretary by telephone on (08) 8133 5000.

Questions relating to the Offer or further advice on how to complete the Application Form can be directed to the Company by telephone on (08) 8133 5000.

# Section 2: Overview of the Company, the Acquisition and the Animoca Brands Business

## 2.1 Introduction

Black Fire Minerals was incorporated on 30 November 2006 and has been listed on the ASX since 30 April 2007.

The Company has historically operated as a minerals exploration company with mineral exploration tenement interests in Western Australia, Nevada USA and the Democratic Republic of Congo. As announced to ASX on 23 June 2014 and subsequently on 24 September 2014, the Company has entered into a binding agreement to acquire all of the shares in Animoca Brands Corporation (British Virgin Islands Company No 1799850) (**Animoca Brands**), subject to waiver or satisfaction of certain conditions precedent, details of which are set out in Section 6.1 of this Prospectus.

*Refer to the Investment Overview and Section 6.1 of this Prospectus for details of the Acquisition.*

## 2.2 Company Overview

### (a) Animoca Brands

### (i) Industry Overview

Over the past 20 years, the video game industry has emerged to become an important component of the global media diet. Today, video games account for around US\$72bn in projected spending globally, or roughly 4.5% of total global media spending. To put this in perspective, that's larger than the projected revenues generated by the cinema, out-of-home media, or consumer magazine industries. Video games are on the rise; in 2007, video games accounted for barely more than half the spending of consumer magazines, but today video games account for 8.7% *more* projected spending than consumer magazines. Within the category of video games, mobile gaming is the newest and fastest-growing component, accounting for US\$17.5bn in revenues in 2013, US\$21.7bn in 2014, and forecast to grow to US\$35bn by 2017.

In terms of market size and geographic diversity, the Asia Pacific region (including Australasia) is the largest, accounting for an estimated US\$12.2bn in revenues in 2014, as compared with US\$4.9bn for

The Asia-Pacific region is the world's fastest-growing mobile games market, with revenues that more than doubled from US\$5.9bn in 2013 to US\$12.2bn in 2014.

North America and US\$3.2bn for Western Europe. The Asia Pacific region is also the world's fastest-growing mobile games market, with revenues that more than doubled from US\$5.9bn in 2013 to US\$12.2bn in 2014 (see figure 2). This growth is due in part to the emerging powerhouse that is the Chinese market, but was primarily led by Japan: which replaced the US as the number 1 ranked country by revenue in the iTunes iPhone app store and which replaced Korea as the number 1 ranked country in the Google Play store.

Furthermore, smartphone penetration is still growing, with the number of mobile gamers in emerging markets (global ex-North America, Western Europe, Oceania) forecasted to increase by 42% from 2013 to 2017 (see figure 3).

In terms of game type and genre, two key trends have emerged in recent years: the growing pervasiveness of casual gaming and the importance of the female gamer demographic in an industry

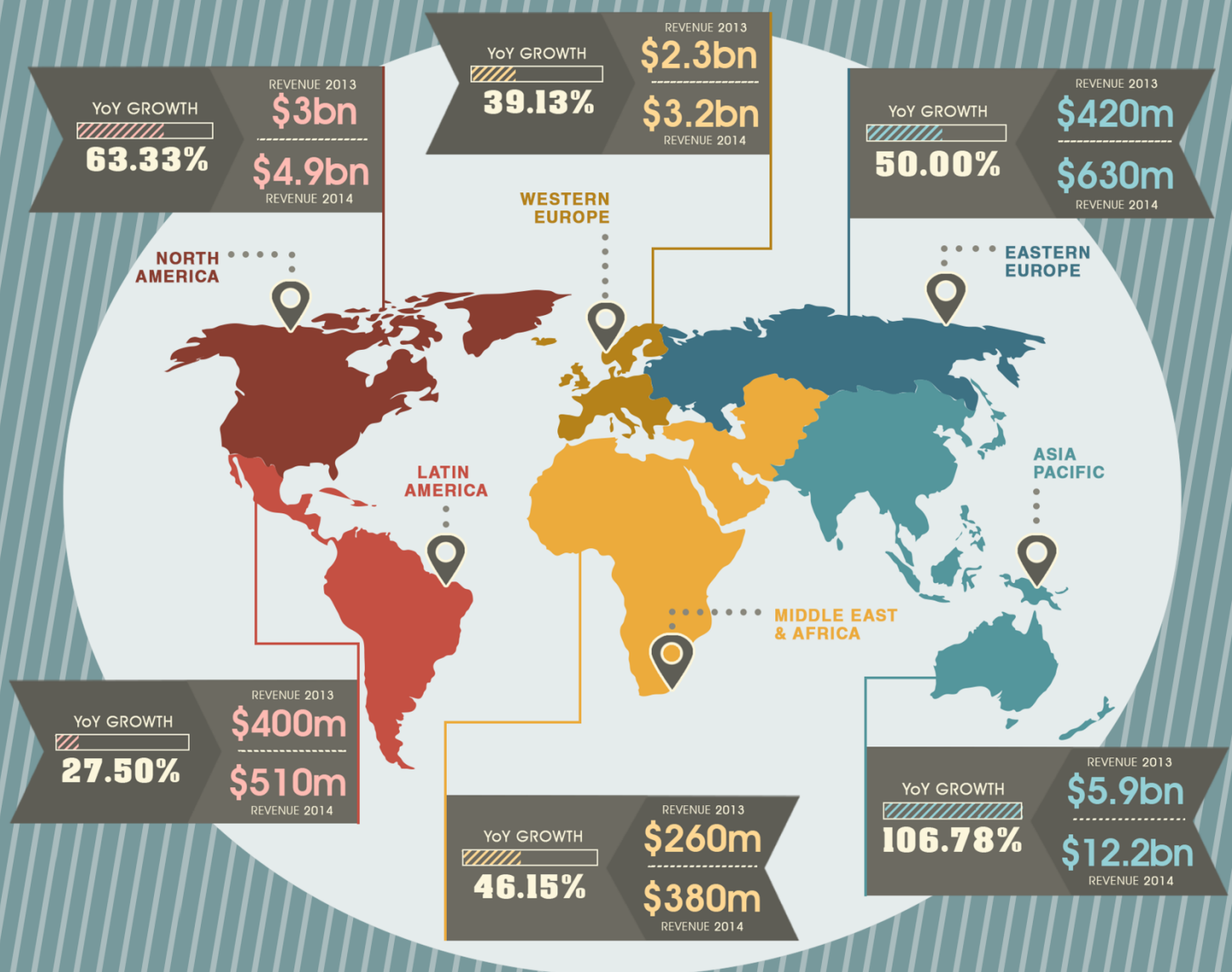


often mistakenly stereotyped as creating products exclusively for young men. While casual and social games account for 30% of online games played, on mobile they make up 46% of all games. Furthermore, casual mobile categories like puzzle, board games, game show, trivia, and card games add up to another 31%, and thus the broader casual game segment in fact accounts for a total of 77% of all mobile games played. The game playing population is split relatively evenly between males and females, however adult women make up the largest single demographic (36%) of game players. Furthermore, female gamers are over-indexed in terms of time, loyalty, and making in-app purchases. According to Flurry (a mobile analytics subsidiary of Yahoo!), female gamers make 31% more in-app purchases than men, spend 35% more time playing game apps than men, and have a 42% higher 7-day retention rate (likelihood to still be playing the same game after 7 days) than men.

We can therefore summarize some key components of the mobile gaming industry as follows:

- Mobile gaming is a US\$21.7bn market in 2014, forecast to grow to US\$35bn by 2017.
- From 2013 to 2014, Asia-Pacific mobile gaming revenue doubled to US\$12.2bn, accounting for more than 50% of all global mobile gaming revenues.
- Casual, social, and puzzle games account for 77% of all mobile games played.
- Roughly half of all gamers are female, and they tend to spend more, play more, and be more loyal than male gamers.

# FIGURE 02



NOTE:

ALL FIGURES ARE IN US DOLLARS.

SOURCES:

NEWZOO CONSUMER RESEARCH (4/12, 9/12 & 4/13)  
 NEWZOO GLOBAL GAMES MARKET REPORT 2013 (8/13)  
 NEWZOO GLOBAL GAMES MARKET REPORT 2014 (6/14)



# FIGURE 03



## iTunes Store

COUNTRY RANKINGS  
BY REVENUE

TOP 1000 GAMES ON ITUNES		
1	JAPAN	▲ 1
2	US	▼ 1
3	CHINA	~~~~~
4	UK	~~~~~
5	AUSTRALIA	~~~~~
6	CANADA	~~~~~
7	FRANCE	~~~~~
8	GERMANY	~~~~~
9	KOREA	~~~~~
10	TAIWAN	~~~~~

ANIMOCA BRANDS		
1	US	~~~~~
2	JAPAN	~~~~~
3	CHINA	~~~~~
4	AUSTRALIA	▲ 2
5	TAIWAN	▼ 1
6	CANADA	▲ 3
7	HONGKONG	▼ 2
8	THAILAND	▲ 2
9	UK	▼ 1
10	FRANCE	NEW



## Google Play

COUNTRY RANKINGS  
BY REVENUE

TOP 1000 GAMES ON GP		
1	JAPAN	▲ 1
2	US	▲ 1
3	KOREA	▼ 2
4	GERMANY	▲ 1
5	TAIWAN	NEW
6	UK	▼ 2
7	FRANCE	~~~~~
8	RUSSIA	~~~~~
9	AUSTRALIA	▼ 3
10	CANADA	▼ 1

ANIMOCA BRANDS		
1	US	~~~~~
2	JAPAN	▲ 1
3	MALAYSIA	▲ 2
4	KOREA	▼ 2
5	TAIWAN	▲ 3
6	UK	▼ 2
7	FRANCE	~~~~~
8	RUSSIA	▼ 1
9	AUSTRALIA	NEW
10	CANADA	NEW

### NOTES:

STORE RANKINGS BASED ON REVENUES GENERATED BY THE TOP 1000 GAMES PER APP STORE IN MARCH 2014 FROM NEWZOO/DISTIMO MOR  
ANIMOCA BRANDS RANKINGS ARE BASED ON TOTAL REVENUES GENERATED BY COUNTRY FROM JAN-JUL 2014 AS COMPARED WITH JUN-DEC 2013.

## (ii) Animoca Brands Business

### GAME MAKER & PUBLISHER

Animoca Brands was established as a spinoff from Appionics in 2014, which is commonly known by the consumer brand 'Animoca'. The mission of Animoca Brands is the development and publication of games for smartphones and tablets, primarily Apple iOS and Google Android devices. Animoca Brands leverages globally recognised intellectual properties to build fun and engaging content for users around the world. The team behind Appionics and Animoca Brands has been creating successful brand-based mobile hits since 2011, including 'Garfield's Diner', 'Garfield Pet Hospital', 'Ben 10 Xenodrome', 'Astro Boy Dash' and 'Doraemon Repair Shop'. In fact, Animoca is recognised by *Pocket Gamer* as one of the Top 50 Developers in the world (see Figure 1). In addition to self-developed titles, Animoca Brands also acts as publisher for select titles developed by third-party studios. Examples of third-party apps published and/or managed by Animoca Brands are 'Ragnarok: War of Gods' by NeoCyon Ltd., a subsidiary of GungHo Online Entertainment Ltd. of Japan, and 'Hay Ride' by Dakota Interactive LLC. By employing these two development strategies: developing its own mobile games and publishing games developed by third parties, Animoca Brands is able to offer its customers a regular supply of new games available for download and do so across a diverse spectrum of gameplay styles and brand associations.

Animoca Brands develops mobile games for iOS and Android, often using globally-recognised intellectual property, and publishes them around the world.

The business spun into Animoca Brands has grown significantly over the past two years, as measured by the number of new users or their level of game-playing activity. Specifically, the number of new users acquired each quarter by the business spun into Animoca Brands has almost tripled in the past two years, from 3.4 million per quarter at the beginning of 2012 to almost 12 million per quarter at the end of 2013 (see figure 5). Furthermore the number of users actively playing the games from which Animoca Brands derives revenue each day ("daily active users") and each month ("monthly active users") have also been significantly increasing since the beginning of 2012 (see figure 5).

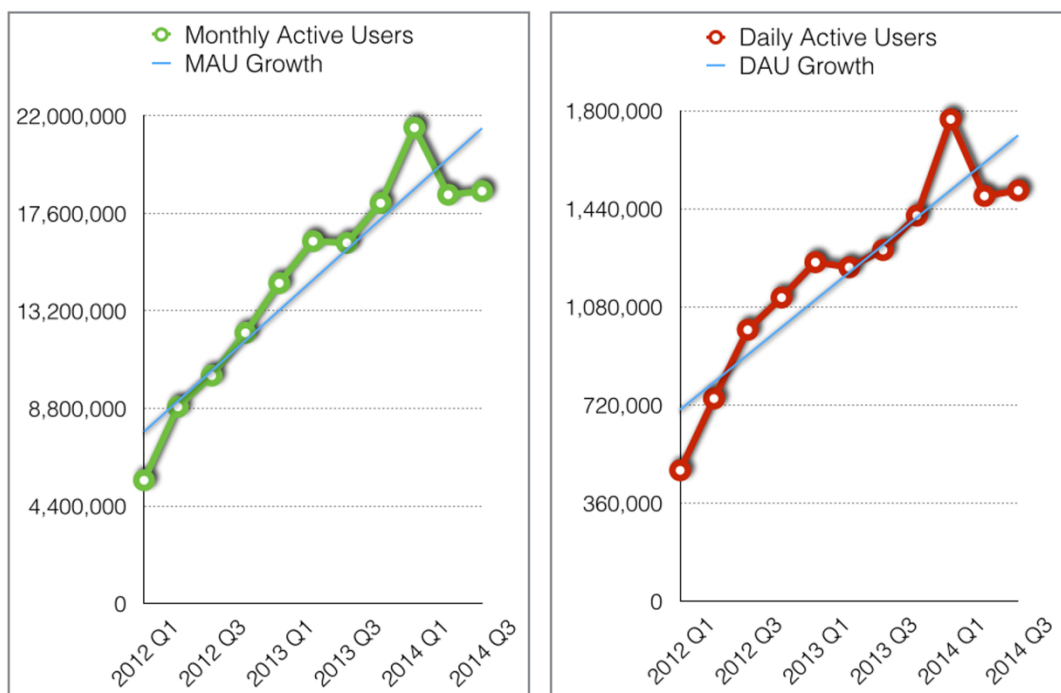
Animoca Brands is headquartered in Hong Kong and employs approximately 70 staff in the areas of game development, graphic design, computer programming, software architecture, and other related skill sets. When it was still a part of Appionics, Animoca Brands' team was instrumental in releasing a wide variety of successful mobile game titles starting with its very first hit 'Pretty Pet Salon' in 2011, which grew into a large franchise of Pretty Pet games. Appionics was founded in 2010, and its investors include Intel Capital Corporation, IDG-Accel Fund, Neoteny Fund and Forgame Holdings Ltd (HK: 0484).



