



6 February 2017

Dear Shareholder

Notification to ineligible shareholders of Entitlement Offer

On 1 February 2017, Animoca Brands Corporation Limited (**Company**) announced that it was seeking to raise new equity through a fully underwritten 4 for 5 accelerated non-renounceable entitlement offer (**Entitlement Offer**) of fully paid ordinary shares (**New Shares**) in the Company at a price of A\$0.03.

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84).

The net proceeds of the Entitlement Offer will be used to fund sales, marketing, technology enhancements and working capital requirements of the Company.

Retail Entitlement Offer

The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below) on the basis of 4 New Shares for every 5 existing shares held in the Company (**Entitlement**) as at 7pm (AEDT) on 6 February 2017 (**Record Date**).

Eligible Retail Shareholders will be able to take up their Entitlement as well as apply for additional New Shares. Further details about the Retail Entitlement Offer are set out in the Retail Offer Booklet which will be made available on ASX's website in the coming days.

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those who:

- (a) are registered as the holder of shares in the Company as at 7pm (AEDT) on the Record Date;
- (b) have a registered address on the share register of the Company in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States;
- (d) were not invited to participate (other than as a nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

For personal use only

Eligibility criteria

In determining eligibility, pursuant to Listing Rule 7.7.1(a) and section 9A(3) of the Corporations Act 2001(Cth), the Company has had regard to the legal and regulatory requirements of making offers of securities in certain countries, the number of shareholders in those countries and the number of shares they hold, the value of New Shares to which those shareholders would otherwise be entitled to and the cost of complying with the legal and regulatory requirement in those countries.

The Company has determined, pursuant to Listing Rule 7.7.1(a) and section 9A(3) of the Corporations Act 2001(Cth), that it would be unreasonable to make offers under the Retail Entitlement Offer to all shareholders with addresses outside of Australia and New Zealand (**Ineligible Shareholders**) having regard to the Company's current shareholding and the costs of complying with legal and regulatory requirements in those jurisdictions.

Accordingly, the Retail Entitlement Offer is not being extended to Ineligible Shareholders. Any entitlements to such shares will lapse and the relevant shares will form part of the additional shares and shortfall under the Retail Entitlement Offer.

No right to participate

Unfortunately, the Company has determined that you do not satisfy the eligibility criteria for an Eligible Retail Shareholder. Accordingly, the Company wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer.

The purpose of this letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Retail Entitlement Offer. This letter constitutes the notice that the Company is required to give each Ineligible Shareholder under ASX Listing Rule 7.7.1(b).

This letter is not an offer to issue entitlements or New Shares to you, not an invitation for your to apply for entitlements in New Shares. You are not required to do anything in response to this letter

Appointment of Nominee on behalf of Ineligible Shareholders

The Company has determined that it will undertake the following steps in relation to Ineligible Shareholders (other than those that were invited by the Company to participate in the institutional component of the Entitlement Offer):

- The Company will appoint a nominee approved by ASIC under section 615 of the Corporations Act in respect of Ineligible Shareholders (**Nominee**).
- The Company will issue to the Nominee New Shares that Ineligible Shareholders would otherwise have been entitled to apply for had they been entitled to participate in the Retail Entitlement Offer.
- The Nominee is permitted to sell the Ineligible Shareholders New Shares in such manner and at such time as it sees fit, with the objective of achieving the best price for those New Shares that is reasonably obtainable on market at the time of the relevant sale, however the Nominee is not responsible for achieving any particular price for the New Shares or achieving the sale in any particular timeframe.
- Once all of the Ineligible Shareholders' New Shares have been sold the Nominee must transfer the sale proceeds into a Nominee facility Account (net of the Nominee's expenses).

Ineligible Shareholders should note that none of the Company, the underwriter of Entitlement Offer or the Nominee is acting as their agent and that there is no guarantee that any net proceeds will be realised from the sale of entitlements under Section 615 of the Corporations Act.

Further information

For further information on the Entitlement Offer you may call the Share Registry on 1300 992 916. You may wish to contact your stockbroker, accountant or other professional adviser should you have any queries regarding your eligibility.

On behalf of the Board and management of Animoca Brands Corporation Limited, we thank you for your continued interest and support of the Company.

Yours faithfully,



Robby Yung
Chief Executive Officer

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This letter is issued by Animoca Brands Corporation Limited. This letter is not a prospectus or offer document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Animoca Brands Corporation Limited in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of Animoca Brands Corporation Limited shares. No action has been, or will be, taken to register any offer or otherwise permit a public offering of securities outside Australia and New Zealand. This letter may not be released or distributed in the United States.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The entitlements and the New Shares offered in the Entitlement Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by persons in the United States and the New Shares may not be offered or sold in the United States, unless they have been registered under the U.S. Securities Act or are offered or sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The entitlements and the New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

For personal use only