

31 January 2019

Fatfish Update for the Quarter Ended 31 December 2018

Highlights

- **Name change of the Company from 'Fatfish Internet Group Limited' to 'Fatfish Blockchain limited'**
- **Fatfish Secures Strategic Funding Commitment for up to A\$10 Million**
- **Fatfish Divests 12.5% stake in Altairian Capital for US\$250,000**
- **Updates on Minerium Technology Ltd**
- **Appointment of Fintech Industry Veteran Victor Chow as Venture Partner**

International venture investment and development firm, Fatfish Blockchain Limited ("**Fatfish**", "**FFG**" or the "**Company**") (ASX: FFG, OTCQB: FFTF), is pleased to provide an update on its quarterly activities for the period ended 31 December 2018.

1. Name Change

Subsequent to obtaining shareholder approval at the Company's extraordinary general meeting on 16 October 2018, the Company's name was changed from 'Fatfish Internet Group Limited' to 'Fatfish Blockchain Limited'. The name change signifies the long-term strategic focus of the Company.

2. Fatfish Secures Strategic Funding Commitment for up to A\$10 Million

During the quarter, Fatfish entered into a definitive legally binding agreement ("**Subscription Agreement**") with US based Arena Investors, LP (the "**Investor**") for the issuance of up to A\$10 million of convertible notes ("**Notes**") ("**Proposed Notes Issue**"). The salient terms of the Notes are as follows:

- (i) To be drawn over 10 tranches;

- (ii) Investor may elect to convert the Notes at any time up to the Maturity Date, at the lower of 125% of the average of the closing prices of Fatfish's shares for the 25 trading days immediately prior to the issue date of the Notes which is being converted and 90% of the average of the closing price of Fatfish's shares for any 5 consecutive trading days (specified by the Investor) during the period of 25 trading days immediately preceding the last trading day before the conversion date, provided always that in any event, the conversion price shall not be lower than A\$0.013);
- (iii) Maturity date is 12 months from date of issue of each tranche, after which the Company shall redeem the relevant Notes in cash, provided that they have not been converted into shares by the Investor;
- (iv) Coupon rate of 1.0% per annum; and
- (v) A Termination Payment of A\$500,000 less an amount equivalent of 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:
- (a) 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;
 - (b) 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;
 - (c) 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 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; or
 - (d) an event of default or early redemption event occurs.

With the funding commitment by the Investor in place, Fatfish will have access to growth capital to grow its existing investee companies, as well as access further merger and acquisition opportunities for the next 3 years.

3. Disposal of Altairian Capital

To strengthen the Company's balance sheet and cash balance, the Company announced on 18 December 2018 that it has entered into a sales and purchase agreement to dispose of the Company's stake in Altairian Capital to Diginex Limited, a global financial service provider, for US\$250,000 cash. Fatfish acquired 12.5% of Altairian Capital for US\$250,000 in February 2018.

The disposal was completed in January 2019.

4. Minerium Technology Ltd

On 17 October 2018, the Company announced that its 51% owned Minerium Technology Ltd ("**Minerium**") had secured a new industrial site in Mongolia that will be converted into a cryptomining facility. In the same announcement, it was announced that the management of Minerium had decided to abort its earlier secured mining site in Quebec, Canada to focus its resources on the Mongolian site.

Since then cryptocurrency prices have generally fallen to a lower range, making it a challenging business environment for Minerium. Nevertheless, Minerium continues to mine cryptocurrency, while waiting for an improvement in the business environment that it operates in. The Minerium team has been planning its operation cautiously and is working towards lowering its cost base continuously.

5. Appointment of Victor Chow as Venture Partner

During the quarter, the Company announced the appointment of Victor Chow as Venture Partner. A veteran with more than 30 years of experience in fintech, Victor has built and managed the development of various successful international enterprises in the US, UK, Europe, Japan, Korea, China, Germany, Australia and the Philippines.

As Venture Partner, Victor will assist the Company in helping its investee companies to expand their business activities.

Cautionary Statement - Cryptocurrency Related Business Activities

Fatfish notes the following in relation to its cryptocurrency-related business activities:

- investment into cryptocurrencies is high risk in nature as cryptocurrencies are currently highly speculative;
- cryptocurrency prices are currently volatile; and
- cryptocurrency-related businesses have a number of other risks factors, including but not limited to the following:
 - (i) the development of new regulatory framework involving cryptocurrencies;
 - (ii) cryptocurrencies, cryptocurrency exchanges and its related topics of Initial Coin Offerings (“**ICO**”) have raised regulatory issues across multiple jurisdictions. A number of regulators have issued guidance on the relevance of their existing securities and financial services laws with regards to ICOs that have underlying cryptographic tokens that are securities or investment in nature; and
 - (iii) in many countries, cryptocurrencies are subject to anti-money laundering and counter-terrorism funding legislations.

