ARROWHEAD
RESOURCES LTD

ABN 31 004 766 376

ARROWHEAD SET TO EXPLOIT THE MASSIVE GROWTH OF GLOBAL ESPORTS

AR1 TO ACQUIRE GLOBAL ESPORTS PLATFORM "GAMING BATTLE GROUND"

Release Date: 22 June, 2017

HIGHLIGHTS

- **Arrowhead Resources Ltd** (ASX: AR1) is set to exploit the growth of the eSports market with the conditional binding acquisition of 100% of the issued capital of **Gaming Battle Ground Pty Ltd (GBG)**.
- GBG is an Australian proprietary limited company which operates **Gaming Battle Ground**, an online gaming platform.
- It is intended that Hunter Capital Advisors Pty Ltd (ACN 603 930 418) (**Hunter Capital Advisors**) will be appointed as lead manager and to fully underwrite the $5,000,000 capital raising to be undertaken in conjunction with the acquisition of GBG.
- eSports is a global phenomenon which generated a **global market of US$493M in 2016** and is forecast to grow by 41.3% to **US$696M in 2017**.
- **Gaming Battle Ground** is positioned to become a leading eSports online community, content and tournament platform.
- The **Gaming Battle Ground** platform is feature rich providing:
    - ✓ exciting opportunities for millions of gamers to be rewarded for skill based competitive gaming on PC, console and mobile;
    - ✓ a conduit for corporate advertisers to connect with the growing millennial gen-X gamers; and
    - ✓ a unique backend and automated design that supports a leveraged profitability through economies of scale.
- The majority of gamers are based in emerging markets (including, Africa, Asia and Latin America which represent 74% of the 2.1 Billion gamers globally).
- GBG, with its global IP incorporating a market leading feature set, is strategically positioned to leverage eSports in the emerging markets gaming communities.

- AR1 proposes to distribute and transfer all of its interest in Tantalum International Pty Ltd (**TIPL**) to eligible Shareholders on a pro-rata basis to benefit from any potential settlement from its legal dispute over the Abu Dabbab Tantalum-Tin-Feldspar Project, located in Egypt.
- Philip Re has been appointed to the Board of AR1 as a Non-Executive Director following the resignation of Mr Jason Peterson.

Arrowhead Resources Ltd ("**Arrowhead**" or the **"Company**") is pleased to advise that it has executed a conditional binding share sale agreement to acquire 100% of the issued capital of Gaming Battle Ground Pty Ltd (ACN 616 572 144) ("**GBG"**). GBG owns and operates an online gaming platform (**"Gaming Battle Ground"**) that facilitates the interaction of gamers around the world to compete against each other, and in tournaments, on some of the most popular international game titles, tapping directly into the large scale of the eSports market. The acquisition is conditional upon completion of due diligence, shareholder approvals and the consent from the ASX for the structure of the Acquisition as set out below (among other things).

The transaction (the "**Acquisition**"), follows an extensive analysis by the Company's executives and technical experts across mining, agri-business and technology related opportunities. The outcome of this analysis was the identification of the eSports market which had revenues of USD$493M in 2016 and is projected to grow to $US1.48B by 2020. To enter into this market, Arrowhead identified Gaming Battle Ground as a proprietary gaming platform which, with its rich feature set, was well positioned to build on its impressive organic gaming community uptake.

GBG is an Australian proprietary limited company which operates Gaming Battle Ground, an online gaming platform. The platform is the result of several years of development by GBG's founders. GBG owns 100% of the platform's proprietary intellectual property (**IP**), which is now ready for commercialisation in a staged program, on a global scale. The Acquisition enables GBG to access capital markets to fund this expansion phase. GBG's platform has been in operation for 2 years, has 30,000 registered users, has operated over 10,000 gaming tournaments, has a total staff of 13 and is growing organically through its existing online community across Bulgaria, Croatia and South Africa.

On completion, the Acquisition will amount to a significant change in the nature and scale of the Company's current activities and as such, the Company will be required to obtain approval from its shareholders and to re-comply with Chapters 1 and 2 of the ASX Listing Rules. As part of the Acquisition, the Company proposes to complete a capital raising of $5,000,000 (of which $5,000,000 is intended to be underwritten by Hunter Capital Advisors).

Prior to completion of the Acquisition, the Company proposes to distribute and transfer all of its interest in Tantalum International Pty Ltd (**TIPL**) to eligible Shareholders of the Company on a pro-rata basis. It is proposed that TIPL would be an unlisted public company, run by the existing directors of the Company on a success fee basis, subject to approval by AR1 shareholders. This will ensure that Arrowhead shareholders, prior to completion of the Acquisition, retain the rights to the legal action in Egypt pertaining to the alleged expropriation of the Abu Dabbab tantalum-tin-feldspar project by the Egyptian Government in 2015.

Arrowhead's Chairman, Michael Rosenstreich, stated that "*The Company has reviewed multiple opportunities over the past two years and we are excited by the GBG business, which is superior to any of the other opportunities assessed. We thank CPS Capital for introducing the deal and we look forward to proceeding* *through due diligence and hopefully completing the acquisition of GBG later this year. We see the eSports gaming industry as a huge and growing opportunity*."

Acquisition Background

Arrowhead has entered into a binding share sale agreement to acquire 100% of the issued capital of Gaming Battle Ground Pty Ltd (ACN 616 572 144) (**GBG**) from the holders of shares in GBG (**GBG Shareholders**) (**Acquisition**). GBG is an unlisted Australian proprietary limited company that operates an online platform which allows users to participate in skill based competitive gaming tournaments in traditional video games/eSports. The key terms of the Acquisition are set out in Schedule 1 of this announcement.

Overview of GBG

1. GBG was incorporated in December 2016, with the principal objective of acquiring a number of assets which provide an online portal that allows users to engage in skill based competitive gaming competitions in eSports, which include peer-to-peer matches and tournaments.

2. GBG is a grassroots competition platform developed for avid gamers to compete in online gaming competitions, across a large range of popular games, regardless of time or geographic location and in a safe and secure environment.

3. The GBG platform focuses on skill based tournaments and matches, where players compete to improve their user rankings/status in the virtual gaming world, and for digital merchandise to improve their gaming experience. In addition to this, the GBG platform offers a competitive market place which gives players the opportunity to enter pay-to-play competitions and tournaments.

4. The four gaming models available on the GBG platform (being, the pay to play model, free to play model, hybrid model and subscription model) are described from paragraph 36 below.

Capital Raising

5. To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules (**Listing Rules**) and to support the proposed international roll-out strategy following completion of the Acquisition (as further described below), the Company plans, subject to the approval of the Company's shareholders (**Shareholders**), to conduct a capital raising under a full form prospectus to raise at least $5 million through the issue of fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of $0.02 per Share, together with one (1) free attaching option to acquire a Share (**Option**) for every four (4) Shares issued (**Capital Raising Options**), exercisable at $0.02 each on or before the date that is three years from the date the Company's securities are reinstated to trading following re-compliance with Chapters 1 and 2 of the Listing Rules (**Public Offer**).

6. The $5 million Public Offer is intended to be fully underwritten by Hunter Capital Advisors.

Control Issues

7. Assuming completion of the Acquisition, no person will have a voting power of 20% or more in the Company.

Spin-out of Subsidiary

8. Prior to completion of the Acquisition, the Company proposes (subject to obtaining all necessary Shareholder and regulatory approvals), to distribute and transfer all of its interest in Tantalum International Pty Ltd (the Company's wholly owned subsidiary) to eligible Shareholders of the Company on a pro-rata basis. The Company intends to effect the in-specie distribution by way of an equal reduction of its capital. TIPL will be managed by Mr Michael Rosenstreich and two other directors who will seek to finalise a litigation funding facility and pursue a settlement of the Company's legal dispute over the Abu Dabbab Tantalum-Tin-Feldspar Project. The TIPL directors will not charge TIPL any fees and will be paid a success fee from any settlement awards. The balance of any settlement after deductions will be distributed to TIPL shareholders.

Effect of the Acquisition on the Company's consolidated total assets and total equity interests

9. The principal effects on the Company's consolidated statement of financial position will be:

   (a) Current assets will increase by approximately $4,932,243 comprised of the net proceeds of the Public Offer and GBG's expected cash balance as at completion of the Acquisition; and

   (b) Total equity interests will increase by a corresponding amount.

Effect of the Acquisition on the Company's revenue, expenditure and profit before tax

10. There will be no significant effect on the Company's consolidated statement of financial performance for the financial year ended 30 June 2017 as the Acquisition is not expected to complete before 30 June 2017.

Pro Forma Capital Structure

11. The indicative capital structure of AR1 post-Acquisition of GBG, based on the current AR1 securities on issue and including the Public Offer, will be as follows:

	Shares	Options[1]	Performance Shares
Current	223,368,146	Nil	Nil
Post-Consolidation	*124,093,414*	*Nil*	*Nil*
AR1 Placement	12,500,000	Nil	Nil
Loyalty Options to be issued to existing AR1 Shareholders	Nil	136,593,414	Nil
Public Offer	250,000,000[2]	62,500,000	Nil
Consideration Securities to be issued to GBG Shareholders	184,500,000[4]	184,500,000	100,000,000[3]
Advisor Securities to be issued to CPS Capital	11,500,000	11,500,000	Nil
Director Shares to be issued to existing Directors of the Company	5,000,000[5]	Nil	Nil
TOTAL (on a post-Consolidation basis)	**587,593,414**	**395,093,414**	**100,000,000**

Notes:

1. Exercisable at $0.02 on or before the date that is three years from the date the Company's securities are reinstated to trading following re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
2. Assuming a capital raising of $5,000,000 at an issue price of $0.02 per Share.
3. Comprising 33,333,333 Class A Performance Shares, 33,333,333 Class B Performance Shares and 33,333,334 Class C Performance Shares. Each Class A Performance Share will convert into one (1) Share on attainment of a Net Cumulative Player (**NCP**) position of greater than 25,000 and the achievement of a Share price of $0.04 based on a 10 day volume weighted average price (**VWAP**) for Shares calculated over the last 10 days on which sales in Shares were recorded. Each Class B Performance Share will convert into one (1) Share on the attainment of an NCP position of 50,000 and achievement of a Share price of $0.06 based on a 10 day VWAP for Shares calculated over the last 10 days on which sales in Shares were recorded. Each Class C Performance Share will convert into one (1) Share by the attainment of a NCP Position of 75,000 and achievement of a Share price of $0.08 based on a 10 day VWAP for Shares calculated over the last 10 days on which sales in Shares were recorded.
4. 12,500,000 of these Shares relate to the GBG placement which is to be completed prior to completion of the Acquisition.
5. These 5,000,000 Shares are in lieu of Directors' fees accrued but as yet unpaid.

New Board and Management Team

12. Upon completion of the Acquisition, Messrs Michael Rosenstreich and John Kenny will resign from the board of the Company and Messrs Gregory Stevens, Bert Mondello and Jonathan Hart will be appointed as directors of the Company (**New Directors**). Mr Jonathan Hart will also replace Mr Rowan Caren as company secretary of AR1 upon completion of the Acquisition. The New Directors' qualifications and experience are set out below.

<u>Gregory Hamilton Stevens</u>

Gregory Stevens is a co-founder of GBG. For the better part of a decade Mr Stevens has been travelling the United States between the Midwest and California, working in technology start-up companies.

Gaining an intricate understanding of the capabilities of the digital technology space, Mr Stevens patented a gaming lottery process, "Millionaire Greetings", being the first patented lottery greetings process and partnered with the company American Greetings. Mr Stevens was involved in several other innovative technology projects, which led him into eSports, and his involvement in the business development of the one of the first competitive eSports platforms in the United States. He progressed to becoming a director of a world class eSports development agency, which has developed for top international brands such as Ubisoft, Activition Blizzard, unikrn and S2Games.

In 2015 Mr Stevens collaborated with MWEB, a subsidiary of Naspers Ltd (the seventh biggest internet company in the world and indirect shareholder in Riot Games), to establish an emerging market online eSports competition platform and channel broadcasting eSports.

