

**CELSIUS COAL LIMITED
(TO BE RENAMED “FAVOURIT LIMITED”)
ACN 009 162 949**

PROSPECTUS

The Prospectus has been prepared for, among other things, a public offer of up to 30,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$6,000,000, with a minimum subscription of \$4,000,000 (**Public Offer**).

The Public Offer is scheduled to close at 5.00pm (WST) on the Closing Date unless extended or withdrawn. Applications must be received before that time to be valid.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Securities offered by this Prospectus should be considered highly speculative.**

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1. CORPORATE DIRECTORY

Current Directors¹

William Oliver – Non-Executive Director and Chairman

Alistair Muir – Non-Executive Director

Ranko Matic – Non-Executive Director

Proposed Directors

Martin Dalgleish, Non-Executive Director and Chairman

Toby Simmons, Chief Executive Officer and Managing Director

Richard Kuo, Non-Executive Director

Dennis Verrios, Non-Executive Director

Company Secretary

Ranko Matic

Current ASX Code:

CLA

Proposed ASX Code:

FAV

Lead Manager to the Offer

Asia Principal Capital-Corporate Finance Pty Ltd
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201 Kent Street
SYDNEY NSW 2000

Registered Office

London House
Level 3
216 St Georges Terrace
PERTH WA 6000

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Fax: +61 8 9226 4300

Website: www.favouritlimited.com.au

Share Registry*

Automic Registry Services
Suite 1A, Level 1
7 Ventnor Avenue
WEST PERTH WA 6005

Telephone: +61 8 9324 2099

Legal Advisers to Company

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

RSM Australia Partners
8 St Georges Terrace
PERTH WA 6000

Ph: +61 8 9261 9100

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Investigating Accountant

RSM Financial Services Australia Pty Ltd
Level 21
55 Collins Street
MELBOURNE VIC 3000

¹ Resigning upon completion of the Acquisition.

* These entities have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

2. IMPORTANT NOTICE

2.1 General

This Prospectus is dated 9 March 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No person is authorised to give information or to make any representation in connection with the Offers, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities that are the subject of this Prospectus should be considered highly speculative.

2.2 Re-compliance Prospectus

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

2.3 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking into account your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

2.4 Expiry Date

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

2.5 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors, proposed Directors and management.

Although the Company believes that the expectations reflected in the forward looking statements included in this Prospectus are reasonable, none of the Company, its Directors, proposed Directors or officers, or any person named in this Prospectus, can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements

contained in this Prospectus will actually occur or that the assumptions on which those statements are based will provide to be correct or exhaustive beyond the date of its making. Investors are cautioned not to place undue reliance on these forward-looking statements.

Except to the extent required by law, the Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

The forward looking statements contained in this Prospectus are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. The key risk factors of investing in the Company are set out in Section 9 of this Prospectus.

2.6 Privacy statement

By completing and returning an Application Form, you will be providing personal information directly or indirectly to the Company, the Share Registry, the Lead Manager and other brokers involved in the Public Offer, Favourit and related bodies corporate, agents, contractors and third party service providers of the foregoing (**Collecting Parties**). The Collecting Parties collect, hold and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with an Offer, including processing your acceptance of an Offer and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any Public Authority.

If you do not provide the information required in the Application Form, the Company may not be able to accept or process your acceptance of an Offer.

If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, including bidders for your securities in the context of takeovers, regulatory authorities (including those regulating the wagering and gaming business activities of Favourit), authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the *Privacy Act 1988* (Cth) and all other legal requirements. If obliged to do so by law or any Public Authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As Favourit's business activities are conducted in and regulated under other jurisdictions, if required by overseas Public Authorities, Personal Information may be disclosed to such Public Authorities.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry

at the address set out in the Corporate Directory in Section 0 of this Prospectus. A fee may be charged for access.

2.7 Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.favouritlimited.com.au or www.celsiuscoal.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

There is no facility for any of the Offers to be accepted electronically or by applying online. Shares will not be issued under the electronic version of the Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies a complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.8 Defined terms

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 17 of this Prospectus.

2.9 Time

All references to time in this Prospectus are references to Australian Western Standard Time.

2.10 Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

2.11 Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay.

Should you have any questions about any of the Offers or how to accept any of the Offers, please call the Company Secretary on +61 8 9226 4500.

