
Volta to enter eSports Industry

Volta Mining Limited (“Volta”, or “the Company”) (ASX: VTM), is pleased to announce it has signed a binding agreement to acquire 100% of the issued capital of eSports Mogul Pty Ltd (“ESM”), subject to a number of conditions.

Key Points

- » **Volta to acquire 100% of the issued capital of ESM. ESM’s Key assets comprise;**
 - A 10 year exclusive licence to operate the esports online tournament platform of eSports Hero Inc. (“ESH”), a New York domiciled company, in 31 Asia Pacific countries (Platform Licence Agreement); and
 - 20% of the total issued capital of ESH.
- » **ESH (www.esportshero.com) is a leading eSports company headquartered in New York City. ESH provides a skill-based online tournament platform where video gamers can compete for real money and prizes playing all major eSports (video games) titles. (refer Section 1)**
- » **esport is the professional video gamer equivalent to sport, and is an extremely large and fast growing industry (data source: New Zoo Asian Report 2014):**
 - 1.6B players across all platforms (PS4, Xbox, PC etc.) competing globally;
 - est. total gamer market size of \$74B, as at 2014
- » **Asia Pacific dominates the world wide market for esports:**
 - est. total games market size of \$25.2B, as at 2014 (34% of total)
 - #1 region in the world for total gaming population of 380M
 - with US\$374million in revenues in 2015 (61% of the world)
 - #1 “core gamer” region in the world.
- » **The new board on completion of the transaction will be Mr David Sumich, current MD of Volta, Mr Gernot Abl, current MD of ESM and Mr David Krebec, current CTO of ESH. (refer Section 5)**
- » **The Company anticipates it will be required to re-comply with the listing requirements set out in Chapters 1 and 2 of the ASX Listing Rules.**
- » **The issue price under the intended prospectus is yet to be determined.**
- » **Company to be renamed “eSports Hero Asia Pacific Limited”**
- » **The Company intends to have a portion of the capital raising under the Prospectus as a priority allocation to existing shareholders.**

1. About eSports Hero Inc. (“ESH”)

- ESH is a leading eSports company headquartered in New York City. ESH provides a skill-based online tournament platform where video gamers can compete for real money and prizes playing all the major eSports titles they love.
- The ESH platform (www.esportshero.com) offers video gamers of all ability levels the opportunity to put their talents to the test and play for real money and prizes in head-to-head and team vs team eSports tournament matchups. Viewers can watch ESH tournaments globally 24x7 and get involved by crowdfunding prize pools in support of their favourite players. The ESH compliant games-of-skill platform supports all major eSports titles including Call of Duty®: Advanced Warfare, Counter Strike®: Global Offensive, Dota® 2, EA Sports™ FIFA 15, Hearthstone®, Heroes of the Storm™, League of Legends®, EA Sports™ Madden 15, StarCraft® II, Street Fighter® IV, Super Smash Bros.™ or other popular titles.
- Established in 2014, ESH now has in excess of 8,000 users and has hosted thousands of tournaments. The business model has multiple potential revenue streams including;
 - Fixed service fee for 1v1 & team v team matches
 - 10% of entrance fee for bracketed tournament
 - Purchases from the site store
 - Advertising
 - “Big Data”/Analytics
 - Live Event management & Sponsorship opportunities

2. About the eSports Industry

- eSport is the professional video gamer equivalent to sport, and is considered one of the fastest growing industries in the world:
- 1.6B players across all platforms (PS4, Xbox, PC etc.) competing globally
- 205M global eSport watchers with 89M considered enthusiasts
- The APAC region is the #1 region in the world for total gaming population with 380M, and the #1 “core gamer” region in the world.



Source - New Zoo Asian Report 2014

2. Licence Agreement

Key terms of the Platform Licence Agreement between ESH and ESM:

- 10 year licence of the ESH platform to ESM in the designated APAC territories
- The licence is subject to a number of performance milestones:
 - ESM to demonstrate that it has 100,000 registered users and 15% active users within 24 months of launch date and US\$1.75m marketing spend (Milestone 1)
 - ESM to demonstrate that it has 250,000 registered users and 20% active users with 48 months of launch date and US\$2.5m marketing spend (Milestone 2)
- Net revenue split of ESM 65%:ESH 35%, with the proviso that ESH is entitled to 50% of the net revenue from China and South Korea until Milestone 1 achieved
- ESM to complete a capital raising of US\$2m (A\$2m already completed via the Convertible Note issue in ESM) and have completed the recompliance listing via Volta by 1 May 2016 – or such other date as mutually agreed by the parties .
- ESH is responsible for Platform design, development (unless specifically for the benefit of ESM), technical support, hosting, payment gateways and servers and testing
- ESM is responsible for marketing promotion and user acquisition in the Territory, localisation of the Platform in the Territory, legal issues, customer support and third party distribution

3. Current Capital Structure

The Company's capital structure as at date of this announcement is as follows:

Category of Securities	Fully Paid Shares	Options
Existing Shares	228,637,609	
Existing Listed Options (\$0.05; Oct-19)		171,478,207
Existing Unlisted Options (\$0.20-\$0.30; Apr/Nov-16)		43,750,000
TOTAL	228,637,609	215,228,207

4. Transaction Summary

Subject to a number of conditions precedent (see below), Volta will acquire all of the issued capital in ESM for the following consideration, on a pre-consolidation basis:

- 100,000,000 VTM shares to the ESM shareholders in consideration for their ESM Shares (**Consideration Shares**);
- 100,000,000 Class A Performance Shares to the ESM shareholders – conversion upon ESM achieving 100,000 registered users and 15% active users (as defined in the Platform Licence Agreement) within 24 months from the date of issue;
- 100,000,000 Class B Performance Shares to the ESM shareholders – conversion upon ESM achieving annualised EBIT of not less than \$5 million per annum, calculated over 3 consecutive months, within 60 months from the date of issue; and

- \$2million in VTM shares to the ESM convertible note holders (**ESM Convertible Note Shares**). The issue price will be at a 50% discount to the VTM public offer price, which is yet to be determined.