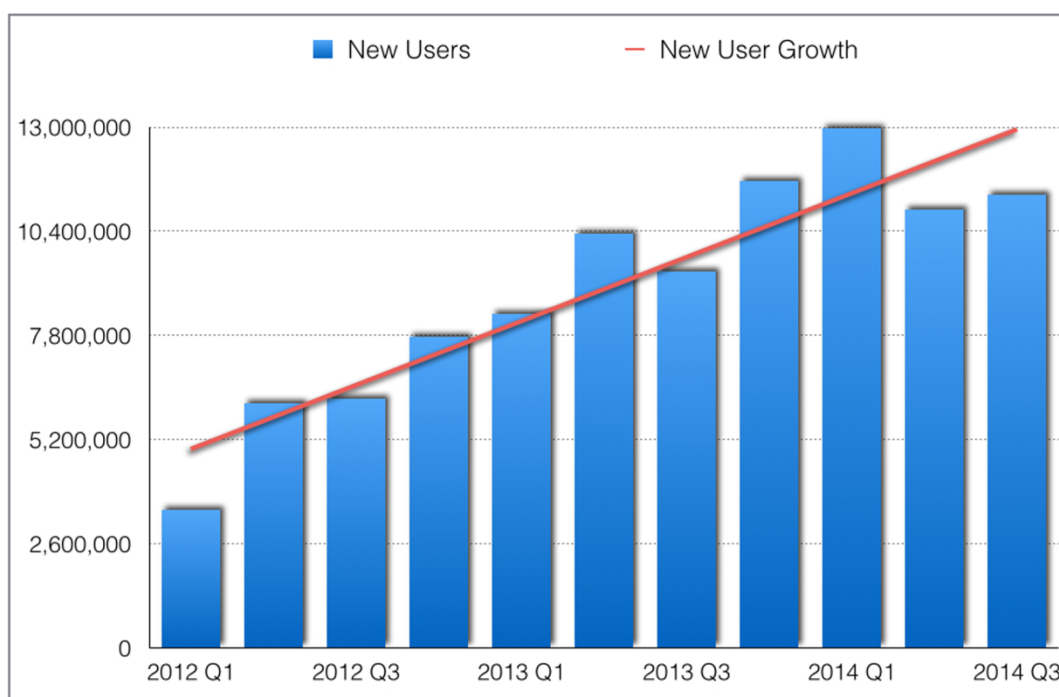
# FIGURE 01



# FIGURE 04



# FIGURE 05





## **FREEMIUM**

The majority of games produced by Animoca Brands follow the so-called “freemium” business model, in which the games are free to download and play but offer optional in-app purchases of virtual items and services which users can buy using credit cards or other online payment method. This model originated in Asia and has been adapted as the prevailing mobile gaming revenue model over the past several years. Examples of in-app purchases that users might make include unlocking new characters or objects for use in a game, obtaining another “life” for one’s character in a game, or customising the aesthetics of the game.

## **LICENSED IP**

One of the key strategies of Animoca Brands is to develop games based on intellectual property (“IP”) which Animoca Brands licenses from third-parties. This IP usually consists of well-known characters which have been popularised in other media, such as television, print and filmed entertainment products. For example, Animoca Brands works with Paws Inc., from whom it licenses the rights to the character “Garfield” and all supporting characters in Jim Davis’ globally recognised comic strip about Garfield the cat; this has allowed Animoca Brands to create a lucrative portfolio of several Garfield game apps (see figure 6) that have been well received by fans and newcomers alike (see figure 6), and that have been downloaded over 30 million times. Animoca Brands typically licenses IP on the basis of a royalty agreement through which the licensor receives a percentage share of net revenues, which is defined as gross revenues less related expenses, such as platform fees and/or marketing. The library of IP which Animoca Brands has licensed is a key strategic asset for the company as well as a barrier to entry for other game developers seeking to create games leveraging well-known brands. Animoca Brands intends to continue identifying and securing new licences, and believes that the experience and corporate reputation it has earned from its IP-based work to date enables it to compete favourably for new IP licences against companies lacking such a track record.

# FIGURE 06



Screenshot from "Garfield's Defense: Attack of the Food Invaders"

Garfield App Icons

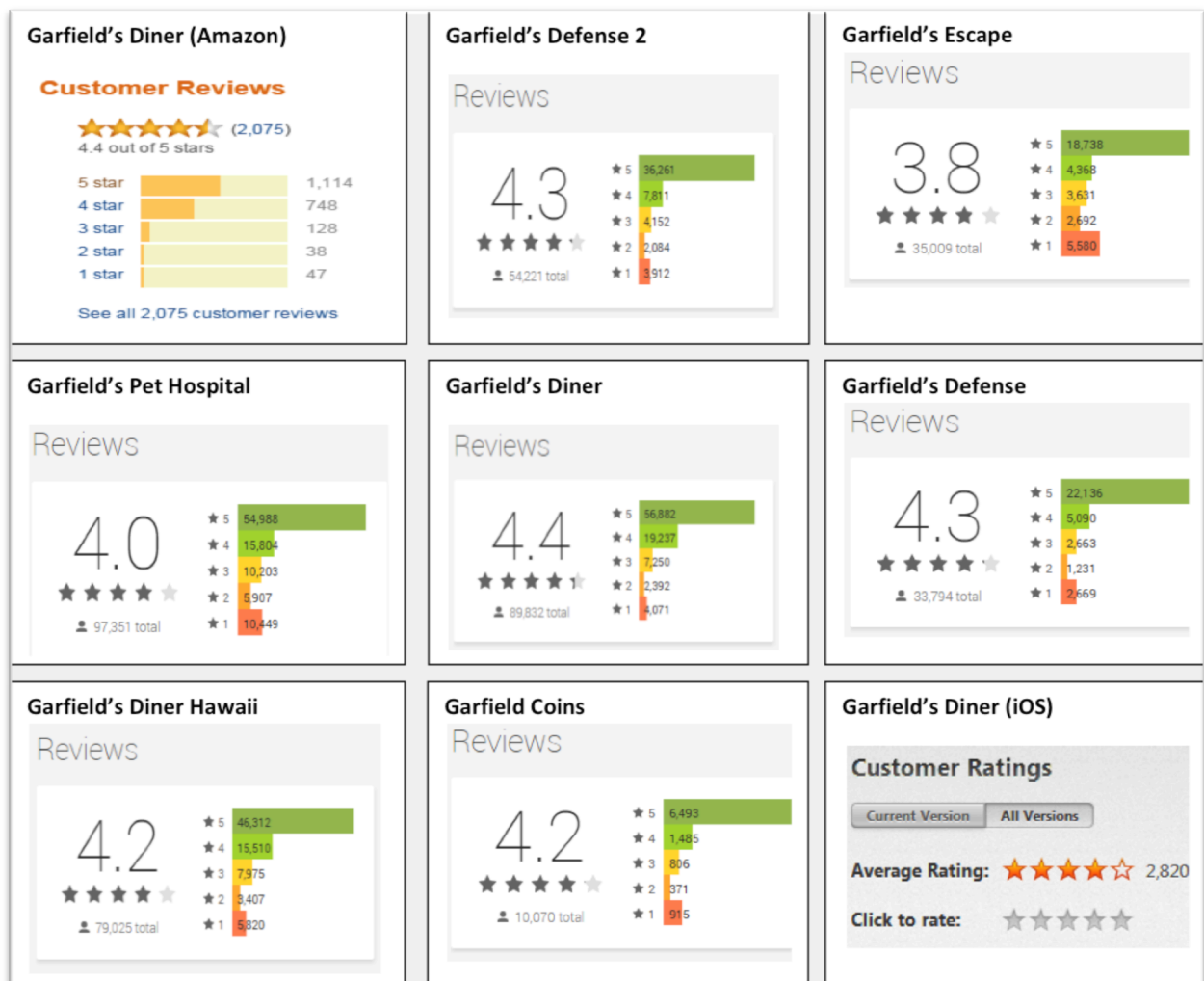


Figure 6: various user rating scores for Garfield games by Animoca Brands; unless otherwise indicated, ratings are for Google Play.



## **MODULAR DEVELOPMENT APPROACH**

Animoca Brands creates the majority of its games through a modular development approach. This means Animoca Brands uses as many off-the-shelf software components as possible in order to simplify and shorten the timeline and cost of the development process. Those software components can be third party tools, such as Chukong Technologies' Cocos 2DX or Unity Technologies APS' Unity, or tools developed in-house by the Animoca Brands team, such as specific game engines. The company mixes and matches game engines and software components with graphical elements (either original or based on licensed IP) to assemble the final game. This modular approach allows Animoca Brands to launch games at relatively lower cost and in relatively shorter time than developers who create content and gameplay from scratch each time. It also means that Animoca Brands is able to produce a larger number of game titles each year than most studios that do not follow this approach; Animoca Brands refers to this volume strategy as its "portfolio approach" or "app portfolio theory".

## **PORTFOLIO APPROACH**

Similar to the modern portfolio theory in economics for which Harry Markowitz won the 1990 Nobel Memorial Prize in Economic Sciences, Animoca Brands subscribes to an "app portfolio theory." This means that the company maintains a large portfolio of games, spread across different genres and targeting different demographics, regions, and device types, thus diversifying risk across the entire portfolio. This contrasts markedly with the "hit driven" approach taken by most development studios, an approach which requires heavy sequential investment, in essence betting a substantial amount of capital on major productions that need to achieve significant success in order to break even. Animoca Brands believes that predicting a hit game in advance is extremely difficult and that, therefore, the best way to build long term value is to diversify risk and keep costs low; both of these objectives are met thanks to Animoca Brands' modular development approach, enabling it to launch a greater volume of games and so build a portfolio that is less dependent upon expensive "hits". The downside of the portfolio approach is that it fragments marketing spend across a greater number of titles, and to offset this problem Animoca Brands leverages a library of IP-based games, with existing audiences of consumers (meaning a reduced need for marketing spend to attract new users). Rather than taking what it considers a risky approach in the form of the hit-driven business model, Animoca Brands focuses on high product volume and cost suppression on the basis that a greater number of games translates to better opportunities for a hit to occur naturally.

## **PUBLISHING**

Animoca Brands, in addition to developing its own games, also licenses games from third parties to publish. Third parties develop games, often for limited geographic distribution (such as their home country), and then look for publishers to help them publish their games in other territories (some developers even choose to outsource all of their publishing). As the publisher, Animoca Brands assists in localisation, which can range from simple translation to advising on a wide array of feature customisation based upon local tastes (for example, altering a Western theme to an Asian one). The publisher is typically responsible for bearing marketing and particularly user acquisition costs. The net revenues of the game are usually shared between the publisher and the developer. Revenue sharing arrangements vary widely depending upon the territories involved, the history of the game and developer, the anticipated marketing budget, and other factors. Publishing games on behalf of third parties allows Animoca Brands to launch more games than it is able to produce itself, increasing the volume in its portfolio strategy. It also allows Animoca Brands to leverage its considerable experience with distribution and marketing partners all over the world, while at the same time benefiting from exposure to the creativity of external development teams. Lastly, Animoca Brands can also leverage its existing portfolio of IP in working with publishing partners; for example, in cases where Animoca Brands oversees the creation of a new game based on an existing game by a third-party developer combined with branded IP licensed by Animoca Brands. This is

different from sub-licensing, as Animoca Brands oversees and publishes the title, whereas in a sub-licence, the sub-licensee would perform the majority of the work and collect the majority of the revenues.

## **CASUAL / SOCIAL GAMING**

Animoca Brands is particularly well-known for its successful games in the casual game segment, which is especially favoured by female gamers. Game genres are often categorised into casual, midcore, and hardcore games, which can loosely be defined by the amount of time players spend playing them. Casual games tend to be characterised by a large volume of players who play for short periods of time and spend relatively little money (if any), while hardcore games tend to attract players who play for longer periods of time each game session and spend relatively more money; midcore games fall in the middle of this spectrum. Hardcore games typically have significantly fewer players, and casual games the most by far. Social games are usually casual products (although they can also be midcore and hardcore) that typically have some networking capabilities via social media, allowing players to play against their friends, interact with them, or somehow benefit from socialising their gameplay. The most successful casual and social game of 2013 including by revenues was *Candy Crush*, the match-three game by King.com Ltd., and the most successful game of 2013 by revenues was *Puzzles & Dragons* by GungHo Online Entertainment Inc., which mixed casual match-three gameplay with hardcore role-playing game mechanics. Many of the characters which Animoca Brands licenses, such as Garfield and Doraemon, have broad appeal and are therefore ideal for use in casual and social games.

## **GLOBAL DISTRIBUTION**

Animoca Brands is based in Hong Kong and distributes its mobile games globally via various app stores. The largest app stores with the broadest geographic distribution are the iTunes app store operated by Apple (NASDAQ: AAPL) and the Play Store operated by Google (NASDAQ: GOOG). Games sold through these two stores account for the majority of revenues earned by Animoca Brands. Other major app stores that Animoca Brands works with are typically strongest in only single countries, such as Amazon's (NASDAQ: AMZN) App Store in the U.S. and SK Telecom's (NYSE: SKM) T-Store in Korea. China has a myriad of app stores such as those operated by Tencent Holdings Limited (SEHK: 700), Baidu Inc. (NASDAQ: BIDU), and Qihoo 360 Technology Co. Ltd. (NYSE: QIHU), and distribution there is very complex. Animoca Brands has only recently begun publishing in China. The app stores are responsible for merchandising, the cost of hosting the store and the apps, software delivery, and processing the payments made by users. In exchange, the app stores levy a platform fee, which is typically 30% of gross revenues paid by a user.

### **(b) Black Fire Minerals Current Operations**

Black Fire Minerals currently holds interests in three key projects being:

- a 100% interest in the Pilot Mountain Tungsten-Copper Project in Nevada, USA (**Pilot Mountain Project**).  
On 12 September 2014, the Company entered into a Share Sale Agreement with dual ASX and AIM listed company Thor Mining Plc (**Thor**) pursuant to which the Company agreed to sell all of its shares in Black Fire Industrial Minerals Pty Ltd (**Industrial**) to Thor, effectively disposing of the Pilot Mountain Project to Thor, in consideration for the issue by Thor to the Company of 418,750,000 CHESS Depository Interests (**CDIs**) at a deemed issue price of 0.4 cents per CDI, equivalent to \$1,675,000 (**Thor Transaction**). As part of that transaction, Thor will also assume the Company's debt obligation of \$625,000 (including accrued interest) which was secured from a consortium of lenders in March 2014, to complete the acquisition of 45 mineral claims at Pilot Mountain from Pacific Gold Corp. Inc (**Debt**). The consideration payable by Thor for the Thor Transaction as outlined above takes into account the novation of the Debt to Industrial.



Although the Thor CDIs will be subject to a 12 month escrow period from completion, it is intended, subject to Shareholders passing Resolution 3 at the meeting to be held on or about 23 October 2014, that these will be distributed to the Shareholders who are registered with the Company's share registry on the record date, 30 October 2014 (subject to a Holding Lock) by in specie distribution following completion of the Thor Transaction.

The Thor Transaction is subject to various conditions precedent, including that Shareholders pass Resolution 2 at the meeting to be held on or about 23 October 2014.

- a 100% interest in the Mystique Gold Project, E28/1915, an exploration licence in the Albany/Fraser Range region of Western Australia via its wholly owned subsidiary Black Fire Gold Pty Ltd (**BFG**). In October 2014, the Company conducted various rehabilitation works over the licence prior to making formal application to relinquish the licence. The Company has written down its investment in the Mystique Gold Project to \$Nil.
- a 27% indirect interest in the Kangeshi Copper-Silver Project (**Kangeshi Project**) located in the Democratic Republic of Congo (**DRC**).