3. KEY DATES AND OFFER STATISTICS

3.1 Indicative timetable¹

Lodgement of Prospectus with the ASIC	9 March 2016
Opening Date of the Offers	9 March 2016
Closing Date of the Offers	15 April 2016
Settlement of Favourit Acquisition ² (Issue of Consideration Shares, Adviser Shares, Conversion Securities, Public Offer Shares and others pursuant to the Acquisition Agreement)	22 April 2016
Anticipated date for re-admission to ASX	29 April 2016

¹ The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without prior notice. The Company also reserves the right (subject to the terms of the Acquisition Agreement) not to proceed with any of the Offers at any time before the issue of Shares to Applicants.

² The above stated date for the settlement of the Favourit Acquisition is only a good faith estimate by the Directors and may have to be varied as required.

3.2 Key Statistics of the Offers

Shares currently on issue	1,614,034
Shares to be issued to Favourit Shareholders ⁽¹⁾	60,600,000
Public Offer issue price	\$0.20
Maximum Shares to be issued under Public Offer ⁽²⁾	30,000,000
Shares to be issued to the Adviser	3,636,000
Conversion Shares to be issued to Celsius Noteholders	4,208,644
Conversion Options to be issued to Celsius Noteholders	2,104,328
Securities on issue Post-Acquisition⁽³⁾⁽⁴⁾	102,163,006

Notes:

1. Further information regarding the terms of the Consideration Shares to be issued to Vendors is set out in Section 15.2.
2. Assuming the maximum subscription of \$6,000,000 is achieved under the Public Offer.
3. Comprise 100,058,678 Shares and 2,104,328 Options and assumes no additional Securities are issued.
4. A detailed capital structure is set out in Section 8.6.

4. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board, I am delighted to invite you to participate in the ownership and future growth of Celsius Coal Limited (to be renamed "Favourit Limited").

The Company previously operated as a coal and nickel explorer, and since April 2015, had been evaluating alternative corporate opportunities, both in Australia and overseas. As announced on 26 October 2015, the Company is proposing to change its operations to a company focused on operating in the global online gambling industry via the acquisition of 100% of the issued capital of Favourit Global Pty Ltd (**Favourit**). On 28 January 2016, shareholders approved (amongst other things) this change in the Company's direction.

Favourit has developed and owns a socially designed betting platform that operates in the global online gambling market estimated by the Global Betting and Gaming Consultancy (**GBGC**) to be US\$450 billion in 2014, measured in annual gross gambling revenue¹. The technology platform, founded within TOTE Tasmania Pty Ltd in 2012 by brothers Toby and Josh Simmons, is an internationally scalable, multi-channel and differentiated platform that intends to broadly disrupt the global online gambling market. Funds raised to date have enabled the design, development and early stage commercialisation of Favourit's own sportsbook business. Favourit (via its subsidiary, Favourit Enterprises) recently partnered with a leading European based service provider (**EveryMatrix**) to provide the necessary and more commoditised back office functionality, allowing Favourit to operate as a licenced sportsbook under its own brand in certain international markets.

Favourit is focused on re-engineering the online sports betting experience for today's digital age. The current sportsbook competitive landscape is largely focused on the betting transaction between the customer and the bookmaker, with little to no integration of social features or data. The socially designed disruption opportunity is real and substantial, particularly in the growing market of sports betting customers around the world who have high familiarity with the social media channels they use frequently each and every day. Favourit launched its unique multi-channel platform in the UK market in late 2015, offering real money sports and racing betting via its socially focused user experience.

Favourit's early operating performance is beginning to demonstrate that its marketing strategy and unique value proposition assist in lowering its customer acquisition cost. Should this continue to be demonstrated at scale, it should ensure that Favourit is a highly valuable business in this rapidly developing global industry. Favourit also aims to demonstrate over time that the socially designed user experience leads to higher engagement, greater activity and therefore enhanced financial returns.

The global online gambling market is a prime market for disruption. This market has evolved from the early days of "high street" betting shops that had a narrow customer appeal, to telephone call centres, through to transactional online platforms, and now to socially designed online betting platforms such as Favourit, the addressable market is substantial in size and is of course global. Favourit has chosen the UK as its initial market entry focus.

