



Market Announcement

3 November 2020

Attached for the information of the market is ASX's query letter to Emerge Gaming Limited (ASX.EM1) dated 29 October 2020 and EM1's response dated 2 November 2020, received by ASX on 2 November 2020.

ASX's enquiries into the matters dealt with in the above correspondence are ongoing.

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2 November 2020

Daniel Nicholson, Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park,
152-158 St Georges Terrace
Perth WA 6000

Dear Daniel:

EMERGE GAMING LIMITED ('EM1'): GENERAL – QUERY

In reference to your letter of 29 October 2020 entitled "Emerge Gaming Limited ('EM1'): General Query" and providing context for the requests for information that centres around EM1's agreement, counterparty information, a publications and announcements involving EM1's agreement counterparty Tecnologia de Impacto Multiple S.L. ('TIM'), the response to your requests for information in number order is as follows:

1. *Does EM1 consider the Partnership Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes.

2. *If the answer to question 1 is "no", please advise the basis for that view.*

Not applicable.

3. *When did EM1 first become aware of the Partnership Agreement?*

8 September 2020.

4. *If EM1 first became aware of the Partnership Agreement before 10 September 2020 (being the date of the Partnership Announcement), did EM1 make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EM1 was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps EM1 took to ensure that the information was released promptly and without delay.*

EM1 sought a trading halt premarket on 8 September 2020, effectively as soon as it became aware that the Partnership Agreement would likely be signed. The Partnership announcement was finalised and released on 10 September 2020, at which point, EM1 re-commenced trading.

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5. *It appears to ASX that the “Crowd1” referred to in Market Herald Article is same, or associated with, the entities referenced in the FMA NZ Warning, SEC Advisory and SEC CDO. With respect to this:*

- 5.1. *Please describe the relationship (if any) between TIM, Impact Crowd Technology SL and “Crowd1” (or its associated entities), including reference to any relevant underlying agreements.*

EM1, despite having made enquiries with Tecnología de Impacto Múltiple SL (TIM), is unaware of the ownership of any of these entities other than that Impact Crowd Technology SL is “related” to TIM. This information is not publicly available.

However, EM1 understands that TIM has entered into a long term agreement with Crowd1 under which TIM is the sole provider of products of Crowd1 but there is no exclusivity clause included in the agreement between these parties. EM1 is unaware of any other terms of this agreement. Crowd1 has managed to build a very large network of members (currently more than 15 million). Promoters of products, such as TIM, seek to promote products into the Crowd1 member network. EM1 further understands that the agreement between TIM and Crowd1 provides that Crowd1 will earn commissions from TIM on product sales generated directly from the recommendations made by its Crowd1 network members.

The ICT Group referred to in the EM1 announcement of 10 September 2020 is merely a reference to a group of related companies of which TIM is a part.

- 5.2. *Please confirm whether EM1 is aware of any or all of the FMA NZ Warning, SEC Advisory or SEC CDO, or any other warnings or orders of that nature with respect to “Crowd1” or its associated entities? If yes, please confirm when and how EM1 first became aware.*

EM1 is aware of this information as a result of its due diligence in relation to TIM prior to entering into the Partnership Agreement. EM1 conducted due diligence in relation to TIM and its related entities prior to ultimately entering into the Partnership Agreement. EM1 became aware of the abovementioned warnings during this due diligence period through its initial investigations by conducting web searches and direct enquiries with management. The Company sought and obtained further detail by directly raising the warnings about Crowd1 with TIM.

6. *Please provide details of what (if any) due diligence enquiries were undertaken by or on behalf of EM1 in relation to the Partnership Agreement, including in relation to TIM, Impact Crowd Technology SL and/or "Crowd1" (or its associated entities).*

EM1 representatives met with TIM executives on a number of occasions. The company conducted due diligence procedures over an extended period on the ability of TIM to provide users to EM1's Miggster platform and to otherwise satisfy its obligations under the Partnership Agreement, including:

- regular engagement with, and enquiry of Johan Staël von Holstein during the due diligence period. Johan is TIM's CEO and is a respected Swedish entrepreneur, venture capitalist and author who co-founded dot-com companies such as Icon Medialab and LetsBuyIt during the early dot-com boom in Sweden. Johan has taken companies public on the NASDAQ & Stockholm stock exchange;
- review of the TIM and Crowd1's model for providing users to EM1's Miggster platform;
- a detailed review of the Crowd1's marketing technology and members offering;
- verbal queries in relation to any pending or actual legal proceedings against either Crowd1 and ICT.

7. *Please provide details of what (if any) due diligence enquiries were undertaken by or on behalf of EM1 in relation to Pre-Registrations. In your answer to this question, please specifically address what steps EM1 took to satisfy itself that all the Pre-Registrations had been recorded, as per the Pre-Registration Announcement.*

EM1 monitored the pre-registration process and has access to effectively real time information in this regard.