In July 2011, the Company entered into an agreement with Canadian private company, Rift Valley Minerals Ltd (**RVM**) and private DRC company, TSM Enterprise s.p.r.l. (**TSM**) for the acquisition of up to a 54% effective equity in the Kangeshi Project. Initially, the Company earned a 27% interest in RVM by contributing \$1m in equity to facilitate a drilling program at Kangeshi. Unfortunately, upon mobilisation of the drilling equipment for this program, the DRC Government imposed a forestry restriction over the licence, effectively preventing any activities within the licence. The Project has remained dormant since this time and the Company has written down its investment in RVM to \$Nil. Furthermore, the Company will not be exercising its remaining Option interests over RVM or TSM.

In August 2014, the Company received notification from RVM that the DRC Ministry of Mines had issued a notice effectively cancelling the Kangeshi exploration and mining permit. Furthermore, the directors of RVM have also advised the Company of their decision to dissolve RVM and disperse any remaining assets back to its shareholders, including the Company. The Company has been notified that the dispersal of RVM's remaining assets will be by way of an allocation of 423,946 shares in unlisted Canadian corporation Clairmont Metals Corporation.

The Company is in the process of divesting or relinquishing its exploration interests as noted above (**Black Fire Minerals Pre Offer Restructure**), with the intent of maximising benefits to current and future shareholders and enabling the Company to focus on the acquisition of Animoca Brands and the development of its mobile games business. The Company does not have any expenditure commitments, other than wind up costs as provided for in the balance sheet, in relation to the exploration interests.

If the Thor Transaction does not complete, the Company will seek other opportunities to divest the subject exploration interests whether by farm-in arrangement or outright sale of those interests.

## PROJECT AND DEVELOPMENT PROGRAMMES

The main initial focus for the Company post Acquisition will be to continue to develop and publish mobile games targeting a global consumer audience. The majority of the Company's planned expenditure over the next two years will be applied to the development and marketing of mobile games, with a portion to be allocated towards the acquisition of licensed rights. Those licensed rights may include both licensed IP of existing media properties, such as films, print animation, sports, and other characters from popular culture for which Animoca Brands can develop games, as well as the rights to games developed by third parties which Animoca Brands would like to publish.

Funds (net of costs) raised from this Offer will be used as follows:

Based on the Minimum Subscription Amount of \$2,400,000:

Offering Expenses:	\$583,634
Acquisition of licensed intellectual property:	\$500,000
Acquisition of publishing rights:	\$250,000
Marketing & Working Capital:	\$1,831,587
Total:	\$3,165,221

Note that the expenses listed above will in part be satisfied by existing cash holdings owned by the Company prior to the completion of the offer.

Based on the Maximum Subscription Amount of \$5,000,000:

Offering Expenses:	\$733,763
Acquisition of licensed intellectual property:	\$1,000,000
Acquisition of publishing rights:	\$1,000,000
Marketing & Working Capital:	\$2,203,998
Total:	\$4,937,761

Note that the expenses listed above will in part be satisfied by existing cash holdings owned by the Company prior to the completion of the offer.



# Section 3: Risks

## 3.1 Introduction

**The risks contained both in the Investment Overview and this Section 3 should be considered carefully by potential investors**

The Shares offered under this Prospectus should be considered speculative because of the nature of the commercial activities of the Company. Whilst the Directors commend the Offer, potential investors should be aware that an investment in the Company involves risks, which may be higher than the risks associated with an investment in other companies.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's activities and its proposed involvement in the mobile games industry. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed activities of the Company.

Persons considering whether or not to invest in the Company should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to apply for Shares. Prospective investors should consider whether the Shares offered are a suitable investment for them having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. If in any doubt, they should consult with their professional advisers before deciding whether to apply for Shares.

The following, which is not exhaustive, identifies some of the major risks associated with an investment in the Company, of which potential investors need to be aware before making a decision on whether or not to invest in the Company's Shares.

## 3.2 Key Risks

**The Key Risks identified in the Investment Overview Section of the Prospectus are as follows:**

- Operating Experience and Reliance on Key Personnel Risk;
- Reliance on Third Party Providers Risk
- Reliance of Related Party Provider Risk
- Regulatory Risk;
- Market Risk; and
- Competition Risk

***INVESTORS SHOULD NOTE THAT DETAILS RELATING TO THESE RISK FACTORS APPEAR IN THE INVESTMENT OVERVIEW AND HAVE NOT BEEN REPEATED IN THIS SECTION***

## 3.3 Risks

The future performance of the Company and the future investment performance of the Shares may be influenced by a range of factors. Some of these factors can be mitigated. However, many are outside the control of the Board and the Company. Prior to making any decision to accept the Offer, investors should carefully consider the following general and specific risk factors applicable to the Company:

### (a) Specific Risk Factors

There are a range of specific risks associated with the Company's business and its proposed involvement in the mobile games industry. The following list of specific risk factors ought not to be taken as exhaustive. The risk factors referred to in this Section 3, and others not specifically referred to, may in the future materially affect the financial performance of the Company and the value of the Shares to be offered under this Prospectus.

- *IP Risk*

Any inability to effectively protect Animoca Brands' intellectual property could harm its competitive position. There is a risk that the Company will need to undertake expensive litigation to protect its intellectual property from infringement.

Animoca Brands' existing and future licensing arrangements may be affected by the failure or default of any of the contracting parties.

The mobile games industry, particularly in China, is susceptible to piracy, and if competitors are successful in copying Animoca Brands' intellectual property, this piracy may have an adverse impact on Animoca Brands' ability to market genuine products, and the legal remedies available may be insufficient to remedy the damage done by the pirates.

Litigation, or other proceedings, or third party claims of intellectual property infringement could require the Company to spend significant time and money and could prevent it from selling its products or services.

No formal valuation has been completed of the intellectual property of Animoca Brands. The Company makes no representation as to the value of the Animoca Brands intellectual property. It is recommended that impending investors and their advisors should make their own assessment as to the value of the Animoca Brands intellectual property.

- *Alliance Risk*

Animoca Brands has agreements with a variety of intellectual property holders to utilize their intellectual property in its products. There is the risk that licences may be terminated or not renewed upon expiry (further details of risks associated with the Company's licensing and other operating arrangements are outlined in the Material Contracts Sections 6.3 and 6.4. Should Animoca Brands not be able to renew the majority of these agreements, it may have an adverse impact on the financial position of Animoca Brands.

If the payment and marketing partners of Animoca Brands make material changes to their policies, this may adversely affect Animoca Brands' revenues.

- *Increased Costs Risk*

Mobile advertising is in its infancy, and as the market for mobile advertising matures, the cost of purchasing mobile advertisements will increase. This increase may have an adverse impact on Animoca Brands' ability to effectively market its mobile games to consumers if it can no longer afford to utilize adequate marketing channels.

At the time of this Prospectus, the majority of revenues in the mobile game industry come from the in-app purchase of virtual items, which are subject to commissions levied by the dominant global platforms operated by Apple and Google. There exists a risk that Apple and Google decide to increase these commission rates and thereby increase Animoca Brands' cost of sales.

- *Shortage of Funding*

The Company's operating results may vary significantly from period to period, and it may not be able to sustain operating profitability.

If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out further product development and/or marketing. Any additional financing through share issues may dilute shareholdings acquired under this Prospectus. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations.

Animoca Brands is currently operating at a loss, and if Animoca Brands does not have access to capital in future, either from investors or operating cash flow, Animoca Brands may not have sufficient funds to meet its obligations.



Animoca Brands may not be able to raise funds in the future.

- *Technology Risk*

The mobile games industry is subject to rapid technological change, which may adversely affect Animoca Brands' prospects if new technologies replace those that have been historically used by Animoca Brands or its partners and customers.

- *Product Risk*

Animoca Brands may not be successful in designing games in the future that are popular and engaging with consumers, and if the attractiveness of its games is not adequate, consumers may not choose to spend money in Animoca Brands' games, thereby adversely affecting the financial position of Animoca Brands.

Animoca Brands' business model is dependent upon Animoca Brands' ability to launch and market new mobile games on a regular basis, and the risk exists that if Animoca Brands fails to launch new games, the revenues for existing games will decline and adversely impact the financial position of Animoca Brands.

Animoca Brands' games may contain defects in code or design that adversely impact player experiences, resulting in an adverse effect on revenues.

Animoca Brands may not always be able to adhere to a specific timetable for the launch of games, and this may adversely affect Animoca Brands' ability to generate revenues from those games.

- *Damage to Reputation and Key Brands Risk*

If the quality of Animoca Brands' games does not meet its customers' expectations, then its reputation could suffer and ultimately its sales and operating earnings could be negatively impacted.

- *Chargeback Risk*

Chargebacks, in which consumers request refunds from their credit card companies for purchases made (either fraudulent or otherwise), may adversely affect Animoca Brands' revenues.

- *Release of Escrow*

A significant sale of Consideration Shares by the Animoca Brands Vendors (or any of them) after the end of the escrow period referred to in the Investment Overview Section of this Prospectus, or the perception that such a sale has occurred or might occur, could adversely affect the price of the Shares.

**(b) General Risk Factors**

- *Share Market Conditions*

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as general economic outlook, movements in, or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors, press newspaper and other media reports and the demand for, and supply of, capital. Investors should recognise that once the Shares are listed on ASX, the price of the Shares may fall as well as rise. Many factors will affect the price of the Shares including those listed above.

- *Foreign Exchange Risk*

Animoca Brands operates globally, and its products are denominated in a variety of currencies depending upon the country in which they are available for sale. The risk exists that fluctuations in the exchange rate to the US dollar may adversely affect Animoca Brands' financial position.

Doing business internationally creates operational and financial risks for the Company and exposes it to risks related to taxation in multiple jurisdictions.

- *Accounting Standards*

Changes in accounting standards and subjective assumptions, estimates, and judgements by management related to complex accounting matters could significantly affect the Company's financial results or financial conditions.

- *Taxation Risks*

Animoca Brands operates globally, and the risk exists that tax policies in the countries where Animoca Brands operates may change so as to adversely affect the profitability of Animoca Brands' operations.

- *Operational Risks*

The Company is exposed to a number of risks beyond its control, such as industrial actions and disputes or unusual or unexpected events such as fires or other accidents.

There may be difficulties with obtaining government and/or third party approvals, unexpected shortages or increase in the price of consumables, plant and equipment.

The Company's operations may be adversely affected by higher than anticipated costs or worse than anticipated fluctuations in prices and currencies.

No assurance can be given that the Company will achieve commercial viability through development of any of its games or intellectual property.

- *Government Policy*

The Company may be affected by changes to government policies and legislation, and taxation. Changes in Government policies, taxation and other laws can have a significant influence on the outlook for companies and the return to investors. The Company's products could be subject to government regulation, and the regulatory approval and maintenance process for such products may be expensive, time-consuming, and uncertain both in timing and in outcome.

- *Insurance Risks*

The Company does, wherever practicable and economically advisable, utilise insurance to mitigate business risks. Such insurance may not always be available or may fall outside the scope of insurances cover. In addition, there remains the risk that an insurer defaults in the payment of a legitimate claim by the Company.

- *Litigation*

Litigation brought by third parties including but not limited to customers, partners, suppliers, business partners or employees could negatively impact the business in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance.

- *Economic Risks*

The performance of Animoca Brands is likely to be affected by changes in economic conditions. Profitability of the business may be affected by some of the matters listed below:

1. future demand for mobile games;
2. general financial issues which may affect policies, exchange rates, inflation and interest rates;
3. deterioration in economic conditions, possibly leading to reductions in spending and other potential revenues which could be expected to have a corresponding adverse impact on Animoca Brands' operating and financial performance;
4. the strength of the equity and share markets in Australia and throughout the world;
5. financial failure or default by any entity with which Animoca Brands may become involved in a contractual relationship;
6. industrial disputes in Hong Kong and overseas;
7. changes in investor sentiment towards particular market sectors;



8. the demand for, and supply of, capital; and
9. terrorism or other hostilities.

- *Other General Risks*

Other general risks associated with investment in the Company may include:

- fluctuation of the price at which the Company's shares trade due to market factors; and
- price volatility of the Company's shares in response to factors such as:
  - additions or departures of key personnel;
  - litigation and legislative change;
  - press newspaper or other media reports; and
  - actual or anticipated variations in the Company's operating results.

## Summary

This investment is regarded as highly speculative. Neither the Company nor its Directors nor any other party to be associated with the preparation of this Prospectus warrants that any specific objective of the Company will be achieved or that any particular targets of the Company will be achieved.

# Section 4: Independent Limited Assurance Report



Black Fire Minerals Limited  
C/- HLB Mann Judd (SA) Pty Ltd  
169 Fullarton Road  
Dulwich SA 5065

Animoca Brands Corporation  
Unit 411-415, Cyberport 1  
100 Cyberport Road, Pokfulam  
Hong Kong

22 October 2014

Dear Directors

## *Investigating Accountant's Report*

### ***Independent Limited Assurance Report on the pro forma historical financial information of Black Fire Minerals Limited (to be renamed "Animoca Brands Corporation Limited") and Financial Services Guide***

We have been engaged by Blackfire Minerals Limited (the Company) and Animoca Brands Corporation (Animoca Brands) to report on:

- Historical financial information for the Company, being the
  - historical consolidated revenues and net profits after tax for the years ended 31 December 2011, 2012 and 2013 (**Historical Results**);
  - consolidated statement of financial position as at 31 March 2014 (**Historical Balance Sheet**);(the **Historical Financial Information**).
- Pro-forma historical financial information for the Company, being the:
  - pro-forma historical consolidated income statements for the years ended 31 December 2011, 2012, 2013 and the three months ended 31 March 2013 and 2014 (**Pro Forma Historical Results**); and
  - pro-forma consolidated statement of financial position as at 31 March 2014 (**Pro Forma Historical Balance Sheet**).(the **Pro Forma Historical Financial Information**).

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**PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
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for inclusion in the Prospectus dated on or about 22 October 2014 and relating to the issue and sale of ordinary shares in the Company.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

## **Scope**

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of the Company included in the Prospectus:

### **Historical Financial Information:**

- historical consolidated revenues and net profits after tax for the years ended 31 December 2011, 2012 and 2013 (**Historical Results**);
- consolidated statement of financial position as at 31 March 2014 (**Historical Balance Sheet**);

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The historical financial information has been compiled from the audited financial reports of Blackfire Minerals Limited for the years ended 30 June 2011, 2012, 2013 and 2014, the reviewed half year periods ended 31 December 2011, 2012 and 2013 and unaudited management information for the three month period ended 31 March 2014. The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

### **Pro forma historical financial information:**

- pro-forma historical consolidated income statements for the years ended 31 December 2011, 2012, 2013 and the three month periods ended 31 March 2013 and 2014 (**Pro Forma Historical Results**); and
- pro-forma consolidated statement of financial position as at 31 March 2014 (**Pro Forma Historical Balance Sheet**).

The pro forma historical financial information has been derived from the historical financial information of Blackfire Minerals Limited and Animoca Brands, after adjusting for the effects of pro forma adjustments described in Sections 5 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 5 of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information.

Due to its nature, the pro forma historical financial information does not represent the Company's

actual or prospective financial position, financial performance, and/or cash flows.

### ***Directors' responsibility***

The directors of the Company are responsible for the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information, pro forma historical financial information that are free from material misstatement.

### ***Our responsibility***

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and the Pro Forma Historical Financial Information, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

### ***Conclusions***

#### ***Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Company, as described in Section 5 of the Prospectus, and comprising:

- historical consolidated revenues and net profits after tax for the years ended 31 December 2011, 2012 and 2013 (**Historical Results**);
- consolidated statement of financial position as at 31 March 2014 (**Historical Balance Sheet**);

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.