Based on Favourit's observations, most market incumbents are largely reliant on technologies that deliver transactional based functions which restricts them to primarily

¹ Global Betting and Gaming Consultants' Global Gambling Report tenth edition (<http://www.gbgc.com/global-gambling-revenues-pass-us-450-billion-in-2014/>)

compete on price and promotions, the size of their marketing budget and, in some cases, use celebrity endorsers. Favourit competes and differentiates on the basis of its socially designed user experience, savvy digital, affiliate and social marketing, and its clear focus on the larger market segment (by volume) of online betting customers. Over time, this is intended to ensure that the platform has a broader appeal to those users who value the entertainment aspect of the betting experience, rather than just the betting transaction itself.

Socially designed features leveraging “big data” such as trending, hot and recommended bets based on betting activity, gamification elements including competitive leaderboard rankings, one-click to follow bet placement, and relevant content feeds all add to the platform differentiation of Favourit.

This Prospectus is being issued to assist the Company to re-comply with the ASX Listing Rules and also raise sufficient funds to complete the proposed Transaction. Under this Prospectus, the Company proposes to raise a minimum of \$4,000,000 and a maximum of \$6,000,000 pursuant to the Public Offer.

I encourage you to read the Prospectus carefully and in its entirety, particularly the section on risks.

On behalf of the Board, I invite you to subscribe for Shares in the Company and look forward to welcoming you as a shareholder.

Yours sincerely,

BILL OLIVER
CHAIRMAN

9 March 2016

5. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. The Company		
<i>Who is the issuer of this Prospectus?</i>	Celsius Coal Limited (ACN 009 162 949) (to be renamed "Favourit Limited") (ASX Code: CLA) (Company) is the issuer of this Prospectus. The Company is an ASX listed public company in the business of minerals exploration. The Company currently holds nickel assets in Western Australia.	Section 7
<i>What is the intended Acquisition?</i>	The Company has agreed to acquire 100% of the issued share capital of Favourit Global Pty Ltd (ACN 158 297 655) (Favourit) from Favourit's Shareholders (Transaction). The Acquisition, once completed, will lead to a significant change in the nature and scale of the Company's activities. As a result, the Company was required to obtain shareholder approval for (among other things) the Acquisition and to re-comply with Chapters 1 and 2 of the ASX Listing Rules. Shareholder approval was obtained on 28 January 2016. A summary of the key terms of the Acquisition is set out in Section 14.1.	Section 7 and 14
<i>What is the purpose of this Prospectus?</i>	The purpose of this Prospectus is to raise sufficient capital through the issue of Shares under the Public Offer to fund the Merged Group's ongoing marketing, development, and working capital requirements, and to seek re-admission to the Official List of ASX as "Favourit Limited". The proposed use of funds raised under the Public Offer is set out in Section 6.4. A further purpose of this Prospectus is to cleanse the issue of Securities to be issued to the Vendors, the Adviser, and Celsius Noteholders pursuant to section 708A(11) of the Corporations Act. Further information in relation to this is set out in Section 6.	Section 6.4

Item	Summary	Further information
Business Model of Favourit post-Acquisition		
Who Favourit?	is Favourit is an Australian incorporated company that develops and owns a socially designed betting platform that operates primarily in the UK online betting market (Favourit Platform). The Favourit Platform was initially incubated by TOTE Tasmania, then acquired from the Tatts Group (Tatts) by the current Favourit management in early 2012 (following the Tatts acquisition of TOTE Tasmania in late 2011). The Favourit Platform, while under development and beta testing, initially operated by offering a virtual currency (i.e. non real-money gaming) and affiliate model (real-money gaming through affiliated licensed bookmakers) until November 2014 when the Favourit Platform was launched into the UK market as a Favourit branded bookmaker. The Favourit Platform provides a socially designed user experience for betting on sports, racing, and casino games. Favourit (via its subsidiary, Favourit Enterprises) has partnered with EveryMatrix, a UK and Romanian based technology provider of white-label bookmaking administrative and risk management services. EveryMatrix provides Favourit with the back-office bookmaking function, including odds pricing, risk management, gambling licence access, and regulatory compliance. Favourit operates as a whitelabel partner of EveryMatrix. EveryMatrix has licences to operate in the UK, Malta, Curacao, and Ireland. As a whitelabel partner, Favourit (via its subsidiary, Favourit Enterprises) does not hold any gambling licence itself. Rather, bookmaking services are conducted by EveryMatrix under its licences, and Favourit promotes these services to customers using the Favourit brand. The Favourit Platform is multi-channelled and available across desktop browser and mobile (HTML5) devices. It differentiates itself from other betting platforms through its features leveraging “big data” such as trending, hot and recommended bets based on betting activity, gamification elements including competitive leaderboard rankings and one-click to follow bet placement. Favourit is actively developing and investigating new market opportunities through continual international business development in regulated markets. Favourit is an Australian proprietary company with two wholly owned subsidiaries, being Favourit Enterprises Ltd (a company incorporated in the Isle of Man with registration number 128937C) and Favourit Australia Pty	Sections 7 and 8