The completion of the acquisition of ESM will be subject to and conditional on a number of conditions precedent:

- Within 20 days from the date of the HOA (or such other time period as agreed between the parties) completion by Volta and ESM, to the satisfaction of their respective boards of directors (acting reasonably), of all necessary due diligence investigations in respect of the other.
- The completion of the ESM Acquisition will be subject to and conditional on VTM obtaining all necessary shareholder and regulatory approvals, together with the requirement for VTM to undertake a capital raising of a minimum of AUD\$3.0 million (Public Offer Shares) under a prospectus (Prospectus).
- Accordingly, VTM anticipates that it will seek a waiver from the “20c rule” so as to raise capital at a lower price.
- VTM anticipates that it will be required to seek the following shareholder approvals and expects to include them in their annual general meeting:
 - a change of nature and scale of activities and other required transaction resolutions;
 - issue of the Consideration Shares, Class A & B Performance Shares and ESM Convertible Note Shares (to be conducted under the Prospectus);
 - issue of the Public Offer Shares in connection with the capital raising (to be conducted under the Prospectus);
 - the appointment of one nominee director and one nominee company secretary from ESM and one nominee director from ESH to the board of VTM, together with the resignation of Messrs Peter Smith and George Lazarou from the existing board of VTM;
 - ratification of previous security issues for the purposes of replenishing VTM’s placement capacity under ASX listing rule 7.1 and/or 7.1A; and
 - a change of VTM’s name to “**eSports Hero Asia Pacific Limited**”.
 - VTM and the ESM shareholders entering into an agreement for the sale of their ESM shares to VTM.

5. Proposed Board of Directors

David Sumich (B.Bus MAICD)

Executive Director & Chairman

Mr Sumich is the current Managing Director of Volta and brings public company & corporate financing experience over the past 20 years to the board. He has held various public company Directorships, including that of Chairman, including; previous to Volta, Managing Director of DMC Mining which was the subject of an ASX on-market takeover in 2010 for A\$50mill. Mr Sumich has held investment advisory and/or corporate finance roles with Merrill Lynch in Australia and HSBC in Dubai and has been a licenced financial adviser in Australia, USA, UK & Hong Kong.

Gemot Abl (B. Law, B.Com, Hons in Finance)

Managing Director & CEO

Mr Abl’s background is in Law, Corporate Finance and Strategic Consulting and has over 15 years of entrepreneurial, business strategy, and investment experience gained as a management consultant with Deloitte Consulting and Deloitte Corporate Finance. Mr Abl has had significant success in the online gaming industry and currently serves as a director of a number of private startup technology companies.

Mr Abl is also currently a Director with New York based eSports Hero Inc.

**David Krbec (Bachelor degree from University of Central Florida and JD from Massachusetts School of Law)
Non-Executive Director**

Mr Krbec has more than 15 years of experience in both business and web development. Mr Krbec is the CTO and a co-founder of ESH and has previously led many start-up companies through their life cycles.

Mr Krbec has a deep understanding of domestic and global technological developments and distribution channels and has significant experience in Senior Full Stack Web Application Developer, Senior iOS and Android Native App Developer, UI/UX Designer, PHP, MySQL, mySQLi, OOP, Node.js, Angular JS, HTML5 and API Integrations such as REST, JSON, Bullhorn and more.

Among his significant previous positions, David served as Founder & President of Dyno Branding, Founder & CTO of DrinkBin, founder of Happy Hour Shuttle, and Founder & CTO of Legitbids.

6. Indicative Timetable

The Company will provide an indicative timetable on completion of due diligence.

- ENDS -

For further information please contact:

Company Contacts:

David Sumich

Managing Director

T +61 8 9429 8875

E david.sumich@voltamining.com.au

George Lazarou

Company Secretary

T +61 8 6436 1801

E glazarou@citadelcapital.com.au

AUSTRALIA 45 Ventnor Avenue, West Perth, WA 6005 | **T** +61 8 9429 8875 | **F** +61 8 9429 8888
ABN 22 148 878 782 | **ASX** VTM | **E** info@voltamining.com.au

www.voltamining.com.au

APPENDIX 1 – Countries Listed in the APAC region as part of the Platform Licence Agreement

Asia-Pacific (APAC), defined to include

- **Southeast Asia**

- Cambodia
- Singapore
- Philippines
- Indonesia
- Laos
- Malaysia
- Thailand
- Vietnam
- Burma
- Timor Leste

- **South Asia**

- India
- Sri Lanka
- Bangladesh
- Bhutan
- Nepal
- Pakistan

- **East Asia**

- Japan
- Korea
- China
- Taiwan
- Mongolia
- Hong Kong

- **Pacific**

- Australia
- New Zealand
- Papua New Guinea
- Pacific Islands (Samoa, Solomons, Fiji, Vanuatu, New Caledonia and Tonga, but excluding Hawaii)

For personal use only