### *Pro Forma Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in Section 5 of the Prospectus, and comprising:

- pro-forma historical consolidated income statements for the years ended 31 December 2011, 2012, 2013 and the three month periods ended 31 March 2013 and 2014 (**Pro Forma Historical Results**); and
- pro-forma consolidated statement of financial position as at 31 March 2014 (**Pro Forma Historical Balance Sheet**).

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company adopted accounting policies applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Sections 5 of the Prospectus, as if those events or transactions had occurred as at the date of the Pro Forma Historical Financial Information.

### *Restriction on Use*

Without modifying our conclusions, we draw attention to Section 5 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

### *Consent*

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

### *Liability*

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Prospectus.

### *Independence or Disclosure of Interest*

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

### ***Financial Services Guide***

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A. Parker', enclosed within a white rectangular box.

Andrew J Parker  
Authorised Representative of  
PricewaterhouseCoopers Securities Ltd





## Appendix A – Financial Services Guide

### PRICEWATERHOUSECOOPERS SECURITIES LTD

#### FINANCIAL SERVICES GUIDE

**This Financial Services Guide is dated 22 October 2014**

#### 1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Blackfire Minerals Limited and Animoca Brands Corporation (the **Company**) to provide a report in the form of an Investigating Accountant's Report in relation to the Financial Information (the "**Report**") for inclusion in the prospectus dated on or around 22 October 2014.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

#### 2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

#### 3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

#### 4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

## **5. Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to \$100,000 (excluding disbursements and GST).

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

## **6. Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. The Hong Kong firm of PricewaterhouseCoopers is the auditor of Appionics.

## **7. Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("FOS"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

## **8. Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Andrew J Parker  
Authorised Representative of  
PricewaterhouseCoopers Securities Ltd  
Darling Park, Tower 2  
201 Sussex Street  
Sydney NSW 2000  
GPO Box 2650  
Sydney NSW 1171

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# Section 5: Financial Information

## Introduction

The financial information contained in this Section 5 (Financial Information) comprises the following:

- Historical financial information for the Company, being
  - Historical consolidated revenue and net profit after tax for FY2011, FY2012 and FY2013 (**Historical Results**);
  - Consolidated statement of financial position as at 31 March 2014 (**Historical Balance Sheet**);

(the **Historical Financial Information**).

- Pro-forma historical financial information for the Company, being the:
  - pro-forma historical consolidated income statements for FY2011, FY2012, FY2013, 1Q FY2013 and 1Q FY2014 (**Pro Forma Historical Results**); and
  - pro-forma consolidated statement of financial position as at 31 March 2014 (**Pro Forma Historical Balance Sheet**).

(the **Pro Forma Historical Financial Information**).

Animoca Brands has historically prepared its financial information in United States dollars as its reporting currency. This policy will be implemented for the group following Completion of the Offer and unless otherwise indicated, the financial information included in this Section of the Prospectus is presented in United States dollars. 31 March 2014 is the latest available date for which consolidated income statement and balance sheet information for Animoca Brands (derived from the financial information of Appionics) is available.

## Basis and method of preparation

The Company is an incorporated Australian public company, formerly conducting operations in the mineral exploration industry. As part of the Black Fire Minerals Pre Offer Restructure, the disposal of the Company's Pilot Mountain Project exploration asset will be in-specie distributed (in the form of Thor Mining PLC CDI's as consideration for the disposal) to shareholders prior to the completion of the Offer. The Company's remaining assets will either be sold or surrendered prior to the completion of the Offer. Refer to Section 2 for further details of the Pre Offer Restructure.

The business of Animoca Brands has historically been conducted by Appionics, with the business transferred by Appionics on 1 August 2014 to Animoca Brands Limited (a company incorporated in Hong Kong as a wholly owned subsidiary of Animoca Brands on 20 November 2013). On 24 September 2014, the Company executed a formal Share Purchase Agreement to acquire Animoca Brands, from Appionics.

Under the terms of the Offer, the Company is offering to issue 12,000,000 Shares to raise A\$2,400,000 million, with a provision to accept oversubscriptions of up to a further 13,000,000 Shares to raise up to an additional A\$2,600,000. All Shares issued and transferred pursuant to this Prospectus will, from the time they are issued and transferred, rank equally. Refer to Section 1 for further details of the Offer.

The Financial Information has been reviewed and reported on by PricewaterhouseCoopers Securities Ltd (PwCS) as set out in the Independent Limited Assurance Report (**ILAR**) in Section 4. Investors should note the scope and limitations of the ILAR (refer to Section 4).

The Financial Information has been prepared in accordance with the measurement and recognition principles of Australian Accounting Standards (AAS), which are consistent with International

Financial Reporting Standards issued by the International Accounting Standards Board (IFRS). The Financial Information has been derived from the respective financial statements of Appionics and the Company. The financial statements of Appionics were prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The financial statements of the Company were prepared in accordance with AAS and IFRS. There are no material differences between financial information prepared in accordance with HKFRS, AAS and IFRS. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by AAS applicable to annual financial reports prepared in accordance with the Corporations Act. Animoca Brand's key accounting policies are set out in Appendix A.

The Financial Information presented in this Section 5 should be read in conjunction with the risk factors set out in Section 3 and other information contained in this Prospectus.

#### **Preparation of Historical Financial Information**

The Historical Financial Information presented reflects the Pre-Offer Restructure, a pro forma consolidation of Animoca Brands and assumes Completion of the Offer, as if those changes had taken place on 1 January 2011. The Historical Financial Information has been prepared as follows:

##### *Financial Years ended 31 December 2011, 31 December 2012 and 31 December 2013*

The financial information of the Company at 30 June 2011, 2012, 2013 and 2014 was audited by Ernst and Young who issued unqualified audit reports thereon with an emphasis of matter in relation to the Company's ability to continue as a going concern. The financial information of the Company as at and for the half year periods ended 31 December 2011, 2012 and 2013 was reviewed by Ernst and Young who issued unqualified review reports, which except for the period ended 31 December 2011, had an emphasis of matter in relation to the Company's ability to continue as a going concern. As the Company has a 30 June year end, the Company's financial information has been compiled to present the financial information at 31 December to be consistent with the presentation of Animoca Brands. Refer to figure 5.2 for a reconciliation of the Company's reported statutory financial information to the pro forma historical financial information. The financial information of Animoca Brands was derived from the financial statements of Appionics, which have been audited by PricewaterhouseCoopers Hong Kong who issued unqualified audit reports thereon. The pro forma historical consolidated income statements are based on the audited and reviewed financial information of the Company and Appionics.

##### *Periods ended 31 March 2013 and 31 March 2014*

The financial information of the Company was derived from the Company's financial statements for the years ended 30 June 2013 and 30 June 2014, which were audited by Ernst and Young and who issued unqualified audit reports thereon with an emphasis of matter in relation to the Company's ability to continue as a going concern. The financial information of Animoca Brands was derived from the financial statements of Appionics for the three months ended 31 March 2013 and 31 March 2014, which have been reviewed by PricewaterhouseCoopers Hong Kong who issued unqualified review opinions thereon. The pro forma historical consolidated income statements are based on the audited financial information of the Company and the unaudited reviewed financial information of Appionics.



### *Pro Forma Historical Balance Sheet*

The Pro Forma Historical Balance Sheet as at 31 March 2014 is based on the audited financial information of the Company at 30 June 2014, adjusted to reflect the impact of the Pre-Offer Restructure, the Offer of securities under this prospectus and the acquisition of Animoca Brands. In accordance with AAS, the business combination contemplated in the pro forma financial statements is referred to as a reverse acquisition. Animoca Brands is deemed to have acquired the Company and at the date of acquisition the assets and liabilities of Animoca Brands are recorded at book value and the assets and liabilities of the Company (excluding the investment in Animoca Brands after being translated to US Dollars) are recorded at fair value. The fair value of the consideration that Animoca Brands is deemed to have transferred to the Company is the market value of the Company's contributed equity at the date of the transaction. For the purpose of the Financial Information, a fair value of US\$5.7 million has been determined to reflect the deemed consideration. The excess of the consideration deemed to have been paid by Animoca Brands to acquire the Company (approximately US\$5 Million) over the fair value of the assets of the Company has been treated as a transaction cost and expensed in the pro-forma balance sheet.

Reconciliations of the audited Historical Financial Information of the Company to the Pro Forma Historical Financial Information are provided in Figure 5.2.

Pro forma historical cash flow information has not been prepared because Animoca Brands has not prepared historical pro forma balance sheets. In the absence of historical balance sheet information, the Directors do not believe that historical pro forma cash flow information would be meaningful.

Investors should note that past results do not guarantee future performance.

### **Explanation of certain non-International Financial Reporting Standards ("IFRS") financial measures**

Animoca Brands uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to in Section 5 as "non-IFRS financial measures" under Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC. The principal non-IFRS measures that are referred to in this Prospectus are as follows:

**Gross profit** is revenue less direct costs of generating revenue. Direct costs comprise of transaction fees, production costs and any associated publishing costs.

Although the Directors believe that these measures provide useful information about the financial performance of Animoca Brands, they should be considered as supplements to the income statement measures that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way Animoca Brands calculated these measures may differ from similarly-titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

**Figure 5.1: Pro Forma consolidated historical income statements**

The below sets out the summary pro forma consolidated historical income statements for FY2011, 2012, FY2013, 1Q FY2013 and 1Q FY2014.

	Year ended 31 Dec 2011 US\$	Year ended 31 Dec 2012 US\$	Year ended 31 Dec 2013 US\$	Quarter ended 31 Mar 2013 US\$	Quarter ended 31 Mar 2014 US\$
Revenue from operating activities	810,738	1,936,647	3,822,461	905,422	1,097,051
Cost of revenue from operating activities	(326,572)	(696,461)	(1,289,598)	(302,878)	(479,131)
<b>Gross Profit</b>	484,166	1,240,186	2,532,863	602,544	617,920
Employee benefits expense	(1,148,076)	(1,852,597)	(2,467,367)	(519,299)	(546,701)
Marketing expenses	(1,376,746)	(1,607,732)	(1,130,359)	(308,866)	(130,686)
Occupancy expenses	-	(92,543)	(204,111)	(49,839)	(47,748)
Other expenses	(147,450)	(386,608)	(197,252)	(48,493)	(57,583)
<b>Net loss before income tax expense</b>	(2,188,106)	(2,699,294)	(1,466,226)	(323,953)	(164,798)
Income tax expense	-	-	-	-	-
<b>Net Loss</b>	(2,188,106)	(2,699,294)	(1,466,226)	(323,953)	(164,798)



**Figure 5.2: Pro forma adjustments to the statutory income statements**

Figure 5.2 sets out the adjustments that have been made to the audited statutory historical income statements of the Company for FY2011, FY2012 and FY2013, primarily to reflect the Pre Offer Restructure and the acquisition of Animoca Brands as if they had taken place as at 1 January 2011, and the full year impact of the operating and capital structure that will be in place following Completion of the Offer as if it was in place as at 1 January 2011. 1Q FY2014 and 1Q 2013 are not statutory periods for which the Company has prepared statutory results, accordingly no reconciliation has been prepared for those periods. The Company's results have been translated using an average rate an A\$/US\$ exchange rate of A\$1: US\$0.9679 (2013), US\$1.0358 (2012) and US\$1.0320 (2011).

	Year ended 31 Dec 2011 US\$	Year ended 31 Dec 2012 US\$	Year ended 31 Dec 2013 US\$
Statutory revenue for half year	59,129	28,082	2,903
Black Fire Minerals Ltd Jan - June revenue (1)	73,543	73,430	8,589
<b>Black Fire Minerals Ltd total revenue</b>	<b>132,672</b>	<b>101,512</b>	<b>11,492</b>
Pro forma impact of administration associated with previous exploration activities (5)	(132,672)	(101,512)	(11,492)
Pro forma impact of Animoca Brands acquisition (2)	810,738	1,936,647	3,822,461
<b>Pro forma revenue</b>	<b>810,738</b>	<b>1,936,647</b>	<b>3,822,461</b>
Statutory Net Loss after tax for half year	(485,241)	(2,072,584)	(230,467)
Black Fire Minerals Ltd Jan - June net loss after tax (1)	(992,505)	(2,079,751)	(722,554)
<b>Black Fire Minerals Ltd net loss after tax</b>	<b>(1,477,746)</b>	<b>(4,152,335)</b>	<b>(953,021)</b>
Pro forma impact of cessation of exploration activities (3)	349,614	3,088,735	262,087
Pro forma impact of disposal of available-for-sale investments (4)	(296,907)	126,157	245,682
Pro forma impact of administration associated with previous exploration activities (5)	1,195,944	703,432	203,688
Pro forma impact of acquisition of Animoca Brands (2)	(1,959,011)	(2,465,283)	(1,224,662)
<b>Pro forma Loss</b>	<b>(2,188,106)</b>	<b>(2,699,294)</b>	<b>(1,466,226)</b>

The pro forma adjustments made to the Statutory Historical Financial Information of the Company reflect the following events and assumptions:

- 1. Black Fire Minerals Jan-Jun results** – The accounting year end of the Company is currently 30 June. After Completion of the Offer the accounting year end of the Company will be 31 December consistent with the year-end of Animoca Brands. This adjustment reflects a pro forma adjustment to the Company's reported half year results for the six months ended 31 December in each period to include the results for the prior six month periods ended 30 June in each period presented to provide a full 12 month result.
- 2. Pro forma impact of Animoca Brands acquisition** – Represents a pro forma adjustment to record the pre-acquisition results of Animoca Brands.
- 3. Pro forma impact of cessation of exploration activities** – Represents a pro forma adjustment to remove the historical results associated with the Company's previous exploration activities (including impairment expenses and share of loss of exploration based associates).
- 4. Gains and losses associated with available-for-sale investments** – Represents a pro forma adjustment to remove historical gains and losses associated with the Company's historical investments in available-for-sale investments.
- 5. Administration income and expenses associated with exploration** – A pro forma adjustment to remove the interest income and administration costs (including salaries and associated office costs) incurred historically by the Company in conducting exploration activities.

#### **Consolidated historical balance sheet**

Table 5.3 below sets out the adjustments that have been made to the audited statutory historical balance sheet for the Company as at 31 March 2014 in order to prepare a pro forma consolidated historical balance sheet for Animoca Brands. These adjustments, discussed in the notes to Table 5.3, reflect the impact of the operating and capital structure that will be in place following Completion of the Offer as if they had occurred or were in place as at 31 March 2014. These adjustments have been reflected based on an A\$/US\$ exchange rate of A\$1: US\$0.8883.

#### **Pro Forma Adjustments Notes**

##### **1. Impact of the Pre Offer Restructure –**

As announced to the ASX on 10 June 2014, the Company has entered into an agreement to dispose of the Pilot Mountain Project to an ASX listed entity Thor Mining PLC, for the consideration of 418,750,000 CDI's in Thor and the assumption of the \$625,000 debt (including interest) secured against the project. The adjustment also reflects the in-specie distribution of these CDI's to Existing Shareholders of the Company. In addition, on 20 August 2014, the Company allotted a total of 54,000,000 fully paid ordinary shares in the Company (pre-consolidation) at an issue price of AU\$0.015 per share. In doing so, the Company incurred capital raising fees of AU\$52,878. Finally, on 24 July 2014 the Company disposed of its available for sale shares investment in Rift Valley Resources Ltd for a consideration of AU\$37,500.