Item	Summary	Further information
	Ltd (ACN 602 262 644) (Subsidiaries) (with Favourit and the Subsidiaries together being the Favourit Group). Post-Acquisition, the Company and Favourit shall together form the merged group (Merged Group), and the Merged Group shall continue to carry on the business of Favourit. The Company is currently looking to divest or wind up its existing mining interests and focus exclusively on the Favourit business.	
How will Favourit generate income?	Favourit derives its revenue through new and returning customers utilising the Favourit Platform for betting activities. Favourit and EveryMatrix share in the net gaming revenue derived from all betting activity on the Favourit Platform in contracted markets, including the UK.	Section 7.4
What will be the key business strategies of Favourit?	Favourit's key business strategies will be to focus on: - designing, developing, and marketing solutions for, and servicing of, the online gambling market via its unique, socially designed Favourit Platform; and - ongoing development and investigation of new regulated market opportunities through continual international business development.	Section 7
What will be the key dependencies of Favourit's business model	The key factors that Favourit will depend on to meet its objectives are: - successful marketing of Favourit, and the Favourit Platform to new customers; - retaining customers by providing responsive customer service, competitive offers and promotions as well as a unique customer experience; - the ability to provide and offer back-end administrative services including odds compilation, risk management, gambling licence access, and regulatory compliance, currently provided to Favourit via EveryMatrix; - continued compliance with gambling regulators in various markets that Favourit intends to conduct its business; - maintaining and developing the Favourit Platform to service customers; and - generating sufficient gross gaming revenue from its operations to generate positive cashflow in future years.	Section 7

Item	Summary	Further information
<i>What are the key benefits of the Acquisition?</i>	The Board considers that the key benefits of the Acquisition will be the opportunity for its shareholders to gain exposure to a unique global socially designed sports betting platform that is well placed to deliver high growth in a substantial and growing addressable market with a differentiated platform to the majority of Favourit's competitors.	Section 7
<i>What are the effects of the Acquisition?</i>	The effect of the Acquisition will see the nature and scale of the business activities of the Company change with the Company proposing to focus on developing and marketing Favourit's Platform and services. The effect of the Acquisition is set out in the capital structure table in Section 8.6 and the pro-forma balance sheet of the Company set out in Section 12. The effect of the Acquisition on the Company's risk profile, including the dilutive impact on the Company's existing Shareholders, is set out in Section 9 (a summary of key risks is also set out in Section C below).	Sections 7, 9, 10, and 12
<i>What are the key investment highlights?</i>	The Directors and Proposed Directors are of the view that an investment in Favourit provides the following non-exclusive list of key highlights: • An attractive investment opportunity for the Company to change its business focus to that of a company operating in the global gambling industry; • A large and growing global market opportunity, with Favourit aiming to deliver a scalable, socially designed betting platform; • Strategically positioned product, focused on the fast growing segments of sports betting, live betting and mobile platform delivery, supported by the launch of Favourit's casino product; • Scalable business model delivered through a proprietary technology platform with a low cost base and the ability to deploy new product offerings and expand into new geographic markets; • Engaging, innovative and intuitive technology designed to increase user engagement and lower customer acquisition costs, by delivering products to suit customers' needs and are likely to be more engaging due to community, content and data analytics as compared to transactional platforms offered by traditional operators; • A differentiated platform in an industry with regulations acting as barriers to entry, including strong entertainment and socially designed	

