

9 November 2021

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

Dear Laura,

EMERGE GAMING LIMITED ('EM1'): QUERY LETTER

In reference to your query letter of 3 November 2021 entitled "Emerge Gaming Limited ('EM1'): Query Letter" which refers to extracts from: -

- A. EM1's announcement titled "Emerge appoints leading advisor to guide strategic review" released on the ASX Market Announcements Platform ('MAP') 23 September 2021;
- B. Crowd1's video titled "POWER OF THE CROWD- Crowd1 Oct Mega event", released on YouTube on 18 October 2021 (the 'Crowd1 Video');
- C. EM1's announcement titled "Quarterly Activities/Appendix 4C Cash Flow Report" released on MAP on 29 October 2021;
- D. EM1's announcement titled 'Emerge response to media article' released on MAP on 6 September 2021; and
- E. 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.

EM1's response to the Query Letter's request for further information in number order is as follows:

- 1) Yes.
- 2) The answer to 1) is "Yes" and further explanation to consistency are: -

MIGGSTER Plus is name given to the second iteration of the MIGGSTER platform that uses recently developed additional features that are applicable and are selected from Emerge Gaming's competition platform technology library and seeks to apply a fresh new user interface.

Emerge began to develop additional features in July 2021 under its R&D plan consistent with its disclosure in C. - "EM1's announcement titled "Quarterly Activities/Appendix 4C Cash Flow Report" released on MAP on 29 October 2021" as referenced in the ASX query letter and in "EM1's announcement titled Quarterly Activities/Appendix 4C Cash Flow Report" released on MAP on 22 July 2021 when it stated: *"In the next quarter, Emerge will invest in R&D to develop new platform features, including streaming of AAA games, strengthening the product's value proposition to new subscribers and existing subscribers on renewal."*

Maintaining the value in use of the MIGGSTER platform in the consideration of a potential divestment, spin-out or sale transaction, requires that the product offering continues to develop



its value proposition to users and its active promotion. If EM1 should cease its further development and promotion of the platform while considering a divestment, spin-off or sale then EM1 would be eroding the potential value or consideration received from a prospective transaction.

- 3) Not applicable.
- 4) The Company expects the AAA game streaming feature to be ready to be integrated into EM1's platforms in the current quarter.
- 5) In response to this question: -
- a) EM1 is not aware of the pricing structure for MIGGSTER Plus as the pricing has not yet been set.
 - b) EM1 has no revenue share arrangements with Crowd1. EM1 has no other revenue share arrangements with marketing partner ICT, other than what has already been disclosed. No new revenue share arrangements have been entered into as a result of MIGGSTER Plus. Existing revenue share agreements may apply to MIGGSTER Plus but at this point are yet to be determined.
 - c) Commercial terms for MIGGSTER Plus have not been established and the Company is considering its options in relation to the potential divestment, spin-off or sale of the MIGGSTER Platform. It is not possible at this stage to determine whether MIGGSTER Plus will have a material impact on the business.
- 6) As stated, EM1 is not aware of the above matters in question 5) a) – 5) c).
- 7) In relation to the non-fungible tokens "Wisps" ('NFTs'), the further clarifications are provided: -
- a) No, end users will not be purchasing the NFTs from EM1.
 - b) The introduction of Starlined Game which includes the NFT aspect, is intended to be promotional in nature in that it promotes the value proposition of the MIGGSTER Subscription when bundled into a package. EM1 does neither own or operate the NFTs, but the Company understands that the NFT's will be tradable or otherwise redeemable for cash.
 - c) The owner (Rocket Dog Enterprises (Pty) Ltd, a third party unrelated to any of EM1, ICT or Crowd1) of the "Starlined Game" that includes the "Wisps" ('NFTs') has the partnership with Polygon in that "Wisps" ('NFTs') and other in game tokens are intended to be tradable on Polygon's platforms and be marketed to Polygon's network. EM1 currently does not have a direct partnership with Polygon.
 - d) EM1 does not anticipate earning any revenue from the minting and sale of NFTs.
 - e) EM1 does not have any NFT sharing arrangements with Crowd1.
 - f) The NFTs are intended to be a promotional incentive adding value for MIGGSTER subscribers to upgrade, renew or purchase MIGGSTER Plus subscriptions. EM1 is not able to determine whether the promotion of NFTs in a bundled MIGGSTER subscription will be material as it has not yet agreed commercial terms with one or more of its promotional partners.