##### **2. Impact of the Acquisition –**

The Company as consideration for the acquisition of Animoca Brands is to issue 75,000,000 fully paid ordinary shares (having a notional value of AU\$0.20 per share post consolidation), 30,000,000 Class A Performance Shares and 15,000,000 Class B Performance Shares. All shares to be issued are quoted post consolidation, following the consolidation of the Company's capital on a 1 is for 13.33~ basis. As the Performance Shares potentially convert into a variable number of shares in the Company, in accordance with accounting standards the fair value of these shares has been treated as a financial liability held at fair value through profit and loss. In accordance with AAS, the business



combination contemplated in the pro forma financial statements is referred to as a reverse acquisition. Under these rules, for accounting purposes Animoca Brands is deemed to have acquired the Company and at the date of acquisition the assets and liabilities of Animoca Brands are recorded at book value and the assets and liabilities of the Company are recorded at fair value. The fair value of the consideration that Animoca Brands is deemed to have transferred to the Company is the market value of the Company's contributed equity at the date of the transaction. For the purpose of the Financial Information, a fair value of US\$5.7 million has been determined to reflect the deemed consideration. The excess of the consideration deemed to have been paid by Animoca Brands to acquire the Company (approximately US\$[5] Million) over the fair value of the assets of the Company has been treated as a transaction cost and expensed in the pro-forma financial statements.

### 3. *Impact of the Offer and associated issue costs –*

The Company is offering under this Prospectus 12,000,000 shares at a price of AU\$0.20 per share to raise AU\$2,400,000, with an option to issue a further 13,000,000 Shares (or AU\$2,600,000) by way of oversubscriptions. In conjunction with the offer, the Company's brokers Taylor Collison Ltd is to be issued options with the exercise price AU\$0.20 and expiry date of 31 October 2017, with the number of options issued amounting to 2% of post completion capital (being 2,366,017 at the minimum subscription, or 2,626,017 including oversubscriptions). Finally, it has been assumed that the cost involved in the preparation and implementation of the Prospectus and the placement fee payable will be US \$518,442 at the minimum subscription and \$651,802 at the maximum subscription.

#### **Indebtedness and capitalisation**

The figure below sets out the indebtedness and capitalisation of Animoca Brands as at 31 March 2014, before and following Completion of the Offer.

##### **As at 31 March 2014**

	Prior to offer	Upon completion	
		Min Subscription	Max Subscription
Cash and cash equivalents (a)	10,000	2,950,545	5,260,125
	10,000	2,950,545	5,260,125

- a) As the performance shares to be issued by the Company are to be settled by the issue of equity securities rather than cash, these have not been reflected in the state of indebtedness and capitalisation table above.

#### **Liquidity and capital reserves**

Following Completion of the Offer, Animoca Brands' principal sources of liquidity consist of cash resources and cash flows from operations.

Animoca Brands expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs.

#### **Related Party transactions, contractual obligations and commitments**

A significant proportion of Animoca Brands' operating activities including its income, expenses and cash flows are transacted through wholly owned subsidiaries of Appionics. Animoca Brands has executed various agreements with related parties that will commit the Company to certain expenditure, including administration, shared office costs and marketing services. These agreements provide for expenditure to be incurred on an arms-length basis at commercial rates, with a contractual term of three years from execution. As the costs incurred under these agreements are variable in nature, the Company is unable to quantify its future commitments under these agreements. The Company's use of funds upon completion of the Offer is however noted in

the investment overview and it provides details of the intended cash flow commitments. A summary of these agreements is provided in section 6.

## **Management discussion and analysis of Historical Financial Information**

### **General factors affecting the operating results of Animoca Brands**

Below is a discussion of the main factors that affected Animoca Brands' operations and relative financial performance in FY2011, FY2012, FY2013 and 1Q FY2014. The discussion of these factors is intended to provide a brief summary only and does not detail all factors that affected Animoca Brands' historical operating or financial performance or everything which may affect Animoca Brands' operations and financial performance in the future.

#### **Revenue**

Animoca Brands generates revenue primarily through the sale of virtual items by way of micro transactions, where certain users pay for items and features that enhance their entertainment experience including extra lives, boosters and additional game content.

#### **Expenses**

Expenses comprise of:

- Employee benefits expense – Animoca Brands employs approximately 70 staff and incurs salary and welfare costs in relation to these employees, in addition to the directors fees included at these expenses;
- Marketing expenses – Animoca Brands (under the Mobile App Advertising Services Agreement set out in section 6 and via other third parties) incurs expenditure in relation to marketing its mobile apps, including advertising and publishing costs;
- Occupancy expenses – Animoca Brands (under the Office Services and Management Services Agreement set out in section 6) incurs expenses in relation to the rental of office facilities in Hong Kong, as well as the use of office equipment; and
- Other expenses – Animoca Brands incurs expenses primarily associated with the maintenance of a public Company, including accounting and administrative costs (under the Office Services and Management Services Agreement set out in section 6), the provision of share registry services, statutory costs levied by the Australian Securities Exchange and other shareholder related costs.

#### **Depreciation and Amortisation / Capital Expenditure**

The pro forma consolidated historical income statement does not include any costs associated with depreciation or amortisation. This is because under the Office Services and Management Services Agreement set out in section 6, the Company will be provided office equipment under a service charge arrangement, the costs of which are recorded in other expenses. .

#### **Seasonality**

The revenues of Animoca Brands are subject to seasonal variations. Typically, during the Christmas holidays and the summer break in Europe and North America, the Company experiences higher revenues. Conversely, during Spring and Autumn in North America and Europe, the Company experiences lower revenues. This is due to several factors, including the availability of new mobile devices (such as tablets and smartphones) being released during these periods, as well as holidays, where users of Animoca Brands apps tend to download and play more games during these periods.



## Tax

The primary jurisdictions in which Animoca Brands operates and their applicable corporate tax rates are:

Hong Kong – Tax on profits is levied at the rate 16.5%

British Virgin Islands – There is a zero-rate income tax regime for all BVI domiciled corporate entities.

Australia – Tax on profits is levied at the rate of 30%

## Foreign exchange

The majority of Animoca Brands' revenues and expenses are denominated in United States dollars or currencies linked to the United States dollar. Foreign exchange gains and losses recognised in the income statement arise from the translation of transactions in currencies other than the United States dollar which is the functional currency of Animoca Brands.

## Pro forma consolidated historical income statements: FY2012 compared to FY2011

The figure below sets out the summary pro forma consolidated historical income statements for FY2011 and FY2012

	Year ended 31 Dec 2011 US\$	Year ended 31 Dec 2012 US\$
Revenue from operating activities	810,738	1,936,647
Cost of revenue from operating activities	(326,572)	(696,461)
<b>Gross Profit</b>	<b>484,166</b>	<b>1,240,186</b>
Employee benefits expense	(1,148,076)	(1,852,597)
Marketing expenses	(1,376,746)	(1,607,732)
Occupancy expenses	-	(92,543)
Other expenses	(147,450)	(386,608)
<b>Loss before income tax expense</b>	<b>(2,188,106)</b>	<b>(2,699,294)</b>
Income tax expense	-	-
<b>Loss after income tax</b>	<b>(2,188,106)</b>	<b>(2,699,294)</b>

The key drivers of movements between the years ended 31 December 2011 and 2012 include:

- A 139% increase in revenue, relating to an increase in released Apps which resulted in increased revenue from users;
- A 17% increase in marketing costs, relating to a more efficient marketing spend as the Animoca Brands user base grew; and
- A 61% increase in employee benefits cost, relating to an increase in staff required to produce a greater number of apps.

### Pro forma consolidated historical income statements: FY2013 compared to FY2012

The figure below sets out the summary pro forma consolidated historical income statements for FY2013 and FY2012

	Year ended 31 Dec 2012 US\$	Year ended 31 Dec 2013 US\$
Revenue from operating activities	1,936,647	3,822,461
Cost of revenue from operating activities	(696,461)	(1,289,598)
<b>Gross Profit</b>	<b>1,240,186</b>	<b>2,532,863</b>
Employee benefits expense	(1,852,597)	(2,467,367)
Marketing expenses	(1,607,732)	(1,130,359)
Occupancy expenses	(92,543)	(204,111)
Other expenses	(386,608)	(197,252)
<b>Loss before income tax expense</b>	<b>(2,699,294)</b>	<b>(1,466,226)</b>
Income tax expense	-	-
<b>Loss after income tax</b>	<b>(2,699,294)</b>	<b>(1,466,226)</b>

The key drivers of movements between the years ended 31 December 2012 and 2013 include:

- A 97% increase in revenue, relating to an increase in released Apps and user base, resulting in increased revenue from users;
- A 30% decrease in marketing, relating to more efficient marketing spend as the Animoca Brands user based grew; and
- A 33% increase in employee benefits cost, relating to an increase in staff required to produce a greater number of apps.

### Pro forma consolidated historical income statements: 1Q FY2014 compared to 1Q FY2013

The figure below sets out the summary pro forma consolidated historical income statements for Q1 2012 and Q1 2013

	Period ended 31 Mar 2013 US\$	Period ended 31 Mar 2014 US\$
Revenue from operating activities	905,422	1,097,051
Cost of revenue from operating activities	(302,878)	(479,131)
<b>Gross Profit</b>	<b>602,544</b>	<b>617,920</b>
Employee benefits expense	(519,299)	(546,701)
Marketing expenses	(308,866)	(130,686)
Occupancy expenses	(49,839)	(47,748)



Other expenses	<u>(48,493)</u>	<u>(57,583)</u>
<b>Loss before income tax expense</b>	<u>(323,953)</u>	<u>(164,798)</u>
Income tax expense	<u>-</u>	<u>-</u>
<b>Loss after income tax</b>	<u>(323,953)</u>	<u>(164,798)</u>

The key drivers of movements between the quarter ended 31 March 2013 and 2014s include:

- Revenue increased 21% reflecting to an increase in released Apps and user base, resulting in increased revenue from users;
- A 58% decrease in marketing, relating to more efficient marketing spend as the Animoca Brands user based grew; and
- A flat employee benefits expense.

#### **Dividend Policy**

Refer to section 7.4 (g) in relation to the Company's dividend policy.

# Section 6: Material Contracts

Set out below are summaries of the more important provisions of contracts to which the Company is a party and which are or may be material in terms of the Offer or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Offer.

## 6.1 Share Purchase Agreement

On 22 September 2014 the Company entered into a Share Purchase Agreement with Appionics to acquire all the issued share capital of Animoca Brands in consideration for the issue to Appionics or its nominees of 1,000,000,000 fully paid ordinary shares (pre-Consolidation) (**Consideration Shares**), which shares will be subject to escrow restrictions for 12 months from completion of the Acquisition or such longer period as imposed by ASX, 400,000,000 A Class Performance Shares (pre-Consolidation) and 200,000,000 B Class Performance Shares (pre-Consolidation).

The material terms of the Share Purchase Agreement are as follows:

- (i) The conditions precedent to completion of the Acquisition are:
  - (a) the Company conducting due diligence in respect of Animoca Brands, its subsidiary (Animoca Brands HK) and the business and being satisfied in all respects with such due diligence;
  - (b) Appionics conducting due diligence in respect of the Company and its subsidiaries and being satisfied in all respects with such due diligence;
  - (c) each of the Company and Appionics obtaining all necessary shareholder and regulatory approvals, waivers or modifications for the transaction, including any approvals which may be required under Hong Kong legislation and any approvals or statements which may be required under the Foreign Acquisitions and Takeovers Act 1975 (Cth), and any approvals, waivers or modifications necessary to implement the transaction under the ASX Listing Rules and the Corporations Act;
  - (d) the Company obtaining Shareholder approval to consolidate its Shares on a 13.33333 to 1 ratio;
  - (e) the Company obtaining Shareholder approval to change its name to 'Animoca Brands Corporation Limited';
  - (f) the Company raising at least \$2.4 million and no more than \$5 million via a prospectus for the offer of 12 million ordinary shares (post-Consolidation) and no more than 25 million ordinary shares (post-Consolidation) at an offer price of at least \$0.20 each;
  - (g) the Company obtaining conditional approval (subject only to the imposition of conditions usual to such approvals) from ASX for its ordinary shares to be reinstated to quotation on ASX;
  - (h) Appionics being able to secure adequate insurance on acceptable terms so that the holders of the Consideration Shares are adequately protected from any claims or liability from the operation of the Company's business prior to Completion including any claims or liabilities in relation to taxation, litigation, occupational health and safety, industrial relations or environmental prosecution resulting from the operation by the Company of its mining and prospecting activities; and
  - (i) the Company not breaching any of the covenants in clause 9 of the Share Purchase Agreement (relating to the conduct of the Company's business in the ordinary course pending completion of the Acquisition).
- (ii) (**Completion**) Completion of the Acquisition will occur on the day that is five business days after the last of the conditions precedent is satisfied or waived (**Completion Date**).



- (iii) **(Changes to the Company's Board)** On the Completion Date, Matthew Sheldrick and Michael Billing will resign as Directors of the Company and Yat Siu, David Kim, Robert Yung, David Brickler and Richard Kuo will be appointed as Directors of the Company.
- (iv) **(Termination)** The Share Purchase Agreement can be terminated by the Company or Appionics (provided that party is not in default under the Share Purchase Agreement) in the event that the conditions precedent referred to in Section 6.1(i) of this Prospectus are not satisfied or waived by the Company within the timeframes as specified.

## 6.2 Executive Service Agreement – Lobson Chan

Animoca Brands HK and Lobson Chan entered into an Executive Service Agreement (**Agreement**) on 1 August 2014.

By the Agreement, Animoca Brands HK agrees to employ Lobson Chan as Chief Operating Officer of Animoca Brands HK, its affiliates and related companies (including Animoca Brands) for an indefinite period (subject to each party's rights to terminate) commencing on 1 August 2014.

Animoca Brands HK will pay Lobson Chan an annual salary of HK\$691,200. In addition, Lobson Chan is entitled to participate in Animoca Brands HK's rental reimbursement and insurance and medical benefits programs, and Animoca Brands HK will match Lobson Chan's contribution to a Mandatory Provident Fund, up to the limit mandated by the Mandatory Provident Fund Schemes Authority.

Animoca Brands HK will reimburse reasonable and necessary travel and other expenses properly incurred by Lobson Chan in or about its business.

The Company may terminate Lobson Chan's employment summarily because of, among other things, situations of wilful disobedience of a lawful and reasonable order, gross misconduct, gross incompetence, gross negligence, serious criminal offence, fraud and dishonesty.

Either party may terminate the Agreement on two months' notice to the other or provision of salary in lieu of notice.

## 6.3 Intellectual Property Licence Agreements - Development

### 6.3.1 Non-Exclusive Brand and Content Licence Agreement with Nippon Animation International Co., Ltd

On 27 May 2014 Animoca Brands HK entered into an agreement to licence the fictional character "Chibi Maruko-chan" and related characters (**Characters**) solely in connection with the design, development, production, advertising, marketing, promotion, distribution, commercialisation and monetisation (**Development**) of social gaming and mobile content applications featuring the Characters (**Apps**), with Nippon Animation International Co., Ltd, (incorporated in Japan) (as licensor) (**Licensor**) (**Licence**).

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

### 6.3.2 Non-Exclusive Brand and Content Licence Agreement with Ryo Taniguchi

On 9 May 2014 Animoca Brands HK entered into an agreement to licence all graphic designs owned or controlled by Ryo Taniguchi (**Licensor**) (**Property**) solely in connection with the design, development, production, advertising, marketing, promotion, distribution, commercialisation and monetisation (**Development**) of social gaming and mobile content applications featuring the Property (**Apps**), with the Licensor (**Licence**).