Mr Stevens is currently completing the University of Cumbria's MBA program, where he is refining his business administration skills, and acquiring knowledge of the latest business practices.

<u>Bert Mondello</u>

Bert Mondello has more than 20 years' experience across both the private and public sectors. As an Executive, Mr Mondello has substantial capital markets experience and knowledge of equity markets having participated in company restructures, IPOs, RTOs, investor placements and seed raisings.

With experience spanning the retail and institutional sectors and extensive knowledge of marketing communications and investor relations, Mr Mondello has provided strategic corporate advice to a number of organisations across multiple industries.

Across his career, including as CEO of ZipTel Limited (ASX: ZIP), Mr Mondello has been pivotal in challenging the status quo with innovation in new technologies across a myriad of products and offerings. Mr Mondello has led ZipTel in the execution of agreements with significant international corporations and the acquisition more than 15 million users globally across ZipTel's core platforms.

Mr Mondello is currently a Non-Executive Director of ZipTel Ltd, Weststar Industrial Ltd (ASX: WSI) and holds a Bachelor of Laws from The University of Notre Dame, Australia.

Jonathan Hart

Jonathan has a Bachelor of Laws and Commerce from Murdoch University in Western Australia. His experience includes initial public offerings on ASX (AIM and JSE), reverse takeovers, due diligence investigations, general corporate and commercial drafting, public and private mergers and acquisitions, general corporate advice in relation to capital raisings, Corporations Act and ASX compliance, Australian Financial Services Licenses, managed investment schemes and anti-money laundering compliance.

Jonathan is currently a director of AusAG Resources Limited. Jonathan was previously a director of Antares Limited and The Waterberg Coal Project Limited. Jonathan was also previously a company secretary of Harvest Minerals Limited, Antares Mining Limited, The Waterberg Coal Project Limited, Firestone Energy Limited, IODM Limited, Black Star Petroleum Limited, Wolf Petroleum Limited and The Carajas Copper Company Limited.

Senior Management

Luka Ciganek

Mr Ciganek is the founder of GBG Bulgaria (an entity from which GBG recently acquired its assets). He has completed his Master in IT Engineering and is the chief technology visionary and lead developer of the GBG online platform. Mr Ciganek is an avid gamer with more than 17,000 hours of game time and delivers a unique insight into the gamers insatiable appetite for esports.

Mr Ciganek is a Founder Institute graduate and has assembled a professional team of development professionals which are the driven force behind the GBG online platform development.

Shaun Currin

Mr Currin is a co-founder of GBG Bulgaria and a registered Chartered Accountant and Tax Practitioner. He completed a Postgraduate Diploma in Accounting and a Bachelor of Commerce at the University of Cape Town.

Mr Currin has more than 16 years of commercial experience which ranges from start-up enterprises and private equity companies, to corporate entities. He has held positions of chief executive officer, financial director and chief financial officer.

Mr Currin provides a robust strategic, finance and operational skill set. His range of global corporate experience includes Deloitte Financial Services UK, Standard Chartered Bank UK and BDO Cape Town. Six years of private equity experience saw him conclude a number of successful high value subsidiary share sales, joint venture agreements, subsidiary spin-off's, finance structuring and raising and tax structuring arrangements. Mr Currin has an experienced financial background which adds extensive value to the GBG management team.

Change of Name

13. Following completion of the Acquisition, the Company will change its name to "Gaming Battle Ground Limited".

Timetable

14. A timetable for the Acquisition and associated events is set out below:

Event	Date*
Announce Acquisition	22 June 2017
Notice of Meeting sent to AR1 Shareholders	14 July 2017
Lodgement of prospectus with the ASIC	28 July 2017
Opening date of Public Offer	7 August 2017
Shareholders meeting to approve acquisition	16 August 2017
Closing date of Public Offer	4 September 2017
Re-quotation on ASX	18 September 2017

*Please note that this timetable is indicative only and the Directors of the Company reserve the right to amend the timetable as required.

GBG Technology Platform

15. GBG provides an online platform that offers gamers the ability to participate in skill based competitive gaming competitions. The GBG platform is a web based platform which is accessible through a web browser available on PC, MAC, smart phones and tablets. The GBG platform has a responsive design, which responds to the user's behaviour and environment based on screen size, application and orientation. This design significantly enhances the gamers experience when using the platform.

16. Currently, GBG partners and integrates with international company Steam, a digital distribution application which provides the user installation and automatic updating of games to the GBG platform.

17. GBG has developed software that automatically retrieves and verifies gaming results of matches between gamers, directly from the gaming servers where gaming publishers (game developers) have provided open access to such results.

18. In instances where gaming publishers have not provided open access to the results, a manual submission is required to be submitted by the gamer to GBG. GBG has developed a unique auto-

verification feature for manual submissions that allows the GBG results adjudicator to verify the outcome of the competition or match through a simple "swipe to verify" technique.

19. The existing GBG platform is device agnostic and allows gamers to integrate games on PCs, gaming consoles, mobile devices and tablets.

20. GBG's technology is uniquely developed not to rely on the control of game publishers and to adjudicate competitive gamers across all devices used for gaming. In line with the global smartphone penetration trend, GBG is developing the OCR code to read results of all games, on all devices, even if a game does not have a public API or SDK providing real time results. Strategically this will give GBG the broadest scope of any competition platform globally.

GBG Activities and Proposed Activities

21. GBG's platform has been in operation for 2 years, has 30,000 registered users, has operated over 10,000 gaming tournaments, has a total staff of 13 and is growing organically through its existing online community across Bulgaria, Croatia and South Africa.

22. GBG intends to officially launch in Australia post admission to the official list of the ASX. GBG believes there is potential for it to expand its profile into Australia as Australia represents an emerging gaming and eSports market in a first world economy. It is intended that GBG's head office will be located in Australia and its corporate, banking, management and compliance teams will be based and operated out of the Australian head office. The development team will be based in Bulgaria, being the home of the founding developers of the GBG platform.

23. Following the Australian launch, the ongoing deployment strategy will see the footprint of GBG sequentially grow across Latin America, the Middle East, Indian Sub-Continent and South East Asia. This "international roll-out" will require implementation of an in-country penetration strategy including the engagement of in-country legal experts to advise on the legality of GBG's operations and eSports marketing and PR specialists (among other things).

24. Gamers in certain countries wishing to compete with other gamers abroad, can be affected by the ping rate (i.e. the response time of the server) due to distance. In-country investment will be focused upon local gaming servers (among other things) to allow GBG to host local competitions and also, to allow gamers to compete in an international environment where latency and ping rate does not allow gamers closer to the game servers to have an advantage when playing online games.

25. In addition to the international roll-out, it is intended that an allocation of the funds raised under the Public Offer will be used to develop the GBG platform to ensure that user experience, user interface and other features remain ahead of competitors (refer to paragraph 47 for further detail in relation to the Company's proposed use of funds).

Competitive Landscape

26. The GBG Platform, through two years of development, testing and its knowledge of the eSports and gaming industry, has identified key points, which differentiates it from other competing products on the market:

Comparative	GBG	Competitors
Ownership v Licencing	GBG has independently developed its platform, and has 100% ownership of its proprietary IP.	Competitors have rights to licencing of the intellectual property for a period of time, and are subject to performance criteria under the licencing agreement.
Geographic Region	GBG's platform has the ability to be rolled out globally, across multiple regions.	Competitors have licencing agreements which are restricted to certain regions only.
Automatic Results Publishing	GBG is competitive in the market, with its unique intellectual property. GBG has created an API and SDK that allow its website to get direct feeds from gaming publishers, creating a peer-to-peer competition platform with a unique automatic verifier feature, and providing real time results to their users delivering a premium user experience.	Competitors' results verification and publishing is manual. This manual verification process is human labour intensive and is subject to time restraints, therefore significantly increasing operational costs during the scaling up of the user base. Users need to report their results, negatively affecting the user experience.
Automatic Results Publishing Feature Development – Screen Snap Submission	GBG is developing a proprietary OCR feature, to automatically verify game results.	To the best of GBG's knowledge, no competitor is developing this feature.
Operation Backend Design	The backend interface and design of GBG facilitates easy scale of operations with low operating overheads and automatic integration into operational and financial reporting. A primary key is the number of staff required for tournament setup and management. GBG currently runs 800 tournaments per month on minimal	No information is available on the back-end interface of competitor platforms. Operating costs as a percentage of the competitors' revenue will be the future benchmark.

	operational staff involvement and with additional currently non-utilised capacity.	
Social Media Integration	GBG's platform has a strong focus on social media, with integration capabilities across applications such as Facebook, Twitter and Email Software, hence facilitating user referrals. This functionality supports a significant social viral growth capability through referral programs, supporting the network driven marketing approach, through key celebrity gamers.	Competitors have limited levels of social media integration.
User Experience (UX) and User Interface (UI)	The GBG platform has a uniquely designed UX and UI, which has been gamified and improved in line with the latest in gamer and internet user requirements.	Competitors' UX and dashboards are dated and not user friendly.
Platform Management Costs	GBG's platform has been developed on a view of minimal operational and maintenance costs which provides the opportunity to scale rapidly in a cost-effective manner.	Competitors, by contrast, have had millions of dollars invested into the development of their software, and are costly to maintain.
Geo Location Servers	One of the unique GBG platform roll out strategies, is to host gaming servers in each country. Lightning fast reflexes and response times are key to competitive gaming and gamers will be at a disadvantage if affected by a latent ping rate. The hosting of gaming servers facilitates the creation of local competitiveness.	Competitors are not hosting their own servers. Competitors simply plug into existing servers setup by game publishers. The issue here is the latency experienced by gamers in different countries, which doesn't allow for a fair competitive environment.

GBG Strategy

27. The strategic objectives of GBG which will drive investment value are as follows:

    (a) intimate knowledge of the market and history in the eSports industry;

    (b) marketing partnerships and strategic alliances with key industry players, building the world's largest active user base on one global eSports platform;

    (c) creating awareness of the GBG platform, positioning itself as a leading global eSports platform; and

(d) building brand equity for the advocacy via content creation and partnerships, ensuring consistent user acquisition on the GBG platform.

28. The strategic goals of GBG are:

(a) to acquire users exponentially;

(b) to generate content to support the brand awareness; and

(c) monetise the GBG platform through commercial service offerings to stakeholders.

International Roll-Out

29. Given GBG has completed the development of its eSports platform and has knowledge of its active user base across Eastern Europe and South Africa, it is ideally positioned to rapidly increase the scale of its existing operations and commence its international roll-out.

30. The international roll-out strategy of GBG is focused on launching the GBG platform in both mature (for example, Australia and UK) and emerging markets.

31. Following its launch in Australia (expected to occur upon completion of GBG's listing on ASX), GBG will commence its international rollout strategy with a focus on the following jurisdictions, which were selected after consideration of a number of factors such as potential gaming revenue, population, online population and internet penetration (among other things).

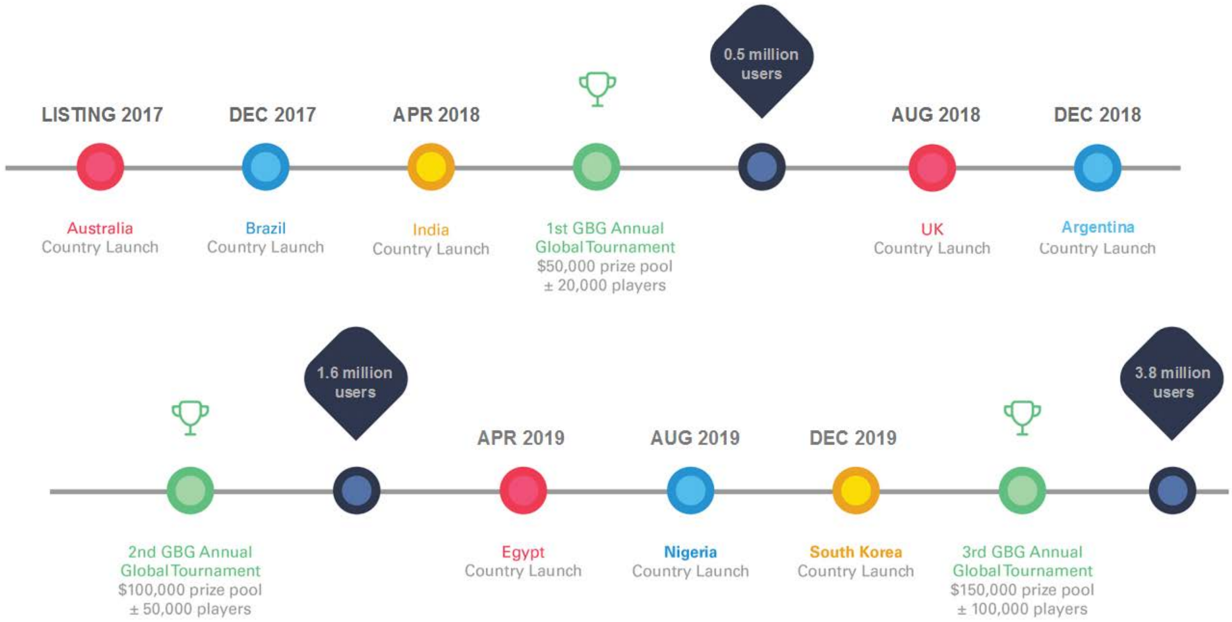
32. In particular, over the next three years, GBG will focus on expanding in jurisdictions where eSports has a high rate of market adoption including, Brazil, India, the United Kingdom, South Africa, Argentina, Egypt, Nigeria and South Korea.

33. It is proposed that each country will have an initial marketing launch with costs allocated to digital marketing, sponsorship, key ambassador sourcing and partner collaborations. In addition, GBG will introduce online tournaments to its platform (where legally permissible) with prize pool money to encourage user engagement and acquisition. The tournament prize pool will be designed in a way to maximise marketing and user acquisition, while building the brand and delivering eSports digital content.

34. Prior to commencing operations in a new jurisdiction, GBG will obtain expert legal advice in respect of the requirements of that jurisdiction for the operation of GBG's business. The Pay to Play Model (defined below) will only be activated in countries in which it is legally permissible. In countries where this revenue generation is regulated by compliance, GBG will, where applicable, obtain registrations and licences prior to activating this functionality. In countries where the Pay to Play Model (defined below) is not allowed, tournaments provided by GBG (which may involve payments to enter and/or prizes of cash or other monetary value) will not be advertised or provided to residents of that country and no person present in these countries will be able to view or access

these Pay to Play tournaments. The GBG platform will restrict and limit access to only free to enter tournaments with no prizes offered. Customers in these countries will be blocked from accessing any pay to enter tournaments or tournaments with prizes through the GBG platform.

35. The key strategic milestones of GBG and the proposed international roll-out are outlined below:



GBG Gaming Models

36. There are four gaming models available through the GBG platform.

(a) **Pay to Play Model** – members who have signed up to "pay to play" tournaments and games have access to a virtual wallet. This allows players to add real world currency into the virtual wallet through an account operated and managed by Pay Pass or the like, which may be used to compete in games played against one another, or as a payment to enter into tournaments. In the "pay to play" tournaments and games, the winners are able to win or earn real currency as the winnings/prize (Pay to Play Model);

(b) **Free to Play Model –** the "free to enter" tournaments and games do not require any real currency to be paid to enter into tournaments or for in-game play. Instead, virtual currency is used to participate in the games and the "winnings" earned from playing these tournaments and games is also virtual currency. The virtual currency cannot be cashed out for any real currency (or anything else of real world value) (Free to Play Model);

(c) **Hybrid Model** – in this model, the tournaments and games are "free to enter and play" and virtual currency is used, however prizes may be sponsored by brands (for example, gamers may be able to win a holiday or win a place in an international FIFA tournament) but no cash prizes will be offered (Hybrid Model); and

(d) **Subscription Model** – in this model, gamers will pay a monthly subscription fee for access to the GBG online platform. Once they have access to the platform, they will have access to the Free to Play Model with sponsored prizes for competitions and tournaments (Subscription Model).

37. The Free to Play, Hybrid and Subscription models will be used on the GBG platform when it is launched in Australia (targeted for August 2017). These models have the potential to bring in content revenue as described below at paragraph 43. Revenue will be generated from corporate tournament sponsorship, advertising, digital merchandise sales and the purchasing of points and booster packs and/or subscription fees.

38. The Pay to Play Model will generate revenue from competition entrance fees ("Pay to Play" for tournaments and "Peer-to-Peer Match" competitions, refer to paragraph 41(f) for further detail).

39. For countries where the Pay to Play Model is not permitted, tournaments provided by GBG (which may involve payments to enter and/or prizes of cash or other monetary value) will not be advertised or provided to residents of that country and no person present in that country will be able to view or access these Pay to Play tournaments.

Business Model Overview

40. GBG will generate revenue from two main categories, namely via "Online Platform Revenue" and "Content Revenue".

41. The **Online Platform Revenue** streams include:

(a) **Corporate tournament sponsorship** – corporate sponsors can host tournaments on the GBG platform. GBG offer the corporate sponsors the opportunity to host tournaments with their own branding (i.e. white labelling the corporate branding onto the GBG platform). This provides corporates with significantly more brand exposure to gamers entering or viewing results of a corporate sponsored tournament);

(b) **Advertising** – banner advertising on the website provides GBG with an opportunity to sell digital advertising space due to user traffic and the "dwell time" of gamers using the platform;

(c) **Digital merchandise sales** – digital in-game purchases are available on the online digital shop located on the GBG platform. This allows gamers to use their points to purchase "in game add-ons" for the games in which they are competing;

(d) **Live event management and partnerships** – GBG will partner with third parties to host sponsored online events, which will generate audiences and revenue;

(e) **Purchase points and points booster packs** – gamers can purchase points and points booster packs, with points being utilised for competition entries and for purchases at the GBG online digital shop;

(f) **Competition entrance fees ("Pay to Play" for tournaments and "Peer-to-Peer Match" competitions)** – when entering a match, competition or tournament, users will pay entrance fees for utilising the GBG platform to play tournaments or competitions, of which the GBG platform will earn a % rake on the entrances fees. As discussed above, this revenue stream will only be activated in jurisdictions where full legal and regulatory compliance is achieved. To ensure legal compliance, GBG will obtain independent legal opinions prior to the launch of the GBG platform in each target market; and

(g) **Subscription fees** – subscription fees will be charged in certain jurisdictions where the "Pay to Play" revenue model is not permitted. In those jurisdictions, gamers will pay monthly subscriptions fees for access to and use of the GBG online platform.

42. The revenue from competition entrance fees ("Pay to Play" for tournaments and "Peer-to-Peer Match" competitions) is only expected to generate 25% of the online platform revenue. If this revenue cannot be activated in any country, the online platform revenue with the exception of the competition entrance fees detailed above will generate revenue in those countries. Content revenue detailed in the paragraph below can be generated in a country without having competition entrance fee functionality.

43. **Content Revenue** will include the selling of digital media content to media agencies that purchase media content for broadcasting. GBG is in a unique position to have rights to the media and production of competitive results and content developed in eSports which can be sold. GBG's in country focus allows GBG to create local content in emerging markets. Currently media agencies in emerging markets are purchasing international eSports content as no local eSports content is available. GBG will sell local content to media houses, game publishers and brands looking to connect with local gamers with relevant content.

44. GBG believes that there is a strong demand for content but there is no established local content market. As such, there is no reliable basis to forecast potential revenue from this revenue category.

Key risks and dependencies

45. The key risks to successful transformation of the Company can be summarised as:

(a) *Completion risk*

Pursuant to the binding share sale agreement, the key terms of which are summarised in Schedule 1, the Company has agreed to acquire 100% of the issued share capital of GBG, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Acquisition cannot be fulfilled and, in turn, that completion of the acquisition of GBG does not occur.

If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(b) *Re-quotation of shares on ASX*

As part of the Company's change in nature and scale of activities, ASX will require the company to re-comply with Chapters 1 and 2 of the Listing Rules. It is anticipated that the Company's securities will be suspended from the date of the general meeting convened to seek Shareholder approval for the Acquisition until completion of the Acquisition, the Public Offer, re-compliance by the Company with Chapters 1 and 2 of the listing rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation.

(c) *Liquidity risk*

On completion of the Acquisition, the Company proposes to issue securities to the GBG Shareholders. The Company understands that ASX will treat some of these securities as restricted securities in accordance with Chapter 9 of the Listing Rules.

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) *Regulatory Environment*

GBG is based in Australia and is subject to Australian laws and regulations. For example, GBG is required to comply with the Corporations Act and the *Competition and Consumer Act 2010* (Cth). However, GBG currently has its operations in international jurisdictions such as South Africa and Eastern Europe. Users, competitors, members of the general public or regulators could allege breaches of the legislation in the relevant jurisdictions. This could result in remedial action or litigation, which could potentially lead to GBG being required to pay compensation or a fine. GBG's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon GBG's profitability. In addition, if regulators took the view that GBG had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. Which could lead to significant reputational damage to GBG and consequent impact upon its revenue.

GBG, through the GBG platform, currently offers its products in South Africa and Eastern Europe. Regulatory changes could see GBG being required to hold a licence in some jurisdictions or otherwise comply with local regulations. This could preclude GBG from offering certain services in these jurisdictions until such a licence has been obtained. Any such increase in the costs and resources associated with the regulatory compliance in these jurisdictions could impact upon GBG's profitability.

(e) *Future Profitability*

GBG was incorporated in December 2016 and the business is yet to be fully commercialised. Therefore, there is greater uncertainty in relation to the business and its prospects in light of its limited financial history. In addition, there is no guarantee that GBG will be able to successfully commercialise the GBG platform and if it is unable to do so, it will not be able to realise significant revenues in the future.

Whilst the New Directors have confidence in the future revenue-earning potential of GBG, there can be no certainty that GBG will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities. GBG's profitability may be impacted by, among other things, the success of its business strategies (such as further development of the GBG'S platform and sales and marketing), its ability to successfully provide a high-quality product and level of service to customers, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

(f) *Sales and Marketing Success*

The Company intends to use some of the funds raised under the Public Offer on sales and marketing measures to grow the GBG platform. By their nature, there is no guarantee that such sales and marketing campaigns will be successful. If they are not, the Company may encounter difficulty in creating market awareness of the GBG platform, which would likely have an adverse impact on GBG's sales and profitability.

(g) *Competition and New Technologies*

The industry in which GBG is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While GBG will undertake all reasonable due diligence in its business decisions and operations, GBG will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of GBG and business. For instance, new technologies could overtake the advancements made by GBG. In that case, GBG's revenues and profitability could be adversely affected.

There are relatively low barriers to entry in the field in which GBG operates. Due to the rapid pace of technological change and industry development, it is likely that new technologies or products may be developed that replicate or even potentially supersede aspects of GBG and represents a risk to GBG's business model.

(h) *Management of Growth*

There is a risk that management of the Company will not be able to implement GBG's growth strategy. The capacity of management to properly implement and manage the strategic direction of GBG may affect the Company's financial performance.

(i) *Reputation Risk*

GBG operates in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled customers posting negative comments about GBG, in public forums may have a disproportionate effect on GBG's reputation and its ability to earn revenues and profits. Additionally, complaints by such users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory inquiries. This could negatively impact on GBG's profitability.

(j) *Data Loss, Theft or Corruption*

GBG will provide its services online through the GBG platform which will include native mobile applications. Hacking or exploitation of some unidentified vulnerability in its website could lead to a loss, theft or corruption of data. GBG will collect sensitive data relating to user information, demographics, etc., which could be attractive to hacking or exploitation.