- 8) The Create to Earn program is to be offered by the owner of the "Starlined Game". EM1 does not participate in the program. EM1 is informed that creators will be able to create content to be used in the "Starlined Game" and that this content will then be traded in a manner which benefits both the content creators and the owner of the game.
- 9) This statement is made as part of the promotion of the promotional partners "Starlined Game" including their "Wisps" ('NFTs'). It is widely published in mainstream media that content creators using NFT technology have generated millions of dollars^{1 2 3}. The owners of the "Starlined Game" seek to promote the earnings for creators.
- 10) In relation to the "Spotify inspired revenue sharing subscription model", the following clarifications are provided: -
- a) EM1 and Crowd1 do not earn revenue from the content creation or the commercialisation thereof. This revenue is earned by and split between the owners of the "Starlined Game" and the content creators.
 - b) EM1 does not know the average "US dollar-based income" for content creators.
 - c) Per 10) a) EM1 does not earn revenue from the content creation process in the "Starlined Game" as there is no revenue sharing arrangement and is therefore expected to have no material effect to EM1.
- 11) No.
- 12) The answer is "No", therefore no copy provided.
- 13) Further clarification on the response: -
- a) On 23 September 2021, the Company announced that it had appointed an advisor to conduct a strategic review of its assets and in particular the potential divestment, spin off or sale of the MIGGSTER white label platform. With this review underway with the clear objective of the Company otherwise dealing with MIGGSTER, the Company did not deem any further response was necessary.
 - b) In the Company's opinion, the Media Article was focussed on the MIGGSTER product. With a strategic review underway with the clear objective of a divestment, spin-out or sale transaction of MIGGSTER, the Company decided a further response to the Media Article was no longer required.
- 14) Company confirms that it is complying with the listing rules including listing rule 3.1.
- 15) Confirm that EM1's responses in this letter are authorised by the Board.

By the order of the Emerge Gaming Board.

¹ <https://www.cnn.com/2021/05/12/meet-the-millennial-creators-making-six-figures-selling-nfts.html>

² <https://www.businessinsider.com/how-nfts-can-boost-profits-in-artist-creator-economy-2021-5?IR=T>

³ <https://time.com/6093982/nft-art-teens-money/>





3 November 2021

Mr Derek Hall
642 Newcastle Street
West Leederville
WA 6007

By email: dhall@regencycorporate.com.au

Dear Mr Hall

Emerge Gaming Limited ('EM1'): Query Letter

ASX refers to the following:

- A. EM1's announcement titled "Emerge appoints leading advisor to guide strategic review" released on the ASX Market Announcements Platform ('MAP') 23 September 2021, which disclosed that EM1 was performing a strategic review of its assets, where the top priority was to consider the potential divestment, spin-off or sale of the MIGGSTER platform.
- B. Crowd1's video titled "POWER OF THE CROWD- Crowd1 Oct Mega event", released on YouTube¹ on 18 October 2021 (the '**Crowd1 Video**'), in which EM1's CEO Greg Stevens provided an update on the MIGGSTER platform. Mr Stevens stated (relevantly, emphasis added):

i. At 40:53:

*"Miggster Plus is an enhancement and an extension of the Miggster we know. It's a new, updated version of the product with added features and a brand new look and feel. We will be releasing it in two phases with the first version of Miggster Plus launching soon, offering a platform that combines reward functionality with exciting gameplay elements all in one single channel. **Then, we will be launching phase two and the part of that rollout will include the inclusion of Triple A premium games, which will add the element of top ranking gaming experience. And now we look to the future of Miggster Plus.**"*

ii. At 43:50:

*"As you would have noticed in that video, we have something truly special in store for you in the **casual crypto gaming space**. We have partnered with one of the most sophisticated gaming crypto products brought exclusively to the Miggster network. Every story needs a hero and we made sure ours, and yours, is truly special. **Central to the world and bridging across all gains in the Metaverse are the Wisps. These are non-fungible token characters that can traverse across multiple worlds and play in each of Starline's Games. In partnership with Miggster, we're offering an exclusive first minting of 250,000 unique Wisps. These first-generation collectable digital characters are exclusively available through the Miggster Network.** "Starlined" the game is here to change the face of crypto gaming by giving power back to players. **We're here to turn players into creators and turn those creators into multimillion dollar success stories.** We're here to actualize a never before seen positive feedback loop that's forever going to change the crypto gaming space. What we're showing you right now is our technology demonstrator: Starlined the Adventure. This is a high production quality puzzle action adventure and exploration game with **direct integrations with non-fungible tokens and token rewards**, but our vision is bigger than that, which is why we're introducing Starlined Star Quest. This takes our characters from the adventure and puts them in this space fantasy, hack and slash, action RPG with they will level up, unlock skills, abilities and items and using these to take on even tougher challenges. Together*

¹ <https://www.youtube.com/watch?v=X4QK0u5IKmw>

these form the Starlined Blockchain Ecosystem, a gaming Metaverse built on proven technology built over three years. **We're standing on the shoulders of giants as we reach for the stars with a fully Ethereum compatible blockchain and a partnership with Polygon, arguably one of the biggest forces in blockchain gaming. We're introducing a brand new concept in this crypto gaming world: create to earn ('Create to Earn'). Create to Earn uplifts users into content creators, where they have the opportunity to earn a real US dollar-based income from an economy of content and Spotify-inspired revenue sharing subscription model. Star Quest is the actualization of a positive feedback loop where users can create content for others to enjoy, and each addition of content further incentivises users to participate, play and enjoy. We will be updating the network in the coming weeks of this exciting new project which ties into the Miggster Metaverse. Thank you very much for your time and we are very excited the future.**

- C. EM1's announcement titled "Quarterly Activities/Appendix 4C Cash Flow Report" released on MAP on 29 October 2021, which disclosed (relevantly, emphasis added) that:
- "During the quarter, Emerge invested into R&D to develop new platform features, **including game streaming of AAA games**, new competition features, extended brand engagement features and new social engagement features strengthening the product's value proposition to subscribers. **Emerge expects to launch completed features across all current and future commercial iterations of its platforms during the next quarter.**"*
 - "On 23 September 2021 the Company announced that it had appointed a leading corporate advisor, RSM Australia, to undertake a strategic review its assets that specifically included the potential of divestment, spin off or sale of the MIGGSTER white label platform. **This review is progressing and Emerge will look to update the market in the coming weeks.**"*
- D. EM1's announcement titled 'Emerge response to media article' released on MAP on 6 September 2021, which disclosed that EM1 would provide a full response to the media article published in the Australian Financial Review on 6 September 2021 (the 'Media Article'), on its website.
- E. 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.

Request for information

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

MIGGSTER Plus

- Is EM1 still considering and taking advice on the potential sale or spin-off of the MIGGSTER Platform?
- If the answer to question 1 is "yes", please explain how this is consistent with:
 - the announcement of "MIGGSTER Plus";
 - the introduction of new features, including streamed AAA games, across "all current and future commercial iterations of its platforms during the next quarter"; and
 - the introduction of "one of the most sophisticated gaming crypto products ... to the Miggster network".
- If the answer to question 1 is "no", why has EM1 not announced this, in light of its announcement of the strategic review on 23 September 2021?
- Does EM1 anticipate the AAA game streaming feature to be implemented in the current quarter?

5. Is EM1 aware:
- of the pricing structure for MIGGSTER Plus;
 - whether MIGGSTER Plus will involve any revenue sharing arrangements with Crowd1; and
 - whether it expects MIGGSTER Plus to be material to EM1's operations. If the answer is 'yes' has EM1 made any announcement 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 Lusting Rules 3.1 and 3.1A and what steps EM1 took to ensure the information was released promptly and without delay.
6. If it is aware of any the above matters, please provide details, including in the case of item c, the basis for its expectation.

NFTs

7. In relation to the non-fungible token "Wisps" ('NFTs'), please clarify:
- whether end-users will be purchasing the NFTs from EM1;
 - whether the NFTs will be tradeable or otherwise redeemable for cash;
 - what the partnership with Polygon involves;
 - whether EM1 anticipates that it will earn revenue from the minting and sale of NFTs;
 - any NFT revenue sharing arrangements with Crowd1; and
 - whether EM1 expects operations relating to the NFTs to be material to EM1, and the basis for that view. If the answer is 'yes', has EM1 made any announcement 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 Lusting Rules 3.1 and 3.1A and what steps EM1 took to ensure the information was released promptly and without delay.

Create to Earn

8. Please elaborate further on how the Create to Earn program operates, including the type of content that EM1 is expecting from this program.
9. Please explain the basis for Mr Stevens' statement, "We're here to turn players into creators and turn those creators into multimillion dollar success stories".
10. In relation to the "Spotify inspired revenue sharing subscription model", please clarify:
- the details of the planned revenue split between content creators, EM1 and Crowd1;
 - how much EM1 expects the average "US dollar based income" to be for creators, and the basis for that view; and
 - whether EM1 expects the revenue sharing arrangement to be material to EM1, and the basis for that view. If the answer is 'yes', has EM1 made any announcement 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 Lusting Rules 3.1 and 3.1A and what steps EM1 took to ensure the information was released promptly and without delay.

Media Article

11. Has EM1 released a response on its website to the Media Article?
12. If the answer to question 11 is 'yes', please provide a copy of the response.
13. If the answer question 11 is 'no',
 - a. please explain why a full response has not been provided; and
 - b. confirm when EM1 expects to be in a position to provide a full response.

General

14. Please confirm that EM1 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
15. 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 **4PM AWST Monday, 8 November 2021**. 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.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in EM1's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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.

Questions

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

Yours sincerely

Laura Gomme

Adviser, Listings Compliance (Perth)