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

### 6.3.3 Garfield Licensing Agreement with Paws, Incorporated

On 30 August 2011 Totally Apps Holdings Limited (**Totally Apps**) entered into an agreement to licence the use of graphics, images, drawings and animations of “Garfield” and related characters (**Characters**) solely in connection with the development, licensing, distribution, marketing, and advertising (**Development**) of interactive entertainment software applications featuring the Characters (**Games**), with Paws, Incorporated (**Licensors**) (**Licence**).

Animoca Brands HK received an assignment of Totally Apps’ right, title and interest in the Licence pursuant to a Deed of Assignment dated 28 April 2014.

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

### 6.3.4 Non-Exclusive Brand and Content Licence Agreement with Tsuburaya Productions Co., Ltd

On 1 October 2012 Totally Apps Holdings Limited (**Totally Apps**) entered into an agreement to licence the use of “Ultraman” and related characters in the movie “Mega Monster Battle Ultra Galaxy – The Movie” (**Characters**) solely in connection with the design, development, production, advertising, marketing, promotion, distribution and monetisation (**Development**) of social gaming and mobile content applications (**Games**) featuring the Characters, with Tsuburaya Productions Co., Ltd (incorporated in Japan) (**Licensors**).

Animoca Brands HK received an assignment of Totally Apps’ right, title and interest in the Licence pursuant to a Deed of Assignment and Novation dated 1 June 2014.

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

### 6.3.5 Non-Exclusive Brand and Content Licence Agreement with Fujio Pro Co., Ltd., International Buyers Agents Ltd

On 7 August 2013 Totally Apps Holdings Limited (**Totally Apps**) entered into an agreement to licence the use of the fictional character “Doraemon” and related characters (**Characters**) in connection with the design, development, production, advertising, marketing, promotion, distribution, commercialisation and monetisation (**Development**) of a maximum number of 15 social gaming and mobile content applications featuring the Characters (**Apps**) each year during the term, with Fujiko F Fujio Pro Co., Ltd., (incorporated in Japan) (**Licensors**), International Buyers Agents Ltd (incorporated in Japan) (**Agent**) (**Licence**).

Animoca Brands HK received an assignment of Totally Apps’ right, title and interest in the Licence pursuant to a Deed of Assignment and Novation dated 24 April 2014.

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

## 6.4 Intellectual Property Licence Agreements - Publishing

### 6.4.1 iOS and Android Mobile Game Development and Publishing Agreement with Beijing Capital Holdings Ltd and BLUELAB Co., Ltd.

On 9 May 2014 Animoca Brands HK entered into an agreement to publish, operate, service, sell, distribute, commercialise and market, advertise, promote and use (**Exploit**) mobile game titles known as “Bluemoon” (**Games**) with Beijing Capital Holdings Ltd (incorporated in the British Virgin Islands) (as



licensor) (**Licensor**) and BLUELAB Co., Ltd. (incorporated in Republic of Korea) (as developer) (**Developer**) (**Licence**).

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

#### 6.4.2 Ragnarok Mobile Game Licence Agreement with Neocyon Inc

On 8 August 2013 Totally Apps Holdings Limited (**Totally Apps**) entered into an agreement to licence “Ragnarok” games (**Games**), with Neocyon Inc (registered in the Republic of Korea) (**Licensor**) (**Licence**).

Animoca Brands HK received a transfer and delegation of Totally Apps’ rights and obligations in the Licence pursuant to a First Amendment to Ragnarok Mobile Game Licence Agreement.

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

#### 6.4.3 iOS and Android Mobile Game Development and Publishing Agreement with Dakota Interactive LLC

On 18 November 2013 Animoca Brands HK entered into an agreement to publish, operate, service, sell, distribute, commercialise and market, advertise, promote and use (**Exploit**) mobile game titles known as “Hayride” (**Games**), with Dakota Interactive LLC (incorporated in the USA) (**Developer**) (**Licence**).

Animoca Brands HK received an assignment of Totally Apps’ rights, title and interest in the Licence pursuant to a Deed of Assignment and Novation.

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

#### 6.4.4 Licence Agreement with Yuguosoft

On 29 June 2012 Totally Apps Holdings (**Totally Apps**) entered into an agreement to licence the use of mobile game ‘Robo5’ in connection with the publishing, operating, servicing, selling, distributing, commercialising and marketing, advertising, promoting and using (**Exploiting**) iOS and Android versions of the Games, with Yuguosoft (incorporated in the People’s Republic of China) (**Licensor**) (**Licence**).

Animoca Brands HK received an assignment of Totally Apps’ rights, title and interest in the Licence pursuant to a Deed of Assignment and Novation dated 30 September 2014.

The material terms of the Licence, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Licence contains provisions which are usually found in licences of this nature relating to term, intellectual property rights, royalties, termination and confidentiality.

### 6.5 Agreements with Market Providers

In addition to the various licences it has been granted, Animoca Brands has entered into agreements with Apple Inc (**Apple**), Google Inc (**Google**) and Amazon (various entities) (**Amazon**). Each of the agreements is a standard form contract, accepted electronically by click, and Animoca Brands had no ability to negotiate the terms of any of the said agreements.

The agreements provide the terms upon which Animoca Brands (and any other third party that uses the Apple, Google and Amazon markets without separately negotiated agreements) is permitted to

publish and display for sale its apps on the platforms operated by Apple, Google and Amazon respectively.

The material terms of these Agreements, include information which is commercial in confidence and comprise trade secrets belonging to the parties. Accordingly, such information is not disclosed in this summary. The Agreements contain provisions which are usually found in agreements of this nature relating to term, intellectual property rights, royalties and/or fees, termination and confidentiality.

#### **6.6 Taylor Collison Mandate Letter**

By Letter Agreement dated 25 March 2014, the Company granted to Taylor Collison Limited (**Taylor Collison**) a non-exclusive mandate for the provision of corporate and financial services concerning the future activities of the Company (**Mandate**).

The Mandate outlines the basis upon which Taylor Collison agrees to provide corporate and financial services to the Company in the context of its proposed investment in Animoca Brands, and in particular, to set out the fee structure in the event of a successful acquisition, comprising a cash component of \$100,000, and Options equating to 2% of the issued capital of the Company (post Issue) to be issued to Taylor Collison (or its nominee) on the terms set out in Section 7.5(b) of this Prospectus, upon completion of the Acquisition.

Subject to completion of the Acquisition, the Company appoints Taylor Collison as sole Lead Manager to any capital raisings undertaken for a period of 12 months from 2 April 2014, including the Offer. The Company agrees to pay Taylor Collison a commission of 5% and a 1% management fee on funds raised.

The Company will also reimburse Taylor Collison for all disbursements and out-of-pocket expenses incurred.

Taylor Collison's appointment may be terminated by either party upon written notice being received by the other party.

The Company indemnifies Taylor Collison, its related companies and their directors, officers, employees and consultants in connection with their work performed under the Mandate.



# Section 7: Additional Information

## 7.1 Tax Status and Financial Year

The Company is taxed in Australia as a public company. The financial year of the Company ends on 30 June annually.

## 7.2 Corporate Governance

The Board of Directors is responsible for the corporate governance of the Company including its strategic development.

The Board of Directors acknowledges the Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) set by the Australian Securities Exchange (**ASX**) Corporate Governance Council. However in view of the Company's current size and extent of nature of operations, full adoption of the recommendations is currently not practical. The Board will continue to work towards full adoption of the recommendations in line with growth and development of the Company in the years ahead and particularly upon Completion of the Acquisition. Where the Company's framework is different to the Corporate Governance Principles and Recommendations set by the ASX Corporate Governance Council (**ASX Principles**), it has been noted.

Further, copies of the following corporate governance policies and charters adopted by the Board, are available on the Company's website: "[www.blackfireminerals.com.au](http://www.blackfireminerals.com.au)":

- Board Charter attaching:
  - Audit Committee Charter;
  - Nomination Committee Charter;
  - Risk Management Committee Charter; and
  - Remuneration Committee Charter
- Code of Conduct for Company Directors and Senior Executives
- Continuous Disclosure Policy
- Share Trading Policy
- Diversity Policy

A summary of the corporate governance practices as currently adopted by the Board is as follows:

### **Principle 1: Lay solid foundations for management and oversight**

*Recommendation 1.1 – Companies should disclose the respective roles and responsibilities of the Board and management, and those matters reserved to the Board and those delegated to management.*

*Recommendation 1.2 – Companies should undertake appropriate checks before appointing a person or putting forward a candidate for election as a director and provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

*Recommendation 1.3 – Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.*

*Recommendation 1.4 – Company secretaries should be accountable directly to the Board through the Chair on all matters to do with the proper functioning of the Board.*

*Recommendation 1.5 – Companies should have a diversity policy and should disclose at the end of each reporting period the measurable objectives for achieving gender diversity and the progress towards achieving those objectives.*

*Recommendation 1.6 – Companies should disclose the process for periodically evaluating the*

*performance of the Board, its committees and Directors, and in relation to each reporting period, whether a performance evaluation has been undertaken.*

*Recommendation 1.7 – Companies should disclose the process for periodically evaluating the performance of senior executives, and in relation to each reporting period, whether a performance evaluation was undertaken.*

The primary responsibilities of the Board as set out in the Company's Board Charter include:

- the establishment of the long term goals of the entity and strategic plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis; and
- ensuring that the entity has implemented adequate internal controls together with appropriate monitoring of compliance activities.

The Company's executive management currently comprises the Company Secretary (and following Completion of the Acquisition, Robert Yung as Managing Director) to whom the Board delegates (and will delegate) responsibilities as outlined contractually and as expected for these executive positions. The Company discloses the curriculum vitae of each Director in its Annual Report. These are also detailed in the Investment Overview Section of this Prospectus.

The Company:

- (a) conducts all relevant and appropriate checks before appointing a person or putting forward a candidate for election as a director and will provide all material information; and
- (b) has entered into a written agreement with the proposed Managing Director, Robert Yung, details of which are set out in the Investment Overview Section of this Prospectus.

The Company Secretary, Mr Donald Stephens, is directly accountable to the Board, through the Chair, as set out in the Company's Board Charter.

The Company has a Diversity Policy which documents the principles and commitment in relation to diversity upon which the Company forms and implements its recruitment and retention strategies for Board, management and workforce roles. Where practicable, the Company will address the guidance provided in the ASX Principles, and will report upon these issues in its annual reports.

The performance of the Board and senior executives is reviewed as part of the ordinary course of meetings of the Directors and is considered by Shareholders through the approval of Director appointments at the Annual General Meeting. The Company will report on the matters contemplated by Recommendations 1.6 and 1.7 in future annual reports.

Given the limited number of senior executives, their performance is (and will in the short term continue to be) reviewed annually by the Board as part of the ordinary course of meetings of the Directors.

As at the date of this Prospectus, there are the following departures from Principle 1:

Recommendation 1.5: The Company does not presently have measurable objectives for achieving gender diversity. The Company believes this policy to be appropriate at this time, but notes it uses diversity as a driver for staff recruitment.

## **Principle 2: Structure the Board to add value**

*Recommendation 2.1 – Companies should have a Nomination Committee which has at least 3 members, a majority of whom are independent and is chaired by an independent director.*

*Recommendation 2.2 – Companies should disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.*

*Recommendation 2.3 – Companies should disclose the directors considered by the Board to be independent and the length of service of each director and whether a director has an interest in,*



*position, association or relationship which the Board believes does not compromise the independence of the director.*

*Recommendation 2.4 – A majority of the Board should be independent directors*

*Recommendation 2.5 – The Chair should be an independent director and should not be the same person as the CEO of the Company.*

*Recommendation 2.6 – Companies should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain skills and knowledge needed to perform their role as directors effectively.*

The Board has adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Nomination Committee. Instead the function is undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. Upon completion of the Acquisition, it is proposed that the function of the Nomination Committee be incorporated into the Remuneration Committee (discussed at Principle 8). The committee post Acquisition will be Chaired by Mr Martin Green, with Directors Mr David Kim and Mr David Brickler additionally being members of the committee.

The skills, experience and expertise relevant to the position of Director and period of office held by each Director is disclosed within the Directors' report of the Company's Annual Report, and/or in the Investment Overview Section of this Prospectus.

The Board's policy is that the majority of Directors shall be independent, non-executive Directors. The composition of the Board currently does conform to its policy. Upon completion of the Acquisition, the composition of the Board will not conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. In accordance with the definition of independence, presently there are three Independent Directors currently on the Board. Upon completion of the Acquisition, it is proposed that the Board will consist of five Non-Executive Directors (including the Company's incoming Chairman Mr David Kim). Of these five Non-Executive Directors, three will be independent, namely Messrs David Brickler, Richard Kuo and Martin Green.

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. The Board notes the related party agreements that will govern a material portion of the businesses transactions to be undertaken post Acquisition (a summary of which is contained in Section 6). The Board will ensure that where a Director has a conflict in relation to these agreements (and indeed any other conflict), the Director will not participate in the decision making process in respect of those transactions.

Although the Company will not have a majority of independent Directors post Acquisition, the Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.

The incoming chairman is not an independent Director. The chairman is one of the non-executive Directors currently on the Board and given the size and nature of operations of the Company, this current status is considered appropriate. The Board's policy is that the chairman shall be independent and non-executive at a time when the size of the Company and its activities warrants such a position.

The Company's Board Charter sets out the Company's requirements for inducting new directors and provision of appropriate professional development opportunities. With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertaking in order to fulfil their duties and responsibilities as Directors.

As at the date of this Prospectus there are the following departures from Principle 2:

Recommendation 2.1: Due to the size of the Company's operations, nomination of new Directors is considered by the full Board and therefore the Company does not have a separate nomination committee. The Company notes however it is proposed that it will have a nomination committee post completion of the Acquisition (refer Principle 8 below).

Recommendation 2.5: The Company's incoming chairman is not independent. Given the size and nature of the operations of the Company, the composition of the Board is considered appropriate at this time.

**Principle 3: Act ethically and responsibly**

*Recommendation 3.1 – Companies should establish a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.*

The Company has established a Code of Conduct for Company Directors and Senior Executives to ensure that Directors and senior executives are provided with clear guidelines when performing their duties on behalf of the Company.

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, that Directors, officers and employees must:

- comply with the law
- act in the best interests of the Company
- be responsible and accountable for their actions, and
- observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

As at the date of this Prospectus, there are no departures from Principle 3.

**Principle 4: Safeguard integrity in corporate reporting**

*Recommendation 4.1 – Companies should have an audit committee which consists of at least 3 members all of whom are non-executive directors and a majority of whom are independent directors and the committee should be chaired by an independent director who is not the chair of the Board.*

*Recommendation 4.2 – The Board should have, before it approves the Company's financial statements, a declaration from the CEO and CFO that in their opinion the financial records of the Company have been properly maintained and they comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.*

*Recommendation 4.3 – Companies that hold an AGM should ensure that their external auditor attends the AGM and is available to answer questions relevant to the audit.*

Although the Board has adopted an Audit Committee Charter, the Company presently delegates the function of the Audit Committee to the full Board. This structure has been appropriate given the size and nature of the Company's operations. Upon completion of the Acquisition, it is proposed that the Company will form an audit committee with the members comprising of Mr Richard Kuo as Chairman and Mr David Kim and Mr Martin Green as members of the committee.

The Board has previously received a declaration from the Company Secretary and one other Non-Executive Board member that the financial records of the Company have been properly maintained and that they comply with accounting standards. The Company will consider the appropriate sign off of this declaration post Acquisition.

The Company's external auditors Ernst and Young attend all AGMs as required by the Corporations Act and are available at these meetings to answer any questions on the audit.