For its cryptocurrency-related business activities, Fatfish will always endeavour to the best of its ability to ensure that Fatfish and its investee companies comply with the relevant local regulatory requirements.

– End –

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 focuses 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:

- (i) **Cryptocurrency Exchanges** – Kryptos-X cryptocurrency exchange;



Fatfish Blockchain Limited

(ACN 004 080 460)
Level 4, 91 William Street
Melbourne VIC 3000
Australia

www.fatfish.co

- (ii) **Cryptocurrency Mining** – Minerium Technology Ltd, a large-scale cryptocurrency mining business in emerging market locations; and
- (iii) **Blockchain Fund Management** – Epsilon Capital, a blockchain and cryptocurrency 'fund of funds'.
- (iv) **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), ClouDaroon 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.

For more details, please contact:

+ 61 (0) 405 555 618

ir@fatfish.co or visit www.fatfish.co

For personal use only

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

FATFISH INTERNET GROUP LIMITED

ABN

88 004 080 460

Quarter ended ("current quarter")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,107	3,597
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,348)	(2,403)
(c) advertising and marketing	(115)	(190)
(d) leased assets	-	-
(e) staff costs	(232)	(894)
(f) administration and corporate costs	(507)	(2,566)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Sale of cryptocurrency)	286	426
1.9 Net cash from / (used in) operating activities	(800)	(2,018)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(288)	(2,055)
(b) businesses	-	(311)
(c) investments	(343)	(1,669)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	15
(b) businesses	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	565	115
2.4 Dividends received	-	-
2.5 Other (provide details if material)	49	49
2.6 Net cash from / (used in) investing activities	(17)	(3,856)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares (Note 1)	-	1,993
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	234
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(107)
3.5 Proceeds from borrowings	-	-
3.6 Repayments of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other - Proceeds from issuing of convertible notes	800	800
3.10 Net cash from / (used in) financing activities	800	2,920
4. Net increase / (decrease) in cash and cash equivalents for the period	(17)	(2,954)
4.1 Cash and cash equivalents at beginning of quarter/year to date	389	3,323
4.2 Net cash from / (used in) operating activities	(800)	(2,018)
4.3 Net cash from / (used in) investing activities	(17)	(3,856)
4.4 Net cash from / (used in) financing activities	800	2,920
4.5 Effect of movement in exchange rates on cash held	(35)	(32)
4.6 Cash and cash equivalents at end of quarter	337	337

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	337	389
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter	337	389

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
9
-

Directors Fees & Directors Salaries

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
(565)

Net payment to related entity loans

For personal use only

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

8. Financing facilities available

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (Convertible Note)	10,000	800

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

The Company entered into a definitive legally binding agreement with US based Arena Investors, LP for the issuance of up to \$10 million convertible notes. Salient terms of the Notes are as follows:

(i) To be drawn over 10 tranches;

(ii) Investor may elect to convert the Notes at any time up to the Maturity Date, at the lower of 125% of the average of the closing prices of Fatfish's shares for the 25 trading days immediately prior to the issue date of the Notes which is being converted and 90% of the average of the closing price of Fatfish's shares for any 5 consecutive trading days (specified by the Investor) during the period of 25 trading days immediately preceding the last trading day before the conversion date, provided always that in any event, the conversion price shall not be lower than A\$0.013);

(iii) Maturity date is 12 months from date of issue of each tranche, after which the Company shall redeem the relevant Notes in cash, provided that they have not been converted into shares by the Investor;

(iv) Coupon rate of 1.0% per annum; and

(v) A Termination Payment of A\$500,000 less an amount equivalent of 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:

(a) 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;

(b) 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;

(c) 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 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; or

(d) an event of default or early redemption event occurs.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and developments	-
9.2 Product manufacturing and operating costs	200
9.3 Advertising and marketing	30
9.4 Leased assets	-
9.5 Staff costs	250
9.6 Administration and corporation costs	200
9.7 Other	-
9.8 Total estimated cash outflows	680

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.



Sign here _____
Company Secretary

Date: 31 January 2019

Print Name Jiahui Lan

For personal use only