

**ANIMOCA BRANDS CORPORATION LIMITED (ABN 29 122 921 813)**

**PERFORMANCE SHARES TERMS AND CONDITIONS**

Each Performance Share is a share in the capital of the Company, which:

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

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

(a) in respect of A Class Performance Shares:

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

(a) the FY 2015 EBIT of the Group is not less than negative US\$2,000,000; and	
(b) the Group has failed to meet the requirements of Milestone 2.	
The occurrence of a Change of Control Event	1 Company Share, subject to paragraph 8 below
Disposal Event	See clause 7 below

(b) in respect of B Class Performance Shares:

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

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

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

8. The maximum aggregate number of A Class Performance Shares and B Class Performance Shares that convert into Company Shares on the occurrence of a Change of Control Event must not exceed the number equal to 10% of the Company Shares on issue immediately before the occurrence of the Change of Control Event. Where on the occurrence of a Change of Control Event, the conversion of all A Class Performance Shares and B Class Performance Shares would contravene this paragraph 8, the number of A Class Performance Shares and B Class Performance Shares that convert in aggregate will be the number equal to 10% of the Company Shares on issue immediately before the occurrence of the Change of Control Event, allocated amongst the holders of A Class Performance Shares and B Class Performance Shares in proportion to the number of A Class Performance Shares and B Class Performance Shares held. Any A Class Performance Shares and B Class Performance Shares that are not converted will continue to be held by their holders on the same terms and conditions, but as if the Change of Control Event had not occurred.
9. Where the application of any provision of the Performance Share terms results in a fraction of a Company Share being issued for each Performance Share, the number of Company Shares to be issued to a Holder on conversion of all A Class Performance Shares and all B Class Performance Shares held by that Holder will first be aggregated (including all fractions per Share) and the resultant number of Company Shares be rounded up to the nearest whole number.
10. Where no Conversion Event occurs prior to 5pm on 31 October 2016, each Performance Share will automatically be forfeited for no consideration.
11. If the Company undertakes a bonus issue, share split, share consolidation or other transaction of similar nature to holders of Company Shares, the number of Company Shares to which the Performance Shares can convert will be increased by the number of Company Shares which the Holder would have received if the Performance Shares had been converted to Company Shares before the record date for the bonus issue.
12. For the purposes of this Section 7.5(a) of this Prospectus, the following words have the following meanings:
- (a) **AB Business** means the mobile applications and games development and publishing business operated by Animoca Brands HK;
  - (b) **Change of Control Event** means either:
    - (i) a change of control of the Company within the meaning of section 50AA of the Corporations Act;
    - (ii) when a Court sanctions a compromise or arrangement for the purposes of or in connection with a scheme for the amalgamation of the Company with any other company or companies under Part 5.1 of the Corporations Act; or
    - (iii) when the Company passes a resolution for voluntary winding up or if an order is made for the compulsory winding up of the Company.
  - (c) **Disposal Event** means completion of the sale of the AB Business prior to Milestone 2 being achieved for a sale price that exceeds the value of AU\$5,000,000 plus Milestones Received;

- (d) **FY 2015 EBIT** means the Group's consolidated earnings before interest and taxes, excluding any deemed interest cost and issue cost (whether cash or non-cash) relating to the Performance Shares, for the financial year ending 30 June 2015, calculated on a pre-corporate overheads basis and normalised to exclude non-recurring transaction and other costs, contributions for any business or entity acquired by a Group Member (other than the Company) and the impact of fresh capital;
- (e) **FY 2016 EBIT** means the Group's consolidated earnings before interest and taxes, excluding any deemed interest cost and issue cost (whether cash or non-cash) relating to the Performance Shares, for the financial year ending 30 June 2016, calculated on a pre-corporate overheads basis and normalised to exclude non-recurring transaction and other costs, contributions for any business or entity acquired by a Group Member (other than the Company) and the impact of fresh capital;
- (f) **FY 2015 Sales** means the Group's total sales revenue actually received (paid in cleared funds) for the financial year ended 30 June 2015;
- (g) **FY 2016 Sales** means the Group's total sales revenue actually received (paid in cleared funds) for the financial year ended 30 June 2016;
- (h) **Group** means Animoca Brands and its subsidiaries (as that term is defined in the Corporations Act) and **Group Member** means any one of them;
- (i) **Milestone Notional Issue Price** means AU\$0.005; and
- (j) **Milestones Received** means the number of Company Shares issued upon conversion of A Class Performance Shares and B Class Performance Shares as at completion of the Disposal Event, multiplied by the Milestone Notional Issue Price.