Item	Summary	Further information
	experience; • Pure online model minimises capital requirements for global expansion and future growth; • An experienced board who bring substantial experience in gaming, gambling, media, and technology, as well as commercialisation of high-growth consumer digital platforms; and • An experienced management team with experience in building enterprise level scalable platforms, digital customer acquisition and strategic skills in the gambling and related industries.	
C. Key Risks		
<i>What are the key risks of an investment in the Company?</i>	The business, assets and operations of the Company are and will be subject to certain risk factors. These factors can impact on the value of an investment in the Securities of the Company. Set out below are specific risks the Company is and will be exposed to post-Acquisition. An investment in the Company should be considered highly speculative. Further risk factors affecting Favourit and the Merged Group are set out in Section 9.	Section 9
<i>Risks associated with UKGC Licence and with UK Whitelabel Agreement with EveryMatrix</i>	Given that a significant majority of the Merged Group's customers are UK residents, the most material risks are in respect of the UKGC Licence and the UK Whitelabel Agreement with EveryMatrix. A risk exists that the UKGC Licence may be suspended, terminated or cancelled. A risk exists that EveryMatrix may terminate the UK Whitelabel Agreement. If this occurs, Favourit will no longer be able to market gambling services to residents of the UK, unless it finds a white label partner to replace EveryMatrix or applies for its own UKGC licence.	Section 9.3(a)
<i>Computer system risk</i>	A prolonged failure of the computer systems and/or related infrastructure operated by Favourit and EveryMatrix may result in a loss of revenue and profit to Favourit and in such circumstances may have an adverse effect on the operational and financial performance of Favourit.	Section 9.3(b)

Item	Summary	Further information
Future Funding Requirements	At present, Favourit has a cash requirement of approximately A\$230,000 to A\$250,000 per month. Costs may rise in the future as a result of expansion strategies and opportunities which may cause greater or further operational losses to Favourit ahead of revenue growth projections. This may require Favourit to seek funding to implement these strategies and opportunities going forward.	Section 9.3(c)
Limited operating history	Favourit was incorporated on 11 May 2012 and therefore has limited operating history. Given the limited operating history of Favourit, no assurance can be given that Favourit will achieve commercial viability through the implementation of its business plan.	Section 9.3(d)
Potential Liability Dispute	On or about 9 October 2015, Favourit received notification of a potential claim by a third party affiliate marketing partner (Potential Claimant), for additional commission allegedly owing to the Potential Claimant. Whilst the matter has not resulted in a formal claim as at the date of this Prospectus, Favourit estimates the amount disputed to be approximately EUR74,764 (being approximately A\$110,692 as at the date of this Prospectus). Favourit is confident that this will not result in any further commissions payable or costs being incurred by Favourit from the Potential Claimant. Favourit has received no further correspondence on the matter since the original notification and response by Favourit denying the alleged liability.	Section 9.3(e)
Competition and new technologies	The industry in which Favourit is involved in is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.	Section 9.3(f)
Key supplier and software risk	Favourit is contracted with UK and Romanian based technology and whitelabel licensing provider EveryMatrix to provide Favourit's core transactional software and for its real money sportsbook and casino operations. EveryMatrix may be purchased by another market competitor, or be subject to legal action which renders its performance as a service supplier limited. Furthermore, Favourit is reliant on the availability and quality of EveryMatrix's software. Any software error or malfunction will affect Favourit's ability to service its	Section 9.3(f)

Item	Summary	Further information
	customers.	
Attracting and retaining customers on the Platform	The Company's revenue will be affected by its ability to attract and retain customers on the Favourit Platform. Various factors can affect the level and activity of customers using the Favourit Platform, including: marketing and promotions; brand damage; interruptions to service provision; and regulatory access to customer markets.	Section 9.3(g)
Regulatory Risks	The activities of Favourit are conducted in a highly regulated, yet fragmented industry. Changes in legislation, regulation or government policy may have an adverse impact on Favourit's operational and financial performance. A risk exists that, in future, EveryMatrix may be required to pay to racing and/or sporting bodies fees in respect of its use of the information relating to the races/sports held by these bodies, leading to an increase in its costs and Favourit's costs. A risk exists that, in future, Favourit may be considered to require a gambling licence by a gambling regulator of a jurisdiction in which it conducts business.	Section 9.3(h)
Disposal of View Nickel	Subject to completion of the Transaction, the Company is seeking to dispose of its nickel interests at Carnilya Hill in Western Australia, which it holds via a joint venture between its subsidiary, View Nickel Pty Ltd (View Nickel) and Mincor Resources NL (Mincor) (30:70) (Joint Venture). Final rehabilitation costs associated with the Carnilya Hill mine are estimated to be A\$570,000, to be shared between View Nickel and Mincor pro-rata to their Joint Venture interests. The timing of any rehabilitation works is at the election of the Joint Venture. Depending on the outcome of negotiations with a prospective third party purchaser (and the agreement of Mincor), there is a risk that any future disposal of View Nickel may require the Company to contribute (in whole or in part) to the costs of rehabilitation under the original Joint Venture.	Section 9.4(a)
Liquidity Risk	The Securities (or a proportion of these Securities) to be issued to Vendors on completion of the Acquisition will be subject to escrow restrictions for up to 24 months in accordance with Chapter 9 of the ASX Listing Rules. In addition, the Securities (or a proportion of these Securities) to be issued under the Celsius Noteholder's Offer and the Adviser Offer may also be subject to escrow restrictions for up to 24 months. This could be	Section 9.2(c)

