



18 June 2018
ASX Announcement

Clarification regarding Placement & Convertible Notes

Fatfish Internet Group Ltd ("Fatfish" or the "Company") refers to its announcement of 15 June 2018 entitled "*Fatfish secures \$2.5 million in capital through private placement of ordinary shares and convertible notes*".

The Company provides additional information regarding private placement and the proposed convertible notes below:

Placement

The Company has received binding commitments from sophisticated and professional investors in the Australian market to raise a total of \$1 million, by the issue of 33,333,333 ordinary shares at an issue price of \$0.03 per share, with 33,333,333 attaching options (exercisable at \$0.045 each on or before the date that is three years after the date of issue) (**Placement**).

Settlement of the Placement is anticipated to occur on or about 21 June 2018. The shares are to be issued pursuant to the Company's capacity under Listing Rule 7.1A. The attaching options are to be issued pursuant to the Company's capacity under Listing Rule 7.1.

The Company provides the following additional information in relation to the Placement:

- Details of the dilution to existing shareholders:

	Shares
Currently on issue	466,504,681
To be issued under Listing Rule 7.1A capacity	33,333,333
Total on issue post-Placement completion	499,838,014
Dilution	6.67%

If all the options to be issued under the Placement were exercised, and no other securities were issued (including no other exercise of existing convertible securities), the total dilution would be 12.50%.

- The securities are to be issued for cash consideration. The Company is intending to issue the securities as a placement under Listing Rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing ordinary security holders would have been eligible to participate as it is the most efficient mechanism for raising funds at this time.
- There is no underwriting for this Placement.
- The Company will pay estimated costs and fees of \$80,000 in connection with the Placement, which includes anticipated fees as follow:

	Estimated Fee (A\$)
Brokers Fee	70,000
Legal and Administrative Cost	6,000
Share Registry Cost	4,000
Total	80,000

A total of 5,000,000 broker options will be issued, exercisable at A\$0.045 each with a 3 years exercisable period.

Convertible Notes

The Company provides the following additional information in relation to the proposed convertible notes:

- **Non-binding and indicative:** The obligation on the investor to subscribe for the convertible notes is subject to the satisfactory completion of due diligence by the investor, and the execution of definitive binding documentation. The proposal is presently non-binding and indicative.
- **Quantum:** It is proposed that \$1.5 million of Convertible Notes will be issued by the Company, with A\$1.25million available for drawdown by Company immediately with the issuance of the Convertible Notes (resulting in effective interest of 16.7% per annum).
- **Conversion at Investor's election:**
 - It is proposed that the convertible notes will be convertible at the Investor's election. The conversion of the convertible notes will be

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subject to and conditional on the receipt of prior shareholder approval and the receipt of any necessary ASX waivers.

- The convertible notes will convert at a fixed price equivalent to 125% of the Market Price¹ (**Conversion Price**).
- **Amortisation:** Any unconverted convertible notes will be repayable by the Company over a ten month period commencing 60 days from the date that the convertible notes are issued. The Company may elect to pay any of these monthly payment in cash or shares in its sole discretion (subject to compliance with the Listing Rules and applicable laws). If the Company elects to make any such repayment in shares, the conversion price will be equal to the lower of:
 - 90% of the average of the three lowest daily volume weighted average price for the Company's shares (**VWAP**) over the 20 trading days prior to the monthly repayment date; or
 - the Conversion Price.
- **Options:**
 - It is proposed that the Company will also issue options to the Investor, exercisable at 130% of the Market Price (rounded to the nearest cent) on or before the date that is the last day of the calendar month of the third anniversary of the issue date of the convertible notes. It is proposed that the exercise of the options may be accelerated by the Company if the VWAP exceeds 250% of the exercise price for 20 consecutive trading days, and other conditions are met. If the Company elects to accelerate the options, any unexercised options shall expire thirty days following the notice of acceleration.
 - The number of options to be issued will be such that the aggregate exercise price of the options equals \$450,000. For example, if the Market Price equals \$0.040, the exercise price of the options will be \$0.05 (being \$0.052 rounded to the nearest whole cent), resulting in 9 million options being issued ($\$450,000/\0.05).
 - The number of options and the expiry date will be determined when the convertible notes are issued.

¹ With "Market Price" meaning the volume weighted average price of the Company's shares over the 10 trading days prior to the date that the convertible notes are issued.



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- The issue of the options will be subject to the receipt of prior shareholder approval.
- **Future fundraisings:** It is proposed that for so long as the options are outstanding, the Investor shall have the right (but not the obligation) to participate in 50% of any subsequent financing conducted by the Company, excluding any pro rata issue.

The Company will release further announcements in due course in relation to the completion of the Placement and the finalisation of due diligence investigations and the execution of definitive binding documents for the convertible notes.

About Fatfish Internet Group

Fatfish Internet Group Ltd (ASX Code: FFG) 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 trend, specifically FFG has been investing strategically across various sectors of **cryptocurrency, fintech and consumer internet** technologies.

FFG operates from its international venture hubs located in Singapore, Kuala Lumpur and Stockholm. For further question on this release, please contact:

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