This could render the platform unavailable for a period of time, whilst data is restored. It could also lead to unauthorised disclosure of users' data with associated reputational damage, claims by users and regulatory scrutiny and fines. Although GBG has strategies and protections in place to mitigate security breaches and to protect data, these strategies might not be successful. In that event, disruption to the GBG platform and unauthorised disclosure of user data could negatively impact upon GBG's revenues and profitability.

(k) *Privacy Concerns*

Regulations in various jurisdictions limit tracking and collection of personal identification and information. If GBG breaches such regulations, its business, reputation, financial position and financial performance may be detrimentally affected. External events may also cause regulators to amend regulations in respect of the collection and use of user information. Any amended regulations may introduce controls which make the operation of certain types of tracking technologies unusable which could damage GBG's financial position and financial performance by adding costs to through the requirement to develop and implement new technologies.

(l) *Protection of Intellectual Property Rights*

GBG's business depends on customers being attracted to its website. GBG has registered a domain name (www.gamingbattleground.com) for the purposes of its website. However, should GBG not renew or otherwise lose control of its domain name, it would lose all website traffic direct to that domain which would adversely affect GBG's performance.

The architecture, functionality and design of the GBG platform is unique from its competitors. Its code base and algorithms, documentation, architecture and process flow, form part of its proprietary trade secret. However, at this current stage, GBG has not identified any component of their platform that is patentable. However, the name “Gaming Battle Ground”, its acronym “GBG” and the related logos are currently in the process of being trademarked.

The value of GBG is, to an extent, dependent on GBG’s ability to protect its other intellectual property rights. If GBG fails to protect its intellectual property rights adequately, competitors may gain access to its technology which would in turn harm its business.

Third parties may knowingly or unknowingly infringe on GBG’s intellectual property rights. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and vary. Effective patent, trademark, copyright and trade secret protection may not be available to GBG in every country in which its products and services are available. Accordingly, despite its efforts, GBG may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

GBG may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not successful, could result in significant expense to GBG and cause a distraction to management.

Unauthorised use of GBG’s brands in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(m) *Attracting Customers to Website*

GBG’s revenues will depend on sufficient customers being attracted to its website. The number of visitors to its website directly affects its financial model. Various factors can affect the level of web traffic arriving at GBG’s website, including:

- Marketing and promotions: if GBG’s marketing and promotion efforts are not effective this will manifest itself as a lack of customers visiting the GBG website;
- Brand damage: should GBG suffer from reputational damage, web traffic could be affected; and
- Search engine traffic: search engines such as Google, direct significant traffic to the GBG website. Should these search engines make changes to their algorithms and procedures that direct this traffic, GBG could see a substantial drop in customers visiting its website. For example, Google regularly updates the algorithms that determine the ranking of results it returns for any given search term. GBG attempts to follow Google’s guidelines and online best practice to maintain the flow of traffic to its website, but such changes could adversely affect the traffic to its website.

A decline in traffic to GBG's website would lead to a decline in GBG's ability to attract customers, and negatively affect GBG's performance.

(n) *Reliance on Key Management Personnel*

The responsibility of overseeing the day-to-day operations and the strategic management of GBG depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of GBG or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

If such contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, GBG would need to engage alternative staff, and GBG's operations and business may be adversely affected.

(o) *Contract Risk*

The operations of GBG will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, GBG is unable to completely avoid the risk of:

- financial failure or default by a participant in any joint venture to which GBG may become a party;
- insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by GBG in its activities; or
- insolvency, default on performance or delivery, or any managerial failure by any other service providers used by GBG or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on GBG's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by GBG, it is not possible for GBG to predict or protect itself completely against all such contract risks.

(p) *Litigation*

GBG may in the ordinary course of business become involved in litigation and disputes, for example with its contractors or clients. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, clients or other stakeholders. Any such outcomes may have an adverse impact on GBG's business, market reputation and financial condition and financial performance. Neither the Company nor GBG are currently engaged in any litigation.

The Company is confident that it has legal claims for compensation against the Government of Egypt for expropriation or measures tantamount to expropriation, of its interests in Egypt, including the Abu Dabbab Tantalum-Tin-Feldspar Project, on which it had spent approximately US$30 million up to early 2015. The Company is also confident that it has other legal claims against the Government of Egypt, including claims for violation of Egypt's obligations of good faith, transparency and non-discrimination. The Company has continued working with Clifford Chance to build up the legal case and secure an arbitration funding agreement. Whilst there is a strong sense of optimism within the Company that this funding process will be successful, there is no certainty of a positive outcome. This claim will rest with TIPL following the spin out outlined in paragraph 8 above.

(q) *Future Funding Needs*

The funds raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to develop new and existing products, or acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

(r) *International Operations*

GBG currently operates in South Africa and Eastern Europe, and intends to expand its operations into other markets. Therefore, GBG will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally, and will include, but are not limited to:

- changes in the regulatory environment;
- trade barriers or the imposition of taxes;
- difficulties with staffing or managing any foreign operations;
- issues or restrictions on the free transfer of funds;
- technology export or import restrictions; and
- delays in dealing across borders caused by customers or regulatory authorities.

(s) *Foreign Exchange Risk*

GBG's costs and expenses in foreign countries are likely to be in other foreign currencies. Accordingly, the depreciation of the Australian dollar and/or the appreciation of the foreign currency relative to the Australian dollar could result in a translation loss on consolidation which is taken directly to shareholder equity.

Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue. GBG will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the other foreign currencies, and will have to monitor this risk.

(t) *Technology Sector Risks*

The technology sector is characterised by rapid change. New and disruptive technologies can place competitive pressures on existing companies and business models, and technology stocks may experience greater price volatility than securities in some slower changing market sectors.

The value of the Company's securities may be adversely affected by any general decline in the valuation of listed securities and/or adverse market sentiment towards the technology sector in particular, regardless of the Company's operating performance

(u) *Investment Speculative*

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

46. The key dependencies influencing the viability of the Acquisition are:

(a) the Company's capacity to re-comply with Chapters 1 and 2 of the Listing Rules to enable re-admission to quotation of the Company's securities;

(b) completion of the Acquisition; and

(c) raising sufficient funds to roll out GBG's strategy to continue to drive GBG user acquisition.

Proposed Use of Funds

47. The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List of ASX as follows:

Use of Funds	Amount	%
Existing cash reserves of the Company*	$900,000	15.25%
Funds raised under the Public Offer	$5,000,000	84.75%
TOTAL	**$5,900,000**	**100%**
Design and build technology application	$770,000	13.05%
Business development	$460,000	7.80%
Sales and marketing	$1,400,000	23.73%
Operations	$2,100,000	35.59%
General Working Capital**	$600,000	10.17%
Expenses associated with the Public and the Acquisition	$570,000	9.66%
TOTAL	**$5,900,000**	**100%**

Notes:

* Cash reserves of the Company and GBG at completion of transaction, assuming completion by 31 August 2017 and assuming expenditure by the entities of nil.

** Includes administration costs, including salaries, general corporate costs including rent and the provision of services to the Company.

Accounts

48. The Company's pro forma statement of financial position as at 31 December 2016, based on reviewed half year 31 December 2016 accounts for the Company and GBG is set out in Schedule 2.

49. GBG Bulgaria's 2015 and 2016 accounts are set out in Schedule 3.

50. GBG's financial statements from incorporation (being, 22 December 2016) to 31 March 2017 are set out in Schedule 4.

Recent issues of GBG securities

51. On incorporation, GBG issued 10,000 fully paid ordinary shares to the founders of GBG for a total consideration of $10,000.

52. On 10 April 2017, GBG conducted a share split on a 1,000 Shares for 1 Share basis, resulting in GBG having 10,000,000 fully paid ordinary shares on issue.

53. On 10 April 2017, GBG issued a total of 4,563,953 fully paid ordinary shares at a deemed issue price of $0.001 to the shareholders and/or nominees of Gaming Battle Ground Limited (Bulgarian Company Registration Number 203600618) (**GBG Bulgaria**) (**GBG Bulgaria Shareholders**) and of Stonerock Strategic Advisory and Media Group (Pty) Ltd (Company Registration Number 2016/541899/07) (**Stonerock**) in consideration for GBG acquiring the rights, title and interests in the assets forming the GBG platform under a terms sheet between GBG, GBG Bulgaria and Stonerock dated on or about 23 January 2017 (being, a total consideration of $4,563.95).

Unmarketable parcel sale facility

54. On 16 August 2016, AR1 announced a less than marketable parcel Share sale facility by offering Shareholders with a holding equating to less than a marketable parcel an opportunity to sell their Shares without brokerage costs. This process has resulted in a significant reduction in the number of Shareholders (from 1050 down to 350) with follow-on savings for the Company in terms of postage and printing costs.

Re-compliance with ASX Listing Rules Chapters 1 and 2

55. Since the Acquisition will amount to a significant change in the nature and scale of the Company's activities, the Company is required to obtain approval for its Shareholders for the Acquisition and must re-comply with Chapters 1 and 2 of the Listing Rules.

Shareholder approvals

56. A notice of meeting seeking Shareholder approval for the resolutions required to give effect to the Acquisition will be sent to Shareholders in due course. It is expected that AR1 will convene a general meeting to be held in August 2017 to facilitate Shareholder approval for matters in respect of the Acquisition. Those approvals will include:

(a) the change in nature and/or scale of the Company's activities;

(b) the consolidation of the Company's securities (on a 1:1.8 basis) (**Consolidation**);

(c) the creation of a new class of securities (being, the Performance Shares);

(d) the issue of 184,500,000 Shares (on a post-Consolidation basis), 100,000,000 Performance Shares (on a post-Consolidation basis) and 184,500,000 Options (on a post-Consolidation basis) to the GBG Shareholders (or their nominees);

(e) the issue of a total of 5,000,000 Shares (on a post-Consolidation basis) to current Directors of the Company, Mr Jason Peterson and Mr John Kenny in consideration for services already provided as Directors of AR1;

(f) the issue of 11,500,000 Shares (on a post-Consolidation basis) and 11,500,000 Options (on a post-Consolidation basis) to CPS Capital Group Pty Ltd (ACN 088 055 636) (**CPS Capital**) in consideration for services provided by CPS Capital to the Company;

(g) the issue of 12,500,000 Shares (on a post-consolidation basis) at an issue price of $0.02 per Share to raise $250,000 (**Placement**);

(h) the issue of a total of 136,593,414 Options (on a post-Consolidation basis) post completion of the Placement and prior to the Public Offer (**Loyalty Options**);

(i) the issue of 250,000,000 Shares and 62,500,000 Capital Raising Options under the Public Offer;

(j) the change of the Company's name to "Gaming Battle Ground Limited";

(k) the appointment of the New Directors; and

(l) the equal reduction of capital to affect the in-specie distribution of TIPL to Shareholders.

57. On the date of the general meeting, the Company's securities will be suspended from quotation on ASX and, subject to Shareholder approval being obtained, will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Acquisition has completed.

ASX waivers and confirmations required

58. The Company intends to seek a waiver from the requirements of Listing Rule 2.1 (Condition 2) to enable it is issue Shares at $0.02 per Share and to enable it to have Options on issue with an exercise price below $0.20. The Company also intends to seek a waiver in respect of Listing Rule 9.1.3 to substitute the application of items 3 and 4 with the restrictions in items 1 and 2 of Appendix 3B in relation to the securities to be issued to the GBG Shareholders as consideration for the acquisition of 100% of the issued capital of GBG (as applicable). Further, the Company will seek confirmation from ASX that it is comfortable with the terms of additional securities proposed to be issued by the Company (being, the Performance Shares) in accordance with Listing Rules 6.1 and 6.2.

Regulatory requirements generally

59. The Company notes that:

(a) the Acquisition requires Shareholder approval under the Listing Rules and therefore may not proceed if that approval is not forthcoming;

(b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Acquisition may not proceed if those requirements are not met;

(c) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion; and

(d) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

60. Furthermore, the Company:

(a) notes that ASX takes no responsibility for the contents of this announcement; and

(b) confirms that it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.

Changes to Board

61. The board of the Company is also pleased to announce the appointment of Philip Re as a Non-Executive Director of the Company. Mr Re has been appointed following the resignation of Mr Jason Peterson. These changes mean that the total number of Directors will remain at 3. The board of the Company wishes to thank Mr Peterson for his services as Director over the past 18 months.

62. Philip Re is the managing director and founder of Regency Corporate, a chartered accountant and corporate advisory business.

Mr Re has been a director of a number of publicly listed and unlisted companies and during that time, has been involved in property development and investment, technology, education, mining exploration and production, and renewable energy industry transactions. Mr Re has been directly involved in raising capital, mergers and acquisitions, initial public offerings and reverse takeovers for various ASX listed companies and unlisted property syndicates.

Mr Re is a Chartered Accountant, Chartered Secretary and a Member of the Institute of Company Directors. Mr Re is the Chairman and one of the founders of the charity organisation, The Better Life Foundation WA.

Board positions currently held by Mr Re include ASX Listed Companies iCollege Limited, Ausnet Financial Services Limited and Weststar Industrial Limited.

For further information, please contact:

Michael Rosenstreich
Chairman
Arrowhead Resources Limited

Phone: +61 08 6102 2609

SCHEDULE 1 – KEY TERMS OF BINDING SHARE SALE AGREEMENT

The key terms of the binding share sale agreement to effect the Acquisition (**Agreement**) are as follows:

1. **Conditions Precedent**: Completion of the Acquisition is subject to and conditional upon a number of conditions precedent, including:

   (a) satisfaction of all necessary due diligence investigations by the parties;

   (b) consolidation of AR1's securities on a 1:1.8 basis, with the effect that the total number of Shares on issue will reduce from 223,368,146 (pre-consolidation) to 124,093,414 (post-consolidation) (**Consolidation**);

   (c) AR1 obtaining all necessary regulatory and Shareholder approvals required pursuant to the Corporations Act and Listing Rules to complete the transactions contemplated by the agreement, including, without limitation, ASX approval of the terms and conditions of the Performance Shares;

   (d) AR1 receiving conditional approval by ASX to reinstate its securities to trading on the ASX (after the Company re-complies with Chapters 1 and 2 of the Listing Rules) and those conditions being to the reasonable satisfaction of AR1 and GBG;

   (e) AR1 undertaking a capital raising to raise at least $5 million through an issue of Shares at $0.02 per Share, together with one (1) free attaching Option for every four (4) Shares issued (on a post-Consolidation basis) (**Public Offer**);

   (f) AR1 completing a placement of 12,500,000 Shares to raise $250,000 (on a post-Consolidation basis) (**AR1 Placement**);

   (g) AR1 issuing one (1) Option for every (1) Share held (**Loyalty Options**) to Shareholders (at completion of the Placement and prior to undertaking the Public Offer) (on a post-Consolidation basis) (being a total of 136,593,414 Options);

   (h) GBG providing audited accounts to the Company for the past 3 financial years (or such other period as required by ASIC and ASX) for the purpose of obtaining all necessary regulatory and Shareholder approvals within 21 days of the date of execution of the agreement (or such later date as agreed between the parties); and

   (i) GBG completing a placement of 12,500,000 shares to raise $250,000 (**GBG Placement**),

   (together, the **Conditions Precedent**).

2. **Consideration**: In consideration for the Acquisition, the Company will issue:

(a) the following securities (on a post-Consolidation basis):

- 184,500,000 Shares (including 12,500,000 Shares in respect of the GBG Placement) (**Consideration Shares**); and

- 184,500,000 Options (including 12,500,000 options in respect of the GBG Placement) (**Consideration Options**), exercisable at $0.02 on or before the date that is three years from the date the Company's securities are reinstated to trading following re-compliance with Chapters 1 and 2 of the ASX Listing Rules;

to the GBG shareholders (or their nominees) in proportion to their existing interest in GBG; and

(b) 100,000,000 Performance Shares (being, 33,333,333 Class A Performance Shares, 33,333,333 Class B Performance Shares and 33,333,334 Class C Performance Shares) to the existing GBG shareholders (i.e. excluding new shareholders in GBG that subscribe under the GBG Placement);

AR1 will also issue 11,500,000 Shares and 11,500,000 Options (both on a post-Consolidation basis) in consideration for services provided by AR1's corporate advisor, CPS Capital and 5,000,000 Shares to Mr Jason Peterson and Mr John Kenny in consideration for services already provided as Directors of AR1.

3. **Board composition**: On completion of the Acquisition, AR1 will appoint Messrs Gregory Stevens, Bert Mondello and Jonathan Hart as directors of AR1. Current Directors Messrs Michael Rosenstreich and John Kenny will resign.

4. **Change of name**: Following successful completion of the Acquisition, AR1 proposes to change its name to "Gaming Battle Ground Limited".

The agreement otherwise contains terms and conditions which are typical for an agreement of its nature.

SCHEDULE 2 – PRO-FORMA STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

Statement of Financial Position	Notes	AR1 Reviewed Half Year Accounts 31 Dec 16	Combined Pro-forma Post Issue
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1,2,6	673,245	5,603,245
Trade and other receivables		12,275	14,518
TOTAL CURRENT ASSETS		**685,520**	**5,617,763**
NON-CURRENT ASSETS			
Property, plant and equipment		24,036	24,784
Intangible assets		-	2,243
TOTAL NON-CURRENT ASSETS		**24,036**	**27,026**
TOTAL ASSETS		**709,556**	**5,644,789**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		79,902	89,621
Deferred income		5,935	9,673
TOTAL CURRENT LIABILITIES		**85,837**	**99,294**
TOTAL LIABILITIES		**85,837**	**99,294**
NET ASSETS		**623,719**	**5,545,495**
SHAREHOLDERS EQUITY			
Issued capital	1,2,3,4,5,6	51,584,487	12,103,737
Other reserves	3,4	534,662	239,443
Accumulated losses	5	(51,495,430)	-6,797,684
TOTAL SHAREHOLDERS EQUITY		**623,719**	**5,545,495**

Notes:

1. AR1 completing a Placement of $250,000, before costs, prior to completion of the Acquisition.

2. GBG completing a Placement of $250,000, before costs, prior to completion of the Acquisition.
3. AR1 issuing 184,500,000 Consideration Shares, together with 184,500,000 Options.
4. AR1 issuing 11,500,000 Shares and 11,500,000 Options to advisors.
5. AR1 issuing 5,000,000 Shares to Directors.
6. AR1 completing a Public Offer of 250,000,000 Shares, together with one (1) free attaching Option for every four (4) Shares issued, at an issue price of $0.02 per Share to raise $5,000,000 before costs prior to completion.

SCHEDULE 3 – GBG BULGARIA ACCOUNTS

GAMING BATTLE GROUND LTD

FINANCIAL STATEMENTS

31 DECEMBER 2015

TABLE OF CONTENTS

	Page
DIRECTOR'S REPORT	1
REPORT OF THE AUDITORS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 -17

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GAMING BATTLE GROUND LTD

We have audited the accompanying financial statements of Gaming Battle Ground LTD which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, set out on pages 2 to 17.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual financial statements of the Company.

In our opinion, the Annual Report set out on page 1 is consistent with the accompanying financial statements of the Company as of 31 December 2015.

Registered auditor MOORE STEPHENS BULGARIA – AUDIT OOD

Stefan Nenov.......................... ....

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

23 March 2017
Sofia, Bulgaria

GAMING BATTLE GROUND LTD
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	5	3
		3
Current assets		
Cash and cash equivalents	6	14
Total assets		**17**
EQUITY		
Equity attributable to owners		
Share capital	8	1
Other reserves		49
Retained earnings	7	(35)
Total equity		**15**
LIABILITIES		
Current liabilities		
Trade and other payables	9	2
Total liabilities		**2**
Total equity and liabilities		**17**

The financial statements from pages 2 to 17 were approved on28.03.2016.

Manager:
Luka Ciganek
Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date: 23.03.17

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

The notes on pages 6 to 17 are an integral part of these financial statements.

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2015
Revenue	10	5
Hired services expenses	11	(7)
Depreciation, amortization and impairment changes	5	(1)
Salaries and social security expenses	12	(6)
Other expenses	13	(25)
Operating profit		(34)
Financial cost	14	(1)
Profit (loss) before income tax		(35)
Income tax expense		-
Profit (loss) for the year		**(35)**
Other comprehensive income for the year		-
Total comprehensive income for the year		**(35)**

The financial statements from pages 2 to 17 were approved on 28.03.2016.

Ciganek

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date: 22.03.17

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

GAMING BATTLE GROUND LTD
STAEMENT OF CHANGES IN EQUITY
31 DECEMBER 2015

(All amounts in BGN thousands unless otherwise stated)

	Share capital	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2015	-	-	-	
Changes during the year	1	49		50
Profit (loss) for the year			(35)	(35)
Balance as at 31 December 2015	1	49	(35)	15

The financial statements from pages 2 to17 were approved on 28.03.2016

Ciganek

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date: 23.03.17

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 131 МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

GAMING BATTLE GROND LTD
STATEMENT OF CASH FLOWS
31 DECEMBER 2015

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2015
Cash flows from operating activities		
Proceeds from sales		5
Payments to suppliers		(32)
Payments to employees		(4)
Net cash generated from operating activities		**(31)**
Cash flow from investing activities		
Payments for PPE		(4)
Net cash used in investing activities		**(4)**
Cash flows from financing activities		
Cash flows from additional contributions of shareholders		50
Other cash flows from financing activities		(1)
Net cash used in financing activities		**49**
Net (decrease)/increase in cash and cash equivalents		**14**
Exchange gains on cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year		**14**

The financial statements from pages 2 to 17 were approved on 28.03.2016

Ciganek

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date: 23.03.17

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

The Directors present the report and the financial statements prepared in line with International Financial Reporting Standards (IFRS) as adopted by EU for the year ended 31 December 2015. These financial statements have been audited by Moore Stephens Bulgaria - Audit OOD.

GAMING BATTLE GROUND Ltd. (the "Company") is limited liability company registered at the Commercial Register under ID 203600618 in 2015.

HEADQUARTERS AND ADDRESS FOR CORRESPONDENCE:

Republic of Bulgaria, Sofia, 111B Tsarigradsko shosse Blvd; Tech Park

The main activity of the Company is building web platforms that brings together players and organizers of tournaments and competitions and receive cash and other prizes. The company is approved for funding from the Jeremie within the Operational Programme "Development of the Competitiveness of the Bulgarian Economy the 2007 - 2013" by the Investment Manager "Eleven Bulgaria" LTD chosen to manage the financial instrument for 12 mln. eeuros to support entrepreneurship and providing initial funding - Acceleration and Seed fund.

STRUCTURE OF MANAGEMENT
The Company is managed and represented by the manager, according to Bulgarian legislation, the Commercial Law and the internal rules established by the owners.
The Company is managed by Mr. Luka Ciganek

CAPITAL STRUCTURE
The company's capital is divided into 1037 (one thousand thirty-seven) equal shares of 1 (one) lev each. Partners in the company are Gaming Battle Ground Limited (UK) Eleven Fund Coopératif U.A. (Netherlands), Cyril Arnaud DeMichele and Nicolas Stolnik.

BUSINESS OBJECTIVES FOR 2016
In 2016 the Company will continue to develop its business by seeking new markets and customers.
For 2015 the Company has employed staff on labor contracts

Director’s responsibilities

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the company as at the year end and of the profit or loss and cash flows for the year. Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2015.
The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.
The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Manager:
Luka Ciganek

Sofia

GAMING BATTLE GROUND LTD
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2015
ASSETS		
Non-current assets		
Property, plant and equipment	5	3
		3
Current assets		
Cash and cash equivalents	6	14
Total assets		**17**
EQUITY		
Equity attributable to owners		
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Other reserves		49
Retained earnings	7	(35)
Total equity		**15**
LIABILITIES		
Current liabilities		
Trade and other payables	9	2
Total liabilities		**2**
Total equity and liabilities		**17**

The financial statements from pages 2 to 17 were approved on28.03.2016.

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date:

The notes on pages 6 to 17 are an integral part of these financial statements.

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2015
Revenue	10	5
Hired services expenses	11	(7)
Depreciation, amortization and impairment changes	5	(1)
Salaries and social security expenses	12	(6)
Other expenses	13	(25)
Operating profit		(34)
Financial cost	14	(1)
Profit (loss) before income tax		(35)
Income tax expense		-
Profit (loss) for the year		**(35)**
Other comprehensive income for the year		**-**
Total comprehensive income for the year		**(35)**

The financial statements from pages 2 to 17 were approved on 28.03.2016.

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date:

(All amounts in BGN thousands unless otherwise stated)

	Share capital	**Other reserves**	**Retained earnings**	**Total equity**
Balance as at 1 January 2015	**-**	**-**	**-**	
Changes during the year	1	49		50
Profit (loss) for the year			(35)	(35)
Balance as at 31 December 2015	**1**	**49**	**(35)**	**15**

The financial statements from pages 2 to17 were approved on 28.03.2016

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date:

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2015
Cash flows from operating activities		
Proceeds from sales		5
Payments to suppliers		(32)
Payments to employees		(4)
Net cash generated from operating activities		**(31)**
Cash flow from investing activities		
Payments for PPE		(4)
Net cash used in investing activities		**(4)**
Cash flows from financing activities		
Cash flows from additional contributions of shareholders		50
Other cash flows from financing activities		(1)
Net cash used in financing activities		**49**
Net (decrease)/increase in cash and cash equivalents		**14**
Exchange gains on cash and cash equivalents		**-**
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year		**14**

The financial statements from pages 2 to 17 were approved on 28.03.2016

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date:

Notes to financial statements

1. Company's activity

The main activity of the Company is building web platforms that brings together players and organizers of tournaments and competitions and receive cash and other prizes.

Gaming Battle Ground Ltd (the Company) is registered as a private limited liability company.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.
These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1. Going concern

The financial statements are presented under the going concern assumption, based on accrual principle and through keeping the adopted accounting policy unchanged for the reporting periods For the current year the company's financial result is a loss which amounts to TBGN 35 but it is a start up year.
The Company therefore continues to adopt the going concern basis in preparing its financial statements

2. Accounting policy (continued)

2.1 Basis of preparation (Continued)

2.1.2. Changes in accounting policy and disclosures

/a/ New standards, amendments and interpretations adopted by the company;

The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 January 2015 and have a material impact on the company:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle

In December 2013, the IASB has made the following amendments:

IFRS 1 – confirms that first-time adopters of AASs can adopt standards that are not yet mandatory, but do not have to do so

IFRS 2 – clarifies the definition of 'vesting condition' and now distinguishes between 'performance condition' and 'service condition'

IFRS 3 – clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date.

IFRS 3 – clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement

IFRS 8 – requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported

IFRS 13 confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

IFRS 13 – clarifies that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9

IAS 16 and IAS 38 – clarifies how the gross carrying amount and accumulated depreciation are treated where an entity measures its assets at revalued amounts

IAS 24 – where an entity receives management personnel services from a third party (a management entity), the fees paid for those services must be disclosed by the reporting entity, but not the compensation paid by the management entity to its employees or directors.

IAS 40 – clarifies that IAS 40 and IFRS 3 are not mutually exclusive when distinguishing between investment property and owner-occupied property and determining whether the acquisition of an investment property is a business combination

Effective date: 1 July 2014

Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The amendments clarify the accounting for defined benefit plans that require employees or third parties to contribute towards the cost of the benefits.

Under the previous version of IAS 19, most entities deducted the contributions from the cost of the benefits earned in the year the contributions were paid. However, the treatment under the 2011 revised standard was not so clear. It could be quite complex to apply, as it requires an estimation of the future contributions receivable and an allocation over future service periods.

To provide relief, changes were made to IAS 19. These allow contributions that are linked to service, but that do not vary with the length of employee service (eg a fixed % of salary), to be deducted from the cost of benefits earned in the period that the service is provided. Therefore many entities will be able to (but not be required) continue accounting for employee contributions using their existing accounting policy.

(б) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below (Revised requirement).

IFRS 9, 'Financial Instruments', addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard

IFRS 15, 'Revenue from Contracts with Customers'. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application

Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the group: 1 January 2017.

Disclosure Initiative - Amendments to IAS 1
The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:
- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.
Effective date: 1 January 2016

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).
The financial statements are presented in Bulgarian BGN (BGN), which is the Company’s functional and presentation currency. The Bulgarian Lev has been fixed to the EUR by the means of the enforced currency board in the Republic of Bulgaria since 1 January 1999.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 recognized in the income statement.

The closing exchange rates of the BGN against the major foreign currencies to the Company’s operations for the reporting periods of the financial statements are as follows:

Significant exchange rates:

	31 December 2015 BGN
1 EUR	1.95583
1 USD	1.79007

2.3 Property, plant and equipment

Property, plant and equipment is initially recognized at acquisition cost, which comprises purchase price, including all customs expense and unrecoverable taxes, as well as all direct costs, necessary to bringing the asset into its current mode and location.
After their initial recognition, all property, plant and equipment is recognized at acquisition cost, less depreciation charges and impairment loss.
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The assets are amortized from the date of acquisition or commissioning.

Depreciation is calculated using the straight-line method to allocate the difference between the carrying value and the residual value over the useful lives of the assets as follows:

- Machines and equipment 2 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
When the carrying amount is higher than the recoverable amount, tangible fixed asset is carried at its recoverable amount.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within ‘Other (losses)/gains – net’ in the income statement

Borrowing costs are recognized as current expenses.

2.4 Intangible assets

The Company has no intangible assets.

2.5. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.
Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.
Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.6. Inventories

Inventories include raw materials, work in progress and goods.
Inventories are stated at the lower of cost and net realizable value. Consumption expense is determined under the "weighted average” method. The cost of finished goods and work in progress includes the cost of purchase or production, processing and other direct costs. Financial costs are not included in the value of inventories. The Company does not have inventories.

2.7. Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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 balance sheet date. These are classified as non-current assets. Loans and receivables are classified as ‘trade and other receivables’ and cash and cash equivalents in the balance sheet.

2.8 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.
Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement..
Upon payment by the customer receivable, which has already been impaired is done to reverse the accrual of impairment operation. It is reflected in the reduction of impairment charges referred to in the statement of income.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.
Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.10 Share capital

Ordinary shares are classified as equity which is stated at its nominal value according to a court decision for the registration of the Company.
The Company's capital is represented at the amount corresponding to the court-registered.

2.11. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.12 Employee benefits

(a) Pension obligations

The company has a defined benefit pension plan. In accordance with the Labour Code the employer is obliged to pay the employees at retirement age an indemnity which amounts to two gross monthly wages at the time of the termination of the labour contract depending on the length of service in the Company. In case the employee has worked in the Company during the last 10 years, the amount of the indemnity is six gross monthly wages.
The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.
Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

2.13 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized 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 recognized 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..

2.14. Trade payables and loans

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Payables on loans

Interest-bearing loans are recognized initially at fair value of the equivalents, net of expenses related to the issuance of the loan. After initial recognition, loans are measured at amortized cost using the method of effective interest rate.

2.15 Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value added taxes and discounts. The Company recognizes revenue when: it can be estimated reliably, there is assurance that future benefits will flow to the company and referred the following specific conditions are met for each sale made by the company. Is not considered to have been committed reliable valuation of revenue when contingencies exist with respect to its occurrence. Once they are removed it is possible to perform reliable valuation of revenue.

(b) Rendering of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the degree of completion. It is certified by both sides signed protocols for adoption at the stage of implementation of the service. The amount of revenue is determined on the ratio (percent) of the work done as at the date of the annual financial report to the total contracted service. With so the percentage is multiplied by the total contract price to reach the amount of revenue recognized from the service provided.

2.16. Related parties

For the purposes of these financial statements, the Company presents as related parties its immediate and ultimate parents and their related parties thereof, its shareholders, parent’s or entity’s key management personnel and their close family members and their related parties thereof.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on equal parts over the period of the lease.

The Company has not signed finance lease contracts as lessee. The Company has not signed finance lease contracts as lessor.

2.18. Dividend distribution

Dividend distribution to the Company’s shareholders is recognized as a liability in the Company’s financial statements in the period in which the dividends are approved by the Company’s shareholders

3. Financial risk management

3.1 Financial risk factors

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance.

(a)Foreign exchange risk

The Company operates in Bulgaria and since the Bulgarian BGN (BGN) has been pegged to the EUR at the fixed rate by the means of the currency board, the Company is exposed to foreign exchange risk to the extent of transactions denominated in currencies other than the EUR. The management of the Company monitors regularly the foreign exchange risk in order to minimize any negative effects on the Company’s financial position.

(b) Interest rate risk
There is no interest risk as the company has no loans and other borrowings from institutions.

(c) Credit risk
There is no significant concentration of credit risk in the Company. The Company has implemented a strict policy that ensures that products and goods are sold only to companies with adequate credit rating.

(d) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit.

(e) Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The reliability of estimates and judgements regularly reviewed.
The management has used critical accounting estimates and assumptions in relation to the reported amounts of assets and liabilities and disclosures of liabilities as at the date of the financial statements and the amounts of revenues and expenses reported during the period in the income statement.
Management has used significant accounting estimates and judgments with respect to the impairment of receivables from customers and in determining the amount of provisions for liabilities and in determining the useful life of fixed assets .

(All amounts in Bulgarian BGN thousands unless otherwise stated)

5. Property, plant and equipment

	Machinery and equipment
01 January 2015	
Opening net book amount	-
Additions	4
Depreciation charge	(1)
Closing net book amount	**3**
31 December 2015	
Cost	4
Accumulated depreciation	(1)
Net book amount	**3**

6. Cash and cash equivalents

	2015
Cash in banks and in hands	14
	14

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2015
Cash in hands	8
Cash in banks	6
	14

7. Retained earnings

	2015
Balance as at 1 January	-
Profit for the year	(35)
Balance as at 31 December	**(35)**

8. Share capital

	Ordinary shares (number)	Nominal value (lv.)	Total (thousand BGN.)
As at 31 December 2015	**1,037**	**1**	**1**

The share capital of the company is1,037,000BGN. It consists of 1,037 ordinary shares with nominal value of 1 BGN per share. The company capital is divided as follows:

- Gaming Battle Ground Ltd – 828 shares, or 79,85%
-Eleven Fund Cooperatif U.A - 80 shares, or 7,71%
- Cyril Arnaud Demichel - - 31 shares, or 2,99%
- Nikola Stolnik - 6 shares, or 0,58%
- Ivana Brecek - 92 shares , or 8,87%

9. Trade and other payables

	2015
Payables to employees	2
Total trade and other payables	**2**

10. Sales income

	2015
Income from subscription fees	5
	5

11. Hired services	**2015**
Exspenses for professional services	5
Rental expenses	2
	7

12 Employee benefit expenses	**2015**
Remunerations	**5**
Social insurance contributions	**1**
	6

13 Other expenses

Business trips	**21**
Other	**4**
	25

14 Financial income and(expenses)

	2015
Bank charges	1
	1

15 Related party transactions

The Company policy for related – unless otherwise stated, transactions with related parties are not carried out under special conditions
Related parties of the company include:

Luka Ciganek - manager

There are no related party transactions during the reporting period

16. Contingent liabilities

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

17. Commitments

The Company has no commitments at the balance sheet date

18. Post balance sheet events

There is no significant adjusting and non-adjusting event after the balance sheet date.

GAMING BATTLE GROUND LTD

FINANCIAL STATEMENTS

31 DECEMBER 2016

TABLE OF CONTENTS

	Page
DIRECTOR’S REPORT	1
REPORT OF THE AUDITORS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 -17

Moore Stephens Bulgaria – audit OOD
10 Lege Str., fl.6
1000 Sofia
Bulgaria
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GAMING BATTLE GROUND LTD

Opinion

We have audited the financial statements of Gaming Battle Ground LTD (The Company)., which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, set out from page 2 to page 17.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted in EU.

Basis for opinion.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code *of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements of the Independent Financial Audit Act, applied to our audit of the financial statements in Bulgaria, as well as we conducted our other ethical responsibilities according to the requirements of Independent Financial Audit Act and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information consists of director's report, prepared by management according to Chapter 7 from the Accountancy Act, but does not include the financial statements and our audit report thereon.

Our opinion on financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless it is explicitly stated in our report and to the extent that it is referred to.

In connection with our audit of the financial statements, our responsibility is to read the other information and thus to consider if this other information is materially inconsistent with the financial statements or our knowledge, obtained in the audit, or otherwise appears to be materially inconsistent.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report in this fact.

We have nothing to report in this regard.

Other matters to be reported according to Accountancy Act

In addition to our responsibilities and reporting, according to the ISA referring to director's report, we performed the procedures added to those required in the ISA, in accordance with the Guidelines of the professional organization of the Certified Public Accountants and the Registered Auditors in Bulgaria – Institute of Certified Public Accountants (ICPA), issued on 29.11.2016 approved by its Managing Board on 29.11.2016. These procedures concern verification of the form and substance of this other information with the purpose to help us in forming our conclusion if the other information includes the disclosures, provided in Chapter 7 of the Accounting Act, applicable in Bulgaria.

Conclusion concerning art. 37 para. 6 of the Accountancy Act.

Based on the procedures performed in our opinion:

a) The information, included in director's report set out on page 1 to page for the financial year, for which the financial statements have been prepared, is in accordance with the financial statements.
b) The director's report has been prepared according to the requirements of Chapter 7 of the Accountancy Act.

Responsibilities of Management

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted in EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going concern.
- Assess overall presentation, structure and substance of the financial statements, including disclosures, as well as whether the financial statements present fundamental transactions and events in a true way.

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

The engagement partner on the audit resulting in this independent auditor's report is Stefan Nenov.

Registered auditor

Stefan Nenov

23 March 2017
Sofia, Bulgaria

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

MOORE STEPHENS BULGARIA – AUDIT OOD

Stefan Nenov
Managing Partner,

GAMING BATTLE GROUND LTD
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	1	3
Intangible non-current assets	5	3	
		4	**3**
Current assets			
Trade and other receivables	7	3	-
Cash and cash equivalents	6	-	14
Total assets		**7**	**17**
EQUITY			
Equity attributable to owners			
Share capital	9	1	1
Other reserves		84	49
Retained earnings	8	(96)	(35)
Total equity		**(11)**	**15**
LIABILITIES			
Current liabilities			
Trade and other payables	10	13	2
Total liabilities		**13**	**2**
Deferred income		5	-
Total equity and liabilities		**7**	**17**

The financial statements from pages 2 to 17 were approved on 03.03.2017.

Manager:
Luka Ciganek
Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date: 23.03.17

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

The notes on pages 6 to 17 are an integral part of these financial statements.

GAMING BATTLE GROUND LTD
STATEMENT OF COMPEHENSIVE INCOME
31 DECEMBER 2016

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2016	2015
Revenue	11	21	5
Hired services expenses	12	(27)	(7)
Depreciation, amortization and impairment changes	5	(2)	(1)
Salaries and social security expenses	13	(17)	(6)
Other expenses	14	(35)	(25)
Operating profit		(60)	(34)
Financial cost	15	(1)	(1)
Profit (loss) before income tax		(61)	(35)
Income tax expense		-	-
Profit (loss) for the year		**(61)**	**(35)**
Other comprehensive income for the year			-
Total comprehensive income for the year		**(61)**	**(35)**

The financial statements from pages 2 to 17 were approved on 03.03.2017.

Ciganek

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date: 23.03.17

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

GAMING BATTLE GROUND LTD
STAEMENT OF CHANGES IN EQUITY
31 DECEMBER 2016

(All amounts in BGN thousands unless otherwise stated)

	Share capital	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2015	1	49	(35)	15
Changes during the year	-	35	-	35
Profit (loss) for the year			(61)	(61)
Balance as at 31 December 2016	**1**	**84**	**(96)**	**(11)**

The financial statements from pages 2 to17 were approved on 03.03.2017

Ciganek

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date: 23.03.17

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

GAMING BATTLE GROND LTD
STATEMENT OF CASH FLOWS
31 DECEMBER 2016

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2016	2015
Cash flows from operating activities			
Proceeds from sales		26	5
Payments to suppliers		(50)	(32)
Payments to employees		(22)	(4)
Net cash generated from operating activities		**(46)**	**(31)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(4)	(4)
Net cash used in investing activities		**(4)**	**(4)**
Cash flows from financing activities			
Cash flows from additional contributions of shareholders		35	50
Cash flows from loans received		3	-
Repaid loans		(1)	-
Other cash flows from financing activities		(1)	(1)
Net cash used in financing activities		**36**	**49**
Net (decrease)/increase in cash and cash equivalents		**(14)**	**14**
Exchange gains on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		14	-
Cash and cash equivalents at end of year		-	**14**

The financial statements from pages 2 to 17 were approved on 28.03.2016

Ciganek

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date: 23.03.17

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 131
МУР СТИВЪНС БЪЛГАРИЯ-ОДИТ ООД

The Directors present the report and the financial statements prepared in line with International Financial Reporting Standards (IFRS) as adopted by EU for the year ended 31 December 2016. These financial statements have been audited by Moore Stephens Bulgaria - Audit OOD.

GAMING BATTLE GROUND Ltd. (the "Company") is limited liability company registered at the Commercial Register under ID 203600618 in 2015.

HEADQUARTERS AND ADDRESS FOR CORRESPONDENCE:

Republic of Bulgaria, Sofia, 111B Tsarigradsko shosse Blvd; Tech Park

The main activity of the Company is building a web platform that brings together players and organizers of tournaments and competitions and receive cash and other prizes. The company is approved for funding from the Jeremie within the Operational Programme "Development of the Competitiveness of the Bulgarian Economy the 2007 - 2013" by the Investment Manager "Eleven Bulgaria" LTD chosen to manage the financial instrument for 12 mln. euros to support entrepreneurship and providing initial funding - Acceleration and Seed fund.

STRUCTURE OF MANAGEMENT
The Company is managed and represented by the manager, according to Bulgarian legislation, the Commercial Law and the internal rules established by the owners.
The Company is managed by Mr. Luka Ciganek

CAPITAL STRUCTURE
The company's capital is divided into 1037 (one thousand thirty-seven) equal shares of 1 (one) lev each. Partners in the company are Gaming Battle Ground Limited (UK) Eleven Fund Coopératif U.A. (Netherlands), Cyril Arnaud DeMichele and Nicolas Stolnik.

BUSINESS OBJECTIVES FOR 2017
In 2017 the Company will continue to develop its business by seeking new markets and customers.

For 2016 the Company has employed 4 people on labor contracts

Director’s responsibilities

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the company as at the year end and of the profit or loss and cash flows for the year. Financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2016.
The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.
The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Manager:
Luka Ciganek

Sofia

GAMING BATTLE GROUND LTD
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	1	3
Intangible non-current assets	5	3	
		4	**3**
Current assets			
Trade and other receivables	7	3	-
Cash and cash equivalents	6	-	14
Total assets		**7**	**17**
EQUITY			
Equity attributable to owners			
Share capital	9	1	1
Other reserves		84	49
Retained earnings	8	(96)	(35)
Total equity		**(11)**	**15**
LIABILITIES			
Current liabilities			
Trade and other payables	10	13	2
Total liabilities		**13**	**2**
Deferred income		5	-
Total equity and liabilities		**7**	**17**

The financial statements from pages 2 to 17 were approved on 03.03.2017.

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date:

The notes on pages 6 to 17 are an integral part of these financial statements.

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2016	2015
Revenue	11	21	5
Hired services expenses	12	(27)	(7)
Depreciation, amortization and impairment changes	5	(2)	(1)
Salaries and social security expenses	13	(17)	(6)
Other expenses	14	(35)	(25)
Operating profit		(60)	(34)
Financial cost	15	(1)	(1)
Profit (loss) before income tax		(61)	(35)
Income tax expense		-	-
Profit (loss) for the year		**(61)**	**(35)**
Other comprehensive income for the year			**-**
Total comprehensive income for the year		**(61)**	**(35)**

The financial statements from pages 2 to 17 were approved on 03.03.2017.

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date:

(All amounts in BGN thousands unless otherwise stated)

	Share capital	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2015	**1**	**49**	**(35)**	**15**
Changes during the year	-	35	-	35
Profit (loss) for the year			(61)	(61)
Balance as at 31 December 2016	**1**	**84**	**(96)**	**(11)**

The financial statements from pages 2 to17 were approved on 03.03.2017

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date:

(All amounts in BGN thousands unless otherwise stated)

	Note	31 December 2016	2015
Cash flows from operating activities			
Proceeds from sales		26	5
Payments to suppliers		(50)	(32)
Payments to employees		(22)	(4)
Net cash generated from operating activities		**(46)**	**(31)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(4)	(4)
Net cash used in investing activities		**(4)**	**(4)**
Cash flows from financing activities			
Cash flows from additional contributions of shareholders		35	50
Cash flows from loans received		3	-
Repaid loans		(1)	-
Other cash flows from financing activities		(1)	(1)
Net cash used in financing activities		**36**	**49**
Net (decrease)/increase in cash and cash equivalents		**(14)**	**14**
Exchange gains on cash and cash equivalents		**-**	**-**
Cash and cash equivalents at beginning of year		14	-
Cash and cash equivalents at end of year		**-**	**14**

The financial statements from pages 2 to 17 were approved on 28.03.2016

Manager:
Luka Ciganek

Initialled for identification purposes in reference to the auditor's report:

Stefan Nenov
Registered auditor
Date:

Notes to financial statements

1. Company's activity

The main activity of the Company is building a web platform that brings together players and organizers of tournaments and competitions and receive cash and other prizes.

Gaming Battle Ground Ltd (the Company) is registered as a private limited liability company.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.
These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.1.1. Going concern

The financial statements are presented under the going concern assumption, based on accrual principle and through keeping the adopted accounting policy unchanged for the reporting periods For the current year the company 's financial result is a loss which amounts to TBGN 35 for 2015 and TBGN 61 for 2016, but still the company is in a establishment process.
The Company therefore continues to adopt the going concern basis in preparing its financial statements

2. Accounting policy (continued)

2.1 Basis of preparation (Continued)

2.1.2. Changes in accounting policy and disclosures

/a/ New and amended standards adopted by the company

Initial application of new amendments to existing standards and interpretations, effective in the current period
The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:
Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
Clarification of acceptable methods of depreciation and amortization – Amendments to IAS16 and IAS38
Annual improvements to IFRSs 2012 – 2014 cycle, and
Disclosure initiative – amendments to IAS 1.
The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.
/b/ New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the company.

- **IFRS 9 Financial Instruments**

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Must be applied for financial years commencing on or after 1 January 2018.

- **IFRS 15 Revenue from Contracts with Customers**

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.
The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the group: 1 January 2018.

- **IFRS 16 Leases**

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').
The financial statements are presented in Bulgarian BGN (BGN), which is the Company's functional and presentation currency. The Bulgarian Lev has been fixed to the EUR by the means of the enforced currency board in the Republic of Bulgaria since 1 January 1999.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 recognized in the income statement.

The closing exchange rates of the BGN against the major foreign currencies to the Company's operations for the reporting periods of the financial statements are as follows:

Significant exchange rates:

	31 December 2016 BGN	**31 December 2015 BGN**
1 EUR	1.95583	1.95583
1 USD	1.85545	1.79007

2.3 Property, plant and equipment

Property, plant and equipment is initially recognized at acquisition cost, which comprises purchase price, including all customs expense and unrecoverable taxes, as well as all direct costs, necessary to bringing the asset into its current mode and location.
After their initial recognition, all property, plant and equipment is recognized at acquisition cost, less depreciation charges and impairment loss.
Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The assets are amortized from the date of acquisition or commissioning.