Item	Summary	Further information
	considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.	
D. Directors and Key Management Personnel		
Directors	After successful completion of the Transaction, the directors of the Company will be: • Martin Dalglish (Non-Executive Director and Chairman); • Toby Simmons (Chief Executive Officer and Managing Director); • Richard Kuo (Non-Executive Director); and • Dennis Verrios (Non-Executive Director). The profiles of each of these individuals are set out in Section 8.1. Details of the personal interests of each of the above individuals in securities of the Company as well as annual remuneration are set out in Section 10.3. A summary of the material terms and conditions of the current or proposed employment or engagement of the above persons with the Company is set out in Section 14. Current Directors, Alistair Muir, William Oliver, and Ranko Matic intend to retire upon completion of the Transaction.	Sections 8, 10 and 14
Key management personnel	After successful completion of the Transaction, it is proposed that senior management of the Company will be: • Toby Simmons; • Josh Simmons; • Chris Reynolds; • David McInerny; • Jamie Robertson; and • Ling (Gary) Ng. The profiles of senior management are set out in Section 9.1.	Section 10
E. Financial Information		
How have the Company and Favourit performed over the past 12 months?	Please refer to the Financial Information in Section 11 and the Investigating Accountant's Report in Section 12 for further information.	Sections 11 and 12

Item	Summary	Further information
What is the financial outlook for the Merged Group?	Please refer to the Financial Information in Section 11 and the Investigating Accountant's Report in Section 12 for further information.	Sections 11 and 12
Will the Merged Group have sufficient funds for its activities?	Based on the proposed use of funds set out in section 6.4, the Board believes the capital raised under the Public Offer should be sufficient to fund the Merged Group's proposed activities. However, the Merged Group may be required to obtain further financing in the future depending on the Company's ability to generate income from its operations, and if expansion opportunities arise, they may require additional funding.	Section 6.4
How has Favourit historically performed?	Please refer to the Financial Information in Section 11 and the Investigating Accountant's Report in Section 12 for further information.	Sections 11 and 12
F. Offers		
What is being offered and who is entitled to participate?	Public Offer The Company is inviting applications under the Public Offer for up to 30,000,000 Shares at an issue price of \$0.20 per Share, to raise up to \$6,000,000 with a \$4,000,000 minimum subscription condition. The Public Offer is not underwritten. Unless as expressly stated in this Prospectus, only residents of Australia may participate in the Public Offer. The risks associated with investing in Securities are set out in further detail in Section 9. Favourit Offer This Prospectus also contains an offer of Shares in which only the Vendors (or their respective nominees) are eligible to participate. The issue of Shares under the Favourit Offer forms the consideration payable by the Company for the Favourit Shares held by the Vendors. You should not complete an application form in relation to the Favourit Offer unless specifically directed to do so by directors of the Company or Favourit. Adviser Offer The Adviser Offer is a specific offer made to APCF. As such, Shares offered under the Adviser Offer will be allocated and issued to APCF (or its nominees) only. Celsius Noteholders Offer The Celsius Noteholders Offer is a specific offer made to Celsius Noteholders. As such, Shares and Options offered	Sections 6.1, 6.10 and 9

Item	Summary	Further information
	under the Celsius Noteholders Offer will be allocated and issued to Celsius Noteholders only.	
What will the Company's capital structure look like after completion of the Offers and the Transaction	As at the date of this Prospectus, the Company has 1,614,034 Shares on issue. Following completion of the Offers, the Company is expected to have a maximum of 100,058,678 Shares on issue and 2,104,328 Options on issue, assuming \$6,000,000 is raised under the Public Offer. Upon the reinstatement of the Company on the ASX and finalisation of the appointment of the Proposed Directors, the Company proposes to issue securities to key executives, employees and directors of the Company under new ESOP and Performance Rights schemes (subject to the candidate meeting the relevant criteria under these schemes). A pro forma balance sