

22 November 2018

ASX Announcement

Fatfish Secures Strategic Funding Commitment for up to AUD\$10m

Highlights

- **Fatfish has secured up to AUD\$10m in funding facility from U.S. based Arena Investors LLC**
- **This capital will be used to access further Merger and Acquisition opportunities and grow the Fatfish investee companies**

Fatfish Blockchain Limited ("**Fatfish**" or the "**Company**") (ASX:FFG) is pleased to announce that the Company has entered into a definitive legally binding agreement ("**Subscription Agreement**") with U.S. based Arena Investors, LP (the "**Investor**") for the issuance of up to A\$10 million of convertible notes ("**Notes**") ("**Proposed Notes Issue**"). The Notes are convertible into new shares in Fatfish ("**Shares**"), subject to the terms and conditions as set out in the Subscription Agreement below.

The Proposed Notes Issue will provide Fatfish with growth capital for the next 3 years, allowing Fatfish to access further merger and acquisition opportunities. The growth capital from the Proposed Notes Issue, will also allow Fatfish to further invest into, and expand its existing investee companies, which are showing promising traction.

Arena Investors, LP is a registered investment advisor that originates investments (generally below \$50 million) with borrowers and other counterparties who need access to financing. It has complete mandate flexibility across industry, product, and geography.

The Proposed Notes Issue is as follows:

1. Salient terms of the Subscription Agreement

Issue Size : Up to A\$10,00,000, to be drawn down over 10 tranches.

For the first tranche ("**First Tranche**"), the Company shall issue to the Investor:

- (i) Notes having an aggregate face value of A\$800,000; and

- (ii) Shares at an aggregate value of A\$300,000, based on a deemed issue price of A\$0.02 ("**Initial Shares**").

The Company shall then issue to the Investor up to 9 tranches ("**Follow On Tranche**"), with :

- (a) The first Follow On Tranche having an aggregate face value of A\$1,200,000; and
- (b) the second to ninth Follow On Tranches having an aggregate face value of A\$1,000,000.

**Conditions
Precedent for
the First
Tranche**

- : The issuance of the First Tranche is subject to the following conditions:
- (i) evidence that the Company has paid to the Investor a due diligence cost of up to A\$50,000;
 - (ii) the market capitalization of the Company is at least A\$5,000,000;
 - (iii) The average volume weighted average price of the Shares over the 30 trading days prior to the date the First Tranche becomes unconditional ("**First Tranche Unconditional Date**") and the Share's price is above the Floor Price (as defined below) for all of the 5 trading days prior to the First Tranche Unconditional Date;
 - (iv) the Company confirming that no Event of Default has occurred, or is likely to occur;
 - (v) the Company confirming that no material adverse events and no change of control in the Company have occurred, or are likely to occur;
 - (vi) evidence that the Company has received all necessary board approvals to enter into the Subscription Agreement;

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- (vii) evidence that the Company has sufficient capacity under the ASX's Listing Rules to issue the First Tranche, all Shares on conversion of the First Tranche, and the Initial Shares, without shareholders' approval; and
- (viii) written notification by the Company that it intends to draw down the First Tranche.

Conditions Precedent for the Follow On Tranches

- : The issuance of the Follow On Tranches are subject to the following conditions:
- (i) written notification by the Company that it intends to draw down the Follow On Tranche;
 - (ii) written notification by the Investor that it agrees to subscribe for the Follow On Tranche;
 - (iii) evidence that the Company has received shareholder's approval pursuant to and in accordance with the Listing Rule to issue the Follow On Tranche, and all Shares on conversion of the Follow On Tranche.
 - (iv) The Conditions Precedent for the First Tranche continue to apply;
 - (v) The Company confirming that no Event of Default has occurred or is likely to occur; and
 - (vi) the Company confirming that no material adverse events and no change of control in the Company have occurred or are likely to occur.

Maturity Date of the Notes

- : 12 months from the issue date of each of the First Tranche and Follow On Tranches.

On each Maturity Date, the Company shall redeem in cash the relevant Notes, provided that they have not been converted by the Investor, by paying to the Investor an amount equal to 101% of the outstanding amount plus accrued but unpaid interests.

Coupon : 1.0% per annum (accruing on monthly balances on the basis of a 365 day year).

The coupon is payable on 30 June and 31 December in each year, as well as on the Maturity Date, in cash.

Investor's Conversion Option : The Investor may elect to convert all or part of the outstanding Notes at any time up to and including the Maturity Date. In such cases, the Company must pay cash to the Investor equal to the unpaid accrued interest as at the conversion date, and:

(a) for the First Tranche, issue such number of Shares to the Investor calculated in accordance with the following formula:

$$\frac{\text{101\% of specified amount to be redeemed}}{\text{Conversion Price}}$$

(the "**Conversion Formula**")

(b) for the Follow On Tranches,

(i) issue such number of Shares to the Investor calculated in accordance with the Conversion Formula; or

(ii) pay cash to the Investor equal to the value of the Shares calculated in accordance with the Conversion Formula.

Conversion Price : The higher of:

(a) A\$0.013 (the "**Floor Price**"); and

(b) The lower of:

(i) 125% of the average of the closing prices of the Shares for the 25 trading days immediately prior to the issue date of the Notes which is being converted; and

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- (ii) 90% of the average of the closing price of the Shares for any 5 consecutive trading days (specified by the Investor at its absolute discretion) during the period of 25 trading days immediately preceding the last trading day before the conversion date; and

Events of Default

: The Subscription Agreement contains customary Events of Default, including but not limited to:

- (a) ASX making a determination that the terms of the Notes do not comply with the Listing Rules;
- (b) the Company failing to obtain the approval of its shareholders for any transaction under the Subscription Agreement;
- (c) the Company failing to issue any Shares to the Investor within the due date required under the Subscription Agreement; and
- (d) an insolvency event occurs in relation to the Company.

In addition, the following Events of Default apply:

- (i) an entity that is a subsidiary of the Company as at the date of the Subscription Agreement ceases to be a subsidiary of the Company, other than pursuant to a previously announced corporate exercise;
- (ii) the Company or any of its subsidiaries transfers or otherwise disposes of all or substantially all of its assets to any person, other than pursuant to a previously announced corporate exercise; and
- (iii) the Shares cease to be listed on the ASX or are suspended from trading for more than 5 trading days.

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Early Redemption Event : (a) the average daily trading value of Shares on the ASX over any 25 consecutive trading days is less than A\$20,000;

(b) the market capitalisation of the Company falls below A\$5,000,000; and

(c) the closing price per Share on the ASX on any trading day is less than the Floor Price prior to conversion of the Notes in full.

Consequence of Events of Default or Early Redemption Event : If:

(a) an Event of Default occurs, and continues unremedied for a period of 5 business days; or

(b) an Early Redemption Event occurs,

then the Investor may declare that the entire outstanding amount accrued under the Subscription Agreement is either payable on demand or immediately due for payment and payable. In such a case, the Company must redeem in cash all Notes on issue and pay a Termination Payment (as defined below) to the Investor.

In addition, any amount payable to the Investor under the Subscription Agreement which is not paid in full when due will accrue interest at a rate of 5.0% per annum (accruing on monthly balances on the basis of a 365 day year), which must be paid on the last business day of each month.

Termination Payment : A\$500,000, less an amount equivalent to the number of Tranches drawn down (up to a maximum of 5 Tranches) multiplied by A\$100,000 at the relevant time the Termination Payment obligation arises.

The Termination Payment obligation arises if:

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- (a) the Company does not satisfy the Conditions Precedent for the First Tranche by 27 November 2018;
- (b) the Company does not satisfy the Conditions Precedent for the Follow On Tranches prior to the proposed date of issue of the relevant Follow On Tranche;
- (c) the Company terminates the Subscription Agreement prior to the 3 year anniversary of the issuance of the First Tranche or before all of the Follow On Tranches have been drawn; or
- (d) the Company has not issued Follow On Tranches, that the Investor has consented to subscribe for, by the date 12 months from the date of the Subscription Agreement, having an aggregate face value of not less than A\$5,000,000, unless the Company's failure to do so is solely due to the Investor not having agreed to subscribe for a Follow On Tranche which has been duly requested by the Company where the relevant conditions precedent were satisfied at all relevant times; or
- (e) an Event of Default or Early Redemption Event occurs.

The Termination Payment is only payable on one occasion, even if more than one of paragraphs (a) to (e) applies.

Listing : The Notes will not be listed or quoted on any stock exchange.

An application will be made to the ASX for the listing of and quotation for any Shares being issued to the Investor under the Proposed Notes Issue.

Governing Law : Laws of Queensland, Australia.

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2. Utilisation of proceeds

The proceeds from the issuance of the Notes will be applied towards the Company's working capital and general corporate purposes.

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About Fatfish Blockchain Limited

Fatfish Blockchain Limited (ASX: FFG, US:FFTF) is a publicly traded international venture investment and development firm. FFG partners with entrepreneurs and experienced executives to build and grow tech businesses via a co-entrepreneurship model. FFG focusses on emerging global technology trends, specifically FFG has been investing strategically across various sectors of **blockchain, fintech and consumer internet** technologies.

Fatfish is currently invested in the highly viable sectors of Blockchain and Consumer Internet:

Cryptocurrency Exchanges – Kryptos-X cryptocurrency exchange.

Cryptocurrency Mining – Minerium Technology Limited, a large-scale cryptocurrency mining business in emerging market locations.

Blockchain Fund Management – Epsilon Capital, a blockchain and cryptocurrency 'fund-of funds' and Altairian Capital, among the first UK FCA approved fund management business dedicated to crypto investment.

Consumer Internet – A portfolio of companies that focus on digital entertainment, fintech, e-commerce and enterprise software. The portfolio includes ICandy Interactive Ltd (ASX :ICI), Clouaron Berhad (MYX: CLOUD), Beam Space, iFashion Group, Fatberry, Lunch Actually, iSecrets, Stilla, Wheelys and many others.

FFG operates from its international venture hubs located in Singapore, Kuala Lumpur and Stockholm.

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