Depreciation is calculated using the straight-line method to allocate the difference between the carrying value and the residual value over the useful lives of the assets as follows:

- Machines and equipment 2 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
When the carrying amount is higher than the recoverable amount, tangible fixed asset is carried at its recoverable amount.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement

Borrowing costs are recognized as current expenses.

2.4 Intangible assets

a) *Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (two years).

2.5. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.
Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.
Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.6. Inventories

Inventories include raw materials, work in progress and goods.
Inventories are stated at the lower of cost and net realizable value. Consumption expense is determined under the "weighted average” method. The cost of finished goods and work in progress includes the cost of purchase or production, processing and other direct costs. Financial costs are not included in the value of inventories. The Company does not have inventories.

2.7. Financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

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 balance sheet date. These are classified as non-current assets. Loans and receivables are classified as ‘trade and other receivables’ and cash and cash equivalents in the balance sheet.

2.8 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.
Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement..
Upon payment by the customer receivable, which has already been impaired is done to reverse the accrual of impairment operation. It is reflected in the reduction of impairment charges referred to in the statement of income.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.
Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.10 Share capital

Ordinary shares are classified as equity which is stated at its nominal value according to a court decision for the registration of the Company.
The Company's capital is represented at the amount corresponding to the court-registered.

2.11. Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.12 Employee benefits

(a) Pension obligations

The company has a defined benefit pension plan. In accordance with the Labour Code the employer is obliged to pay the employees at retirement age an indemnity which amounts to two gross monthly wages at the time of the termination of the labour contract depending on the length of service in the Company. In case the employee has worked in the Company during the last 10 years, the amount of the indemnity is six gross monthly wages.
The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.13 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized 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 recognized 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..

2.14. Trade payables and loans

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Payables on loans

Interest-bearing loans are recognized initially at fair value of the equivalents, net of expenses related to the issuance of the loan. After initial recognition, loans are measured at amortized cost using the method of effective interest rate.

2.15 Revenue recognition

Revenue comprises the fair value of goods and services sold, net of value added taxes and discounts.The Company recognizes revenue when: it can be estimated reliably, there is assurance that future benefits will flow to the company and referred the following specific conditions are met for each sale made by the company. Is not considered to have been committed reliable valuation of revenue when contingencies exist with respect to its occurrence. Once they are removed it is possible to perform reliable valuation of revenue.

(b) Rendering of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the degree of completion. It is certified by both sides signed protocols for adoption at the stage of implementation of the service. The amount of revenue is determined on the ratio (percent) of the work done as at the date of the annual financial report to the total contracted service. With so the percentage is multiplied by the total contract price to reach the amount of revenue recognized from the service provided.

2.16. Related parties

For the purposes of these financial statements, the Company presents as related parties its immediate and ultimate parents and their related parties thereof, its shareholders, parent's or entity's key management personnel and their close family members and their related parties thereof.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on equal parts over the period of the lease.

The Company has not signed finance lease contracts as lessee. The Company has not signed finance lease contracts as lessor.

2.18. Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a)Foreign exchange risk

The Company operates in Bulgaria and since the Bulgarian BGN (BGN) has been pegged to the EUR at the fixed rate by the means of the currency board, the Company is exposed to foreign exchange risk to the extent of transactions denominated in currencies other than the EUR. The management of the Company monitors regularly the foreign exchange risk in order to minimize any negative effects on the Company's financial position.

(b) Interest rate risk
There is no interest risk as the company has no loans and other borrowings from institutions.

(c) Credit risk
There is no significant concentration of credit risk in the Company. The Company has implemented a strict policy that ensures that products and goods are sold only to companies with adequate credit rating.

(d) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit.

(e) Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The reliability of estimates and judgements regularly reviewed.
The management has used critical accounting estimates and assumptions in relation to the reported amounts of assets and liabilities and disclosures of liabilities as at the date of the financial statements and the amounts of revenues and expenses reported during the period in the income statement.
Management has used significant accounting estimates and judgments with respect to the impairment of receivables from customers and in determining the amount of provisions for liabilities and in determining the useful life of fixed assets .

5. Property,plant and equipment and Intangible assets

	Machinery and equipment	Software	Total
01 January 2015			
Opening net book amount	-	-	-
Additions	4	-	4
Depreciation charge	(1)	-	(1)
Closing net book amount	**3**	**-**	**3**
31 December 2015			
Cost	4	-	4
Accumulated depreciation	(1)	-	(1)
Net book amount	**3**	**-**	**3**
01 January 2016			
Opening net book amount	3	-	3
Additions	-	4	4
Depreciation charge	(2)	(1)	(3)
Closing net book amount	**1**	**3**	**4**
31 December 2016			
Cost	3	4	7
Accumulated depreciation	(2)	(1)	(3)
Net book amount	**1**	**3**	**4**

(All amounts in Bulgarian BGN thousands unless otherwise stated)

6. Cash and cash equivalents

	2016	**2015**
Cash in banks and in hands	-	14
	-	**14**

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2016	**2015**
Cash in hands	-	8
Cash in banks	-	6
	-	**14**

7. Trade and other receivables	**2016**	**2015**
Other receivables	3	-
	3	**-**

8. Retained earnings

	2016	**2015**
Balance as at 1 January	(35)	-
Profit for the year	(61)	(35)
Balance as at 31 December	**(96)**	**(35)**

9. Share capital

	Ordinary shares (number)	Nominal value (lv.)	Total (thousand BGN.)
As at 31 December 2015	**1,037**	**1**	**1**
As at 31 December 2016	**1,037**	**1**	**1**

The share capital of the company is1,037,000BGN. It consists of 1,037 ordinary shares with nominal value of 1 BGN per share. The company capital is divided as follows:

- Gaming Battle Ground Ltd – 828 shares, or 79,85%
-Eleven Fund Cooperatif U.A - 80 shares, or 7,71%
- Cyril Arnaud Demichel - - 31 shares, or 2,99%
- Nikola Stolnik - 6 shares, or 0,58%
- Ivana Brecek - 92 shares , or 8,87%

10. Trade and other payables

	2016	2015
Payables to employees and contributions	6	2
Trade payables	7	-
Total trade and other payables	**13**	**2**

11. Sales income

	2016	2015
Income from subscription fees	21	5
	21	**5**

12. Hired services

	2016	2015
Exspenses for professional services	10	5
Rental expenses	9	2
Commissions	2	-
Other	6	
	27	**7**

13 Employee benefit expenses

	2016	2015
Remunerations	14	5
Social insurance contributions	3	1
	17	**6**

14 Other expenses

	2016	2015
Business trips	29	21
Other	6	4
	35	**25**

15. Financial income and(expenses)

	2016	2015
Bank charges	(2)	(1)
Exchange rate gains	1	-
	(1)	**(1)**

16 Related party transactions

The Company policy for related- unless otherwise stated, transactions with related parties are not carried out under special conditions
Related parties of the company include:

Luka Ciganek - manager

There are no related party transactions during the reporting period

17. Contingent liabilities

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

18. Commitments

The Company has no commitments at the balance sheet date

19. Post balance sheet events

There is no significant adjusting and non-adjusting event after the balance sheet date.

SCHEDULE 4 – GBG ACCOUNTS

GAMING BATTLE GROUND PTY LTD

Financial Statements

As at 31 March 2017

ABN 83 616 572 144

GAMING BATTLE GROUND PTY LTD

Statement of Profit or Loss and Other Comprehensive Income (22 December 2016[1] to 31 March 2017)

	Period to 31 March 17
	$
Revenue	-
Expenses	(1,672)
Total Expenses	**(1,672)**
Loss before income tax	(1,672)
Income tax expense	-
Loss after income tax for the year	**(1,672)**
Other comprehensive income	-
Total comprehensive loss for the year	**(1,672)**
Loss attributable to owners of the Company	(1,672)
Total comprehensive loss attributable to owners of the Company	**(1,672)**
Loss per share for the year attributable to the members of Gaming Battle Ground Pty Ltd	0.17

1. **22 December 2016 being the incorporation date of the Company**

GAMING BATTLE GROUND PTY LTD

Statement of Financial Position as at 31 March 2017

	31 March 2017
	$
Current Assets	
Cash and bank balances	10,000
Total Current Assets	10,000
Non-current Assets	
Total Non-current Assets	-
Total Assets	10,000
Current Liabilities	
Trade and Other Payables	1,672
Total Current Liabilities	1,672
Non-current Liabilities	
Total Non-current Liabilities	-
Total Liabilities	1,672
Net Assets	8,328
Equity	
Issued capital	10,000
Accumulated losses	(1,672)
Capital and reserves attributable to owners of the Company	-
Total equity	8,328

GAMING BATTLE GROUND PTY LTD

Statement of Changes in Equity

	Issued Capital	Accumulated Losses	Total
Balance at 22 December 2016	-	-	-
Loss for the period		(1,672)	(1,672)
Total comprehensive loss for the period		**(1,672)**	**(1,672)**
Transactions with owners in their capacity as owners			
Contribution of equity, net of transaction costs	10,000	-	10,000
Balance at 31 March 2017	**10,000**	-	**8,328**

GAMING BATTLE GROUND PTY LTD

Statement of Cash Flows (22 December 2016 to 31 March 2017)

	Period to 31 March 17
	$
Cash flows from operating activities	
Receipts from customers	-
Payments to suppliers and employees	-
Finance costs	-
Other income	-
Net cash used in operating activities	-
Cash flows from investing activities	
Payments of plant and equipment	-
Payments of intangible assets	-
Proceeds from sale of plant and equipment	-
Net cash used in investing activities	-
Cash flows from financing activities	
Proceeds from issue of shares	10,000
Proceeds from convertible loans	-
Proceeds from loan by related parties	-
Proceeds from borrowings	-
Share issue transaction costs	-
Repayment of loan by related parties	-
Repayment of borrowings	-
Net cash provided by financing activities	10,000
Effects of exchange rate changes	-
Cash and cash equivalents at the end of the year	10,000

GAMING BATTLE GROUND PTY LTD

1 Statement of significant accounting policies

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

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and AASB 1054 *Australian Additional Disclosures*.

Gaming Battle Ground Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia. Gaming Battle Ground Pty Ltd is a for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

1.1 Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied

1.2 Significant accounting policies

Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, deposits held at call with banks (including term deposits), other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade creditors and other payables:

Trade creditors and other payables are recognised at the nominal transaction value without taking into account the time value of money.

Income tax:

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Goods and services tax:

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

GAMING BATTLE GROUND PTY LTD

1 Statement of significant accounting policies (continued)

New and amended accounting standards applied by the Company:

The Company has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the period beginning 1 July 2016.

None of the amendments have had a significant impact on the Company.

Accounting standard issued but not yet effective and not been adopted early by the Company:

Reference	Title	Application date of standard	Impact on financial report
AASB 15	AASB 15 *Revenue from contracts*	1 January 2018	Management is in the process of determining the impact of this standard for subsequent reporting periods but do not expect it to have a material impact on the financial statements.
AASB 9	AASB 9 Financial Instruments	1 January 2018	Management is in the process of determining the impact of this standard for subsequent reporting periods but do not expect it to have a material impact on the financial statements.
AASB 16	**Leases**	1 January 2019	Management is in the process of determining the impact of this standard for subsequent reporting periods but do not expect it to have a material impact on the financial statements.
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	1 January 2018	Management is in the process of determining the impact of this standard for subsequent reporting periods but do not expect it to have a material impact on the financial statements.

Note 2: Subsequent Events

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Company and the results of those operations or the state of the affairs of the Company in the financial period subsequent to 31 March 2017.

GAMING BATTLE GROUND PTY LTD

Directors Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 2 to 7 present fairly the Company's financial position as at 31 March 2017 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director:__________________

Dated this 4th day of April 2017