



10 August 2017

Elvis Onyura
Senior Adviser, Listings Compliance(Sydney)
20 Bridge Street
Sydney NSW 2000

By email only: Elvis.Onyura@asx.com.au

Dear Elvis

Animoca Brands Corporation Limited (the Company)

We refer to your letter to the Company dated 4 August 2017 regarding the Company's Appendix 4C for the quarter ended 30 June 2017 (**2Q17**).

We respond to each of your queries as follows (adopting your numbering):

1. Negative operating cash flows

In the absence of extraordinary items, the Board expects the Company to report an improved but negative cash flow for the current quarter ending 30 September 2017 (**3Q17**).

During 2Q17, the Company incurred higher than usual expenses, including one-off restructuring costs, and additional advertising and marketing costs relating to significant development activity undertaken during the quarter. Following completion of the aforementioned business restructure review and development phase, the Company's expenses are expected to moderate in 3Q17 and subsequent quarters.

While 2Q17 revenues were lower than expected, the Company is confident in its 3Q17 revenue outlook following the planned release of 22 new games in 3Q17.

The Company remains focused on further optimisation of its games portfolio and implementing its cost reduction strategy, with the overriding strategic objective of achieving profitability by the end of 4Q17.

2. Cash to fund future activities

The Board is aware that the Company's current cash reserves are limited relative to the Company's current operating expenses. The Company continues to take steps to improve its cash flow position and in particular expects to shortly receive an upfront cash inflow of approximately A\$1.75m, upon completion of the sale of part of its games portfolio to Maple Media LLC as detailed in the Company's ASX Announcement dated 31 July 2017.

Under the terms of the sale, which is expected to be completed in August 2017, the Company will also be entitled to receive further deferred payments of up to a total ~A\$1.9m, subject to revenue hurdles in 2018 and 2019.

In addition, during 3Q17, the Company expects to collect a large receivable amount of approximately US\$0.9m (A\$1.2m), which was delayed in 2Q17. These receivables are owed to the Company by three major accounts with reliable credit histories and with whom the Company has long-standing business relationships. Accordingly, the Company is confident that it will be successful in collecting these receivables.

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3. **Ability to meet business objectives**

Whilst the Board is aware that the Company's cash balance weakened during 2Q17 for the reasons noted above, the combination of the expected improvement in receivables collection, the expected inflow of A\$1.75m from Maple Media, and the planned launch of 22 new titles during 3Q17, gives the Directors confidence that the Company will be able to continue its operations and meet its business objectives for the foreseeable future.

4. **Compliance with Listing Rules**

The Company confirms that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

5. **Continuous Disclosure Policy**

The Company confirms that the responses above to ASX's letter dated 4 August 2017 have been authorised and approved by the Board.

Other information

The Company is not aware of any other information that may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2.

Yours sincerely

By order of the Board of Animoca Brands Corporation Limited

A handwritten signature in blue ink, appearing to read "Alyn Tai", written over a light blue circular stamp.

Alyn Tai
Company Secretary

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4 August 2017

Ms Alyn Tai
Company Secretary
Animoca Brands Corporation Limited
Level 1
61 Spring Street
Melbourne VIC 3000

By Email

Dear Ms Tai

Animoca Brands Corporation Limited (“Company”): Appendix 4C Query

I refer to the Company’s Appendix 4C quarterly report for the period ended 30 June 2017 lodged with ASX Market Announcements Platform and released on 31 July 2017 (the “Appendix 4C”).

ASX notes that the Company has reported:

- negative net operating cash flows for the quarter of \$3,613,000;
- cash at the end of the quarter of \$1,016,000; and
- estimated cash outflows for the next quarter of \$3,940,000.

It is possible to conclude, based on the information in the Appendix 4C, that if the Company were to continue to expend cash at the rate indicated by the Appendix 4C, the Company may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Company to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. Please confirm that the Company’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

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Please also provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9:30am AEST on Thursday, 10 August 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading Halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.



You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Elvis Onyura
Senior Adviser, Listings Compliance (Sydney)

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