As at the date of this Prospectus, there are the following departures from Principle 4:



Recommendations 4.1 and 4.3 – As noted above, the Company does not presently have an audit committee, but it is intended that a committee be formed post Acquisition.

**Principle 5: Make timely and balanced disclosure**

*Recommendation 5.1 – Companies should establish written policies to ensure compliance with the disclosure obligations under the Listing Rules.*

The Company has established a Continuous Disclosure Policy.

The Board and Company Secretary have been appointed as the persons responsible for communications with the Australian Securities Exchange (ASX). These persons are also responsible for ensuring the compliance with the continuance disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX.

As at the date of this Prospectus, there are no departures from Principle 5.

**Principle 6: Respect the rights of shareholders**

*Recommendation 6.1 – Companies should provide information about themselves and their governance to investors via their websites.*

*Recommendation 6.2 – Companies should design and implement an investor relations program to facilitate effective two way communication with investors.*

*Recommendation 6.3 – Companies should disclose policies and processes they have in place to facilitate and encourage participation at shareholder meetings.*

*Recommendation 6.4 – Companies should give shareholders the option to receive communications from, and send communications to, the Company and the Share Registry electronically.*

The Board and the Company Secretary are responsible for the communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings. Due to the size of the Company, all communications are prepared and administered in-house.

The Company provides an update on its activities on a quarterly basis as required under the ASX Listing Rules.

As at the date of this Prospectus, there are no departures from Principle 6.

**Principle 7: Recognise and manage risk**

*Recommendation 7.1 – The Board should establish a risk management committee made up of at least 3 members, with a majority of independent directors and chaired by an independent director.*

*Recommendation 7.2 – The Board or a committee of the Board should review the risk management framework of the Company at least annually and disclose in relation to each reporting period whether that review has taken place.*

*Recommendation 7.3 – Companies should disclose if they have an internal audit function and if so how that function is structured and if not the processes employed for evaluating and continually improving the effectiveness of their risk management processes.*

*Recommendation 7.4 – Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and if so how they manage or intend to manage those risks.*

The Board has adopted a Risk Management Committee Charter, but given the present size of the Company and the nature of its activities, it has not formed a separate Risk Management Committee. Instead, the Board is responsible for the Company's system of internal controls. The Board constantly monitors the operation and financial aspects of the Company's activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial risks that face the Company.

It is proposed that the functions outlined in the Risk Management Committee Charter be incorporated into the Company's audit committee. The details of the audit committee are mentioned at Principle 4.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

The Company obtains statements from its Company Secretary that:

- the Company's financial reports present a true and fair view in all material respects, of the Company's financial condition and operational results are in accordance with the relevant accounting standards. Furthermore, the Board of Directors does, in its role, state to shareholders in the Company's accounts that they are true and fair, in all material respects;
- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board believes the Company's risk management and internal compliance and control procedures are operating efficiently and effectively in all material aspects appropriate for a company of Black Fire Minerals Limited's size and nature.

As at the date of this Prospectus, there are the following departures from Principle 7:

Recommendation 7.1: The Company does not presently have a Risk Management Committee. This is considered appropriate at the time given the nature and activities of the Company. As noted above, it is proposed that the functions of the Risk Management Committee be assumed by the Audit Committee.

#### **Principle 8: Remunerate fairly and responsibly**

*Recommendation 8.1 – The Board should establish a remuneration committee of at least 3 members, a majority of whom are independent and which is chaired by an independent director.*

*Recommendation 8.2 – Companies should separately disclose policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

*Recommendation 8.3 – Companies which have an equity based remuneration scheme should establish a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme.*

Although the Board has adopted a Remuneration Committee Charter, due to the Company's size and nature of operations, the Board is actively involved in ongoing remuneration policy. As a result, the functions ordinarily undertaken by a remuneration committee are undertaken by the Board of Directors of the Company. The Board plans to establish a remuneration committee as per the usual guidelines upon Completion of the Acquisition. This committee will comprise of Mr Martin Green as Chairman and Directors Mr David Kim and Mr David Brickler as members of the committee.

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following criteria for good executive reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency



- capital management

The remuneration structure for Directors, secretaries and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the Company operates
- the overall performance of the Company.

The Company does not have any scheme for retirement benefits, other than superannuation, for any Directors.

As at the date of this Prospectus, there are the following departures from Principle 8:

Recommendation 8.1: The Company does not presently have a Remuneration Committee. This is considered appropriate given the size and nature of the Company. It is however proposed that a committee be formed as noted above.

### **7.3 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company or Animoca Brands.

### **7.4 Rights Attaching To Shares**

The Shares to be issued under this Prospectus will rank equally with the issued fully paid ordinary shares in the Company. The rights attaching to Shares are set out in the Company's Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law.

The following is a summary of the more significant rights of the holders of Shares of the Company. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members.

#### **(a) General Meeting**

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the Listing Rules.

#### **(b) Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by a representative has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per share on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of shares in the Company have been paid. Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members.

#### **(c) Issues of Further Shares**

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the Listing Rules, the Corporations Act and any rights

for the time being attached to the shares in special classes of shares.

(d) **Variation of Rights**

At present, the Company has on issue one class of shares only, namely ordinary shares. The rights attached to the shares in any class may be altered only if authorised by a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Company's Constitution, the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules, ordinary shares are freely transferable.

Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act. The Company may decline to register a transfer of Shares in the circumstances described in the Company's Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) **Partly Paid Shares**

The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the Listing Rules, issue partly paid shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) **Dividends**

The Directors may from time to time declare a dividend, and may also authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends.

Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up (not credited as paid up) on the shares.

(h) **Winding Up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of the Company in proportion to the shares held by them respectively.

(i) **Dividend Plans**

The members of the Company, in general meeting, may authorise the Directors to implement a dividend plan under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for shares in the Company.

(j) **Directors**



The Company's Constitution states that the minimum number of directors is three.

(k) **Powers of the Board**

The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Company's Constitution.

(l) **Listing Rules**

If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If any provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## **7.5 Terms and Conditions of Options and Performance Shares**

### **7.5(a) Performance Shares**

If the Acquisition is completed, and subject to obtaining Shareholder approval at the meeting of Black Fire Minerals Shareholders to be held on or about 23 October 2014, the Company will grant 30,000,000 A Class Performance Shares (post-Consolidation) and 15,000,000 B Class Performance Shares (post-Consolidation) to the Animoca Brands Vendor (or its nominee).

The terms and conditions of the A Class and B Class Performance Shares are as follows:

1. Each Performance Share is a share in the capital of the Company, which:
  - (a) confers on the holder of it (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. The Holder has the right to attend general meetings of shareholders of the Company;
  - (b) does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company;
  - (c) does not entitle the Holder to any dividends (cumulative, preferential or otherwise) unless and until the Performance Share is converted into a Share;
  - (d) does not confer on the Holder any right to participate in the surplus profits or assets of the Company upon winding up of the Company;
  - (e) is not transferable;
  - (f) does not confer on the Holder any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise; and
  - (g) gives the Holder no rights other than those expressly provided by the terms on which the Performance Shares are granted and those provided at law where such rights at law cannot be excluded by the Performance Share terms.
2. If at any time the issued capital of the Company is reconstructed, a Performance Share will be treated in accordance with the ASX Listing Rules at the time of reorganisation.
3. Subject to paragraph 11 below, a Performance Share does not confer on the Holder any right to participate in new offers and issues of securities to holders of ordinary shares in the Company (**Company Shares**) including bonus issues and entitlement issues unless and until the Performance Share is converted into a Company Share.
4. Performance Shares will not be quoted on ASX. However, upon conversion of a Performance Share into a Company Share, the Company must within seven days after the conversion, apply for the official quotation of the Company Shares arising from the conversion on ASX.

Upon conversion of a Performance Share, the Company will issue each Holder with a new holding statement for the relevant number of Company Shares.

5. The Company Shares into which a Performance Share will convert will rank pari passu in all respects with existing Company Shares.
6. Subject to obtaining any shareholder approvals required under the Corporations Act and the ASX Listing Rules, on the first to occur of any of the events listed in the first column of the relevant table below (**Conversion Event**), each Performance Share will automatically convert into the number of Company Shares set out opposite that Conversion Event in the second column of the relevant table below:

(a) in respect of A Class Performance Shares:

Conversion Event	Number of Company Shares
<p>As soon as possible after the Company is provided with audited financial statements allowing the confirmation that:</p> <p>(a) the Group has achieved FY 2015 Sales of at least US\$6,000,000; and</p> <p>(b) the FY 2015 EBIT of the Group is not less than negative US\$2,000,000,</p> <p>(together, <b>Milestone 1</b>).</p>	1 Company Share
<p>If the Group fails to meet the requirements of Milestone 1, as soon as possible after the Company is provided with audited financial statements allowing the confirmation that:</p> <p>(a) the Group has achieved FY 2016 Sales of at least US\$8,000,000; and</p> <p>(b) the FY 2016 EBIT of the Group is not less than negative US\$2,000,000,</p> <p>(together, <b>Milestone 2</b>).</p>	1 Company Share
<p>If the Group fails to meet the requirements of Milestone 1 and Milestone 2, as soon as practical after the Company is provided with audited financial statements allowing the confirmation that:</p> <p>(a) the FY 2015 EBIT of the Group is not less than negative US\$2,000,000; and</p> <p>(b) the Group has failed to meet</p>	0.025 Company Shares for every US\$100,000 that the Group's FY 2015 Sales exceeds US\$2,000,000 (up to a maximum of 1 Company Share)



the requirements of Milestone 2.	
The occurrence of a Change of Control Event	1 Company Share, subject to paragraph 8 below
Disposal Event	See clause 7 below

(b) in respect of B Class Performance Shares:

Conversion Event	Number of Company Shares
As soon as possible after the Company is provided with audited financial statements allowing the confirmation that:  (a) the Group has achieved FY 2016 Sales of at least US\$8,000,000; and  (b) the FY 2016 EBIT of the Group is not less than negative US\$2,000,000,  (together, <b>Milestone 2</b> ).	1 Company Share
As soon as practical after the Company is provided with audited financial statements allowing the confirmation that the Group has failed to meet the requirements of Milestone 2.	0.05 Company Shares for every US\$100,000 that the Group's FY 2016 Sales exceeds US\$6,000,000 (up to a maximum of 1 Company Share)
The occurrence of a Change of Control Event	1 Company Share, subject to paragraph 8 below
Disposal Event	See clause 7 below

7. In addition to the Conversion Events set out above, the A Class Performance Shares and the B Class Performance Shares will (if no other Conversion Event has already occurred) collectively be converted into Company Shares upon the occurrence of a Disposal Event in accordance with the following formula, but capped at a maximum of 45,000,000 (on a post-Consolidation basis) Company Shares:

$$\text{Company Shares} = \frac{(\text{Sale price of the AB Business} - (\text{AU\$5,000,000} + \text{Milestones Received}))}{\div \text{Milestone Notional Issue Price}}$$

8. The maximum aggregate number of A Class Performance Shares and B Class Performance Shares that convert into Company Shares on the occurrence of a Change of Control Event must not exceed the number equal to 10% of the Company Shares on issue immediately before the occurrence of the Change of Control Event. Where on the occurrence of a Change of Control Event, the conversion of all A Class Performance Shares and B Class Performance Shares would contravene this paragraph 8, the number of A Class Performance Shares and B Class Performance Shares that convert in aggregate will be the number equal to 10% of the Company Shares on issue immediately before the occurrence of the Change of Control Event, allocated amongst the holders of A Class Performance Shares and B Class Performance

Shares in proportion to the number of A Class Performance Shares and B Class Performance Shares held. Any A Class Performance Shares and B Class Performance Shares that are not converted will continue to be held by their holders on the same terms and conditions, but as if the Change of Control Event had not occurred.

9. Where the application of any provision of the Performance Share terms results in a fraction of a Company Share being issued for each Performance Share, the number of Company Shares to be issued to a Holder on conversion of all A Class Performance Shares and all B Class Performance Shares held by that Holder will first be aggregated (including all fractions per Share) and the resultant number of Company Shares be rounded up to the nearest whole number.
10. Where no Conversion Event occurs prior to 5pm on 31 October 2016, each Performance Share will automatically be forfeited for no consideration.
11. If the Company undertakes a bonus issue, share split, share consolidation or other transaction of similar nature to holders of Company Shares, the number of Company Shares to which the Performance Shares can convert will be increased by the number of Company Shares which the Holder would have received if the Performance Shares had been converted to Company Shares before the record date for the bonus issue.
12. For the purposes of this Section 7.5(a) of this Prospectus, the following words have the following meanings:
  - (a) **AB Business** means the mobile applications and games development and publishing business operated by Animoca Brands HK;
  - (b) **Change of Control Event** means either:
    - (i) a change of control of the Company within the meaning of section 50AA of the Corporations Act;
    - (ii) when a Court sanctions a compromise or arrangement for the purposes of or in connection with a scheme for the amalgamation of the Company with any other company or companies under Part 5.1 of the Corporations Act; or
    - (iii) when the Company passes a resolution for voluntary winding up or if an order is made for the compulsory winding up of the Company.
  - (c) **Disposal Event** means completion of the sale of the AB Business prior to Milestone 2 being achieved for a sale price that exceeds the value of AU\$5,000,000 plus Milestones Received;
  - (d) **FY 2015 EBIT** means the Group's consolidated earnings before interest and taxes, excluding any deemed interest cost and issue cost (whether cash or non-cash) relating to the Performance Shares, for the financial year ending 30 June 2015, calculated on a pre-corporate overheads basis and normalised to exclude non-recurring transaction and other costs, contributions for any business or entity acquired by a Group Member (other than the Company) and the impact of fresh capital;
  - (e) **FY 2016 EBIT** means the Group's consolidated earnings before interest and taxes, excluding any deemed interest cost and issue cost (whether cash or non-cash) relating to the Performance Shares, for the financial year ending 30 June 2016, calculated on a pre-corporate overheads basis and normalised to exclude non-recurring transaction and other costs, contributions for any business or entity acquired by a Group Member (other than the Company) and the impact of fresh capital;



- (f) **FY 2015 Sales** means the Group's total sales revenue actually received (paid in cleared funds) for the financial year ended 30 June 2015;
- (g) **FY 2016 Sales** means the Group's total sales revenue actually received (paid in cleared funds) for the financial year ended 30 June 2016;
- (h) **Group** means Animoca Brands and its subsidiaries (as that term is defined in the Corporations Act) and **Group Member** means any one of them;
- (i) **Milestone Notional Issue Price** means AU\$0.005; and
- (j) **Milestones Received** means the number of Company Shares issued upon conversion of A Class Performance Shares and B Class Performance Shares as at completion of the Disposal Event, multiplied by the Milestone Notional Issue Price.

#### **7.5(b) Options to Taycol Nominees Pty Ltd**

If the Acquisition is completed, and subject to obtaining Shareholder approval at the meeting of Black Fire Minerals Shareholders to be held on or about 23 October 2014, the Company will grant up to 2,626,017 Options (post-Consolidation) to Taycol Nominees Pty Ltd as nominee of Taylor Collison Limited on the following terms and conditions:

1. Each Option entitles the holder to one ordinary share in the Company.
2. Each of the Options will be exercisable at \$0.20.
3. Each Option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the third anniversary of the date on which the Company's Shares are reinstated to official quotation on ASX (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the Options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:
  - elect to be registered as the new holder of the Options;
  - whether or not he becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and
  - if the deceased has already exercised Options, pay the exercise price in respect of those Options.
8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on

issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the Option;
- O = the old exercise price of the Option;
- E = the number of underlying ordinary shares into which one Option is exercisable;
- P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
- S = the subscription price for a security under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

11. If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

## **7.6 Employee Share Option Plan**

The Company has, subject to the Shareholders passing Resolutions 5 to 11 (inclusive), at the meeting of Shareholders to be held on or about 23 October 2014, agreed to establish an Employee Share Option Plan (**Plan**) to assist in the attraction, retention and motivation of employees of the Company.