8. *Please provide separately to ASX, any document(s) or correspondence evidencing the Pre-Registrations (not for release to the market).*

Please see marked annexure A, a live snapshot of current pre-registrations to date (pre-registrations from Crowd1 members of 3,090,170 and 4,421,285 pre-registrations from the public linked to a Crowd 1 member thereby totalling 7,511,455 pre-registrations).

9. *What proportion of the Pre-Registrations have been made by parties referred to MIGGSTER through TIM, "Crowd1" or their associated entities?*

As per the announcement of 13 October 2020, the pre-registration was offered initially to TIM's affiliate network with the process opening to the public from 15 October 2020.

Based on the latest information available from TIM, of the ~7.5 million pre-registrations, approximately ~41% are verified Crowd1 members and the remaining ~59% are member invited friends, family and other persons in the member network. This means that ~3 million of Crowd1's current 15 million members have pre-registered their interest in MIGGSTER.

The process of pre-registration only allows the public to pre-register if invited, and linked, to an existing Crowd1 Member.

10. *Please outline what (if any) incentives or rewards have, will or may be offered to those who have pre-registered for MIGGSTER to date, as per the 15 October Announcement?*

No incentive payments have been made or offered by EM1 and to the best of our knowledge no payments have been made or offered by TIM to pre-registrants to register their interest. However, as stated above, EM1 has no direct access to the relationship between TIM and the Crowd1 members.

EM1 understands that only once a pre-registrant has registered their interest, they have the opportunity to enter into a promotional competition to win non-cash prizes by referring, inviting and pre-registering family, friends and other persons in their personal network.

Further, EM1 understands that the pre-registration process is competitive and registrants are tiered “gold, silver” and are ranked on a leader board etc. for the purposes of determining promotional competition winners post launch.

11. *Is there an obligation on those who have pre-registered for MIGGSTER to convert their Pre-Registrations into a subscription to MIGGSTER? Please provide details.*

No

12. *Please confirm that EM1 is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

Confirmed

13. *Please confirm that EM1’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EM1 with delegated authority from the board to respond to ASX on disclosure matters.*

Confirmed

About Emerge Gaming

Emerge Gaming Limited (ASX:EM1) is a leading eSports and gaming technology company. Emerge Gaming owns and operates an online eSports and casual gaming tournament platform technology and lifestyle hub. Via this platform, casual, social and hardcore gamers can play hundreds of gaming titles against each other via their mobile, console or PC, earning rewards and winning prizes.

The platform uses its unique IP, advanced analytics tracking and proprietary algorithms to deliver an optimum tournament gaming experience for users while providing advertisers with the perfect vehicle for delivery of their messaging to a fully engaged audience.

More information: view www.emergegaming.com.au

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29 October 2020

Reference: 26777

Mr Derek Hall
Company Secretary
Emerge Gaming Limited

By email

Dear Mr Hall

Emerge Gaming Limited ('EM1'): General – Query

ASX refers to the following:

- A. EM1's announcement titled "Emerge Expands International Footprint with Revenue Generative Partnership" lodged on the ASX's Market Announcements Platform ('MAP') and released at 9.49 AM AEST on 10 September 2020 (the 'Partnership Announcement'), disclosing EM1's agreement with Tecnologia de Impacto Multiple S.L. ('TIM') to market EM1's tournament platform technology into an affiliate sales network under a white-labelled brand ('Partnership Agreement'). It states, amongst other things, that:
- (a) EM1, in partnership with TIM and its related entity, Impact Crowd Technology SL, have the common objective of building the world's biggest online casual gaming community by leveraging a sophisticated affiliate network of more than 10 million members;
 - (b) TIM is part of the Impact Crowd Technology Group (ICT).
- B. EM1's announcement titled "Emerge set to launch MIGGSTER Mobile" lodged on MAP and released at 8.20AM AEST on 14 September 2020, which states, amongst other things, that under the Partnership Agreement, TIM is to market MIGGSTER Mobile to its network of affiliates.
- C. EM1's announcement titled "Miggster records 1.8 million pre-registrations for Emerge operated Miggster Mobile" lodged on MAP and released at 9.08 AM AEDT on 15 October 2020, which states, amongst other things, that:
- (a) between 10 and 14 October 2020, the MIGGSTER Mobile platform was marketed to TIM's network of more than 12 million affiliate members across 150 countries;
 - (b) pre-registration is offered to the public from 15 October 2020, with the network member affiliates being incentivised and rewarded for attracting platform subscribers by promoting MIGGSTER Mobile through their own social networks.
- ('15 October Announcement').
- D. The Partnership Agreement provided to ASX (not for release to the market) on 27 October 2020 following ASX's request pursuant to listing rule 18.7 made that same day.
- E. EM1's announcement entitled "MIGGSTER Achieves 6 Million Pre-Registrations Milestone" lodged on MAP and released at 8:22 AM AEDT on 28 October 2020 (the 'Pre-Registration Announcement'), disclosing that MIGGSTER has recorded 6 million pre-registrations ('Pre-Registrations').
- F. The Market Herald's article entitled "Are Emerge Gaming's (ASX:EM1) 6m pre-registrations real?" published on its website today, 28 October 2020, ('Market Herald Article') and available at <https://themarketherald.com.au/are-emerge-gamings-asxem1-6m-pre-registrations-real-2020-10-28/> Among other things, the Market Herald Article states that:

- (a) TIM is part of the wider Impact Crowd Technology Group (ICT) – a multi-level marketing company whose founder has had ICT and his other business, Crowd1, flagged by market authorities in Norway, South Africa, New Zealand and the Philippines.
 - (b) Crowd1 describes itself as online networking and marketing company with intentions of “giving members all over the world the unique opportunity to take part in the gig economy”.
 - (c) The multi-level marketing practices adopted by ICT mean that an unspecified amount of pre-registrations for the Emerge Gaming platform are incentivised.
 - (d) It is not known how many pre-registrations will convert to paid subscribers when MIGGSTER launches next month, nor what users were offered as incentives.
- G. The Financial Markets Authority of New Zealand’s website which includes a warning in respect of “Crowd1 and Impact Crowd Technology S.L.” (page last updated on 5 June 2020) which states that:
- ‘We recommend exercising caution before dealing with Crowd1 and Impact Crowd Technology S.L. as they are not registered companies or financial service providers in New Zealand.*
- The following overseas regulators have cautioned the public about Crowd1*
- SEC – Philippines Advisory*
- SEC – Philippines Cease and Desist*
- FSC – Mauritius Investor Alert.’,*
- (the ‘FMA NZ Warning’. A copy of which can be found here - <https://www.fma.govt.nz/news-and-resources/warnings-and-alerts/crowd1-and-impact-crowd-technology-s-l/>).
- H. The Republic of the Philippines Securities Exchange Commission (‘SEC’) advisory on 28 April 2020 which advised the public to exercise caution in dealing with any individual or group of persons soliciting investments for and on behalf of “Crowd1 Asia Pacific Inc” (‘Crowd1 Asia Pacific’) (‘SEC Advisory’). A copy of which is available here - <https://www.sec.gov.ph/advisories-2020/crowd1-asia-pacific-inc/>
- I. The SEC’s declaration (posted 20 July 2020) which states that it has made its cease and desist order permanent, stopping Crowd1 Asia Pacific from soliciting and accepting investments from the public under a scheme disguised as a digital marketing business (‘SEC CDO’). A copy of which is available here <https://www.sec.gov.ph/pr-2020/sec-declares-cess-and-desist-order-against-crowd1-permanent/>
- J. The change in price of EM1’s securities from \$0.037 on 10 September 2020 to a high of \$0.102 on 28 October 2020.
- K. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
- L. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:
- “an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”*
- M. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- “3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;
- The information concerns an incomplete proposal or negotiation;
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- The information is generated for the internal management purposes of the entity; or
- The information is a trade secret; and

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

N. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for information

Having regard to the above, ASX asks EM1 to respond separately to each of the following questions and requests for information:

1. Does EM1 consider the Partnership Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did EM1 first become aware of the Partnership Agreement?
4. If EM1 first became aware of the Partnership Agreement before 10 September 2020 (being the date of the Partnership Announcement), did EM1 make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EM1 was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps EM1 took to ensure that the information was released promptly and without delay.
5. It appears to ASX that the “Crowd1” referred to in Market Herald Article is same, or associated with, the entities referenced in the FMA NZ Warning, SEC Advisory and SEC CDO. With respect to this:
 - 5.1 Please describe the relationship (if any) between TIM, Impact Crowd Technology SL and “Crowd1” (or its associated entities), including reference to any relevant underlying agreements.
 - 5.2 Please confirm whether EM1 is aware of any or all of the FMA NZ Warning, SEC Advisory or SEC CDO, or any other warnings or orders of that nature with respect to “Crowd1” or its associated entities? If yes, please confirm when and how EM1 first became aware.
6. Please provide details of what (if any) due diligence enquiries were undertaken by or on behalf of EM1 in relation to the Partnership Agreement, including in relation to TIM, Impact Crowd Technology SL and/or “Crowd1” (or its associated entities) .

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7. Please provide details of what (if any) due diligence enquiries were undertaken by or on behalf of EM1 in relation to Pre-Registrations. In your answer to this question, please specifically address what steps EM1 took to satisfy itself that all the Pre-Registrations had been recorded, as per the Pre-Registration Announcement.
8. Please provide separately to ASX, any document(s) or correspondence evidencing the Pre-Registrations (not for release to the market).
9. What proportion of the Pre-Registrations have been made by parties referred to MIGGSTER through TIM, "Crowd1" or their associated entities?
10. Please outline what (if any) incentives or rewards have, will or may be offered to those who have pre-registered for MIGGSTER to date, as per the 15 October Announcement?
11. Is there an obligation on those who have pre-registered for MIGGSTER to convert their Pre-Registrations into a subscription to MIGGSTER? Please provide details.
12. Please confirm that EM1 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
13. Please confirm that EM1's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EM1 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AWST Monday, 2 November 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EM1's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require EM1 to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in EM1's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to EM1's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that EM1's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

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Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)