The summary of the Plan is set out below for the information of potential investors in the Company. The detailed terms and conditions of the Plan may be obtained free of charge by contacting the Company.

All employees (full and part-time) will be eligible to participate in the Plan.

The allocation of Options to each employee is at the discretion of the Board.

If permitted by the Board, Options may be issued to an employee's nominee.

Each Option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue (unless otherwise determined by the Board). Subject to vesting under applicable vesting conditions (if any) or satisfaction of applicable performance conditions (if any) an Option is exercisable at any time from its date of issue.

Options will be issued free (unless otherwise determined by the Board). The exercise price of Options will be the amount determined by the Board. The total number of shares the subject of Options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

If, prior to the expiry date of Options, an employee's employment is terminated where such termination has either been voluntary on the employee's part or otherwise has occurred without cause the Options held by that person (or that person's nominee) must be exercised within 30 days after the termination (but prior to the expiry date of options) otherwise they will automatically lapse.

Except with the consent of the Board, Options may not be transferred and will not be quoted on or by ASX.

Shares issued as a result of the exercise of Options will rank equally with the Company's previously issued shares.



Optionholders may only participate in new issues of securities by first exercising their Options.

If there is a bonus share issue to the holders of shares, the number of shares over which an Option is exercisable will be increased by the number of shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

If there is a pro rata issue (other than a bonus share issue) to the holders of shares, the exercise price of an Option will be reduced to take account of the effect of the pro rata issue in accordance with the formula in Section 7.5(b) of this Prospectus.

If there is a reorganisation of the issued capital of the Company, unexercised Options will be reorganised to the extent necessary to comply with the Listing Rules.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

## **7.7 Directors' Interests**

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any Director or to any company or firm with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her or any company or firm with which the Director is associated in connection with:

- the formation or promotion of the Company; or
- the Offer of the Shares.

## **7.8 Interests of Named Persons**

Except as disclosed in this Prospectus, no promoter, underwriter, expert or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any promoter, underwriter, expert or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

PricewaterhouseCoopers Securities Ltd have acted as the investigating accountant in relation to the Offer. As investigating accountant, PricewaterhouseCoopers Securities Ltd have prepared the

Independent Limited Assurance Report which has been included in this Prospectus. In respect of this work the Company has agreed to pay PricewaterhouseCoopers Securities Ltd a total of \$100,000 (exclusive of GST) for these services.

O'Loughlins Lawyers have acted as the solicitors to the Company in relation to the Offer, and in that capacity and otherwise assisting the Company with the preparation of this Prospectus, O'Loughlins Lawyers have been involved in undertaking certain due diligence enquiries in relation to legal matters and providing legal advice to the Company in relation to the Offer, the Thor Transaction, the Acquisition and related matters. In respect of this work, the Company has agreed to pay O'Loughlins Lawyers a total of \$200,000 (exclusive of GST) for these services. O'Loughlins Lawyers have been paid \$42,138 (exclusive of GST) for professional fees from the Company during the last 24 months.

Security Transfer Registrars Pty Ltd has agreed to provide share registry services to the Company in accordance with its standard detailed schedule of fees.

Taylor Collison Limited will receive the remuneration outlined in Section 6.5 of this Prospectus in respect of its services as Lead Manager to the Offer.

## **7.9 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

PricewaterhouseCoopers Securities Ltd have given their written consent to the inclusion in Section 4 of this Prospectus of their Independent Limited Assurance Report and to all statements referring to that report in the form and context in which they appear, and to being named as Investigating Accountant, and have not withdrawn such consent before lodgement of this Prospectus with ASIC. PricewaterhouseCoopers Securities Ltd takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Limited Assurance Report

O'Loughlins Lawyers have given their written consent to being named as Solicitors to the Company and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

Taylor Collison Limited has given its written consent to being named as Lead Manager to the Offer and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Security Transfer Registrars Pty Ltd (**Security Transfer**) has given and, as at the date hereof, has not withdrawn its written consent to be named as Share Registrar in the form and context in which it is named. Security Transfer has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registrar to the Company. Security Transfer has not authorised or caused the issue of any part of this Prospectus.

There are a number of other persons referred to in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause this issue of the Prospectus.

## **7.10 Electronic Prospectus**

If you have received this Prospectus as an electronic prospectus or in paper form please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at [info@blackfireminerals.com.au](mailto:info@blackfireminerals.com.au) and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided



together with this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

#### **7.11 Documents Available for Inspection**

Copies of the following documents may be inspected free of charge at the registered office of the Company during normal business hours:

- the Constitution of the Company; and
- the consents referred to in Section 7.9 of this Prospectus.

## Section 8: Directors' Consents

Each of the Directors and Proposed Directors has consented in writing to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 22 October 2014

Signed for and on behalf of the Company

A handwritten signature in black ink, appearing to read 'Michael Billing', is written over a white rectangular background.

**MICHAEL BILLING**  
Chairman



# Section 9: Definitions

In this Prospectus unless the context otherwise requires:

## General Definitions

**\$ or A\$** means the lawful currency of Australia.

**A Class Performance Share** means a Performance Share with the terms and conditions set out in Section 7.5(a) of this Prospectus.

**ACDT** means Australian Central Daylight Time as observed in Adelaide, South Australia.

**Acquisition** means the acquisition by Black Fire Minerals of all of the issued shares in Animoca Brands pursuant to the terms of the Share Purchase Agreement.

**AIM** means the Alternative Investment Market (**AIM**) of the Exchange.

**Animoca Brands** means Animoca Brands Corporation (Company No 1799850) incorporated in the British Virgin Islands, and includes within its scope, where the context requires, references to that company's wholly owned subsidiary Animoca Brands HK.

**Animoca Brands HK** means Hong Kong company Animoca Brands Limited (Registration No 2047605).

**Animoca Brands Restructure** means the entering into by Animoca Brands and/or Animoca Brands HK of the agreements dated 1 August 2014 with related party companies as described in the Investment Overview Section of this Prospectus.

**Animoca Brands Share** means a fully paid ordinary share in the capital of Animoca Brands.

**Animoca Brands Vendors** means the registered holders of Animoca Brands Shares from time to time and/or their nominees and assignees.

**Appionics** means Appionics Holdings Limited (an exempted company incorporated in the Cayman Islands).

**Applicant** means a person who submits an Application Form under this Prospectus.

**Application Form** means the application form contained in this Prospectus or a copy of the application form contained in this Prospectus or a direct derivative of the application form which is contained in this Prospectus or an online application form.

**Application Money** means 20 cents being the amount payable in respect of each Share under the Offer.

**Application** means a valid application to subscribe for Shares.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conducted by it.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**ASX Settlement** means ASX Settlement Pty Ltd (ACN 008 504 532).

**ASX Settlement Operating Rules** mean the operating rules of ASX Settlement.

**B Class Performance Share** means a Performance Share with the terms and conditions set out in Section 7.5(a) of this Prospectus.

**Black Fire Minerals Limited**, or **Black Fire Minerals** means Black Fire Minerals Ltd (ACN 122 921 813).

**Black Fire Minerals Board** means the board of directors of Black Fire Minerals.

**Black Fire Minerals Director** means a director of Black Fire Minerals.

**Black Fire Minerals Share** means a fully paid ordinary share in the capital of Black Fire Minerals.

**Black Fire Minerals Shareholder** means the holder of a Black Fire Minerals Share.

**Black Fire Minerals Pre Offer Restructure** has the meaning described in Section 2.2(b) of this Prospectus.

**Board of Directors** and **Board** means the Board of Directors of the Company as constituted from time to time.

**Business Day** means a business day as defined in the ASX Listing Rules.

**Capital Raising** means the capital raising to be completed by Black Fire Minerals of at least A\$2,400,000 (minimum subscription) and up to an additional A\$2,600,000 (maximum subscription) at an issue price of no less than A\$0.20 per Black Fire Minerals Share to no less than that number of new investors in Black Fire Minerals required by ASX.

**CDI (or CHESS Depositary Interest)** means a CDI (or CHESS Depositary Interest) within the meaning given to that term in the ASX Listing Rules and issued under the ASX Settlement Operating Rules, being a unit of beneficial ownership of a fully paid ordinary share issued by a company, and legally held by CDN (or other nominee).

**CDN** means CHESS Depositary Nominees Pty Ltd ACN 071 346 506.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the date on which the Offer closes.

**Company** means Black Fire Minerals Limited (ACN 122 921 813).

**Completion** means completion of the Acquisition.

**Completion of the Offer** means the allotment of at least 12,000,000 Shares offered under this Prospectus.

**Consideration Securities** means 75,000,000 Shares (post-Consolidation) (**Consideration Shares**), 30,000,000 A Class Performance Shares (post-Consolidation) and 15,000,000 B Class Performance Shares (post-Consolidation).

**Consolidation** means the consolidation of the existing securities of the Company on a one-for-13.3333333 basis (rounded up to the nearest whole number), which consolidation is proposed to become effective prior to completion of the Acquisition.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means *Corporations Regulations 2001* (Cth).

**Directors** means the directors of the Company.

**Exchange** means The London Stock Exchange plc.

**EL and Exploration Licence** means an area granted in respect to mineral exploration.

**Exposure Period** means the period of seven days (or longer as ASIC may direct) from the date of lodgement of this Prospectus with ASIC.

**HIN** means holder identification number.

**HK\$** means the lawful currency of Hong Kong.

**Holding Lock** means holding lock as defined in Section 2 of the ASX Settlement Operating Rules.

**Industrial** means Black Fire Industrial Minerals Pty Ltd ACN 140 493 778.

**Issue** means the issue of Shares pursuant to this Prospectus.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**Maximum Subscription** means \$5,000,000 or 25,000,000 Shares.

**Minimum Subscription** means \$2,400,000 or 12,000,000 Shares.

**Offer** means the invitation to apply for Shares pursuant to this Prospectus.



**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Offer Price** means 20 cents being the amount payable in respect of each Share under the Offer.

**Official List** means the Official List of ASX.

**Opening Date** means the date immediately following the expiry of the Exposure Period.

**Option** means a right to subscribe for a Share.

**Optionholder** means a holder of an Option.

**Performance Share** means a right to be issued for no consideration a Share under the terms and conditions described in Section 7.5(a) of this Prospectus, upon the satisfaction of specified performance conditions.

**Pilot Mountain Debt** means the debt of \$625,000 (partially secured) owing by the Company pursuant to certain loan agreements entered into by the Company and third party lenders in or about March 2014 in connection with the acquisition by Pilot Metals Inc of the remaining 45 mining claims comprising the Pilot Mountain Project.

**Pilot Mountain Project** means the project comprising 131 mining claims staked (and 100% owned) by BFM Resources Inc, and 45 mining claims 100% owned by Pilot Metals Inc (both companies wholly owned by the Company) and known as the Pilot Mountain Tungsten-Copper Project, located in Nevada, USA.

**Plan** means the Animoca Brands Corporation Limited Employee Share Option Plan.

**Proposed Directors** means Yat Siu, David Kim, Robert Yung, David Brickler and Richard Kuo.

**Prospectus** means this disclosure document.

**Quotation** means quotation of the Shares on the Official List.

**Share Purchase Agreement** means the Share Purchase Agreement dated 22 September 2014 between the Company and Appionics relating to the purchase by the Company of all of the issued capital of Animoca Brands, as novated and amended.

**Share Registrar** means Security Transfer Registrars Pty Ltd.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Sale Agreement** means the Share Sale Agreement made between the Company and Thor dated 12 September 2014, as novated and amended.

**Shareholder** means a holder of a Share.

**Thor** means Thor Mining Plc.

**Thor CDIs** means 418,750,000 CDIs each in respect of a fully paid ordinary share in the capital of Thor to be issued to the Company at completion of the sale and purchase of all of the issued shares in the capital of Industrial pursuant to the Share Sale Agreement, at a deemed issue price equal to 0.4 cents per Thor CDI.

**Thor Transaction** means the disposal by the Company of 100% of the issued share capital in Industrial pursuant to the Share Sale Agreement

#### Technical Definitions

**Amazon** means Amazon Digital Services, Inc. and its affiliated entities.

**Android** means the operating system software made by Google for a wide range of smartphones and tablet computers manufactured by a diverse array of companies.

**App** is the shortened form of “application” when used in reference to applications developed for Android, iOS, and other smartphone operating systems.

**App store** means an online e-commerce storefront from which users can buy or download Apps.

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**Apple** means Apple Inc.

**Cocos 2DX** is a software development toolset from Chukong Technologies.

**Google** means Google Inc.

**iOS** means the operating system software made by Apple for iPhone and iPad smartphone and tablet computers.

**Smartphones** mean touchscreen portable computing devices that generally have a screen size less than 6 inches in diameter.

**Tablets** mean touchscreen portable computing devices that generally have a screen size greater than 6 inches in diameter.

**Unity** is a software development toolset from Unity Technologies APS.



# Appendix A

The principal accounting policies applied in the preparation of the Financial Information are set out below.

## **Subsidiaries**

A subsidiary is an entity (including a structured entity) over which The Company has control. The Company controls an entity when The Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by The Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of an acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by The Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with AASB 3 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with The Company's accounting policies.

## **Foreign currency translation**

### **(a) Functional and presentation currency**

Items included in the financial statements of each of The Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars (US\$), which is The Company's presentation currency.

### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses that relate to borrowings will be presented in the consolidated statement of comprehensive income within "finance cost". All other foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within "Other expenses".

### **(c) Group companies**

The results and financial position of all The Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in the other comprehensive income.

## **Financial assets**

### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise "trade and other receivables", and "cash and cash equivalents". Receivables are subsequently carried at amortised cost using the effective interest method.

### **(b) Impairment of financial assets carried at amortised cost**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The criteria that The Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, The Company may measure impairment on the basis of an instrument's fair value using an observable market price.



If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

### **Intangible assets**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

### **Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

### **Trade payables and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and service providers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting is insignificant and in which case they are stated at historical cost.

## **Employee benefits**

### **(a) Retirement benefits scheme**

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. The MPF Scheme is a defined contribution retirement benefit scheme administered by independent trustees. Each of the employer and the employee has to contribute an amount equal to 5% of the relevant income of the employee to the MPF Scheme. Contributions from the employer are vested in the employees as soon as they are paid to relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to a few exceptions. The assets of the schemes are held separately from those of the Group in independently administered funds.

### **(b) Employee leave entitlements**

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

## **Provisions**

Provisions for asset retirement obligations are recognised when: The Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

## **Borrowing costs**

Borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

## **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic



benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

*Sales of applications and In-apps purchase items*

The Group receives income from the sale of applications and In-app purchase items via the smart phone platform. Revenue is recognised on a per transaction basis upon the successful download of the applications or in-app purchase items.

*Service fee income*

Service fee income is recognised in accounting period in which the services rendered.

*Advertising income*

The Group receives income from the rendering of advertising services via the advertising platform. Revenue is recognised upon the delivery of the service.

*Interest income*

Interest income is recognised using the effective interest method.

**Operating leases (as lessee)**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

**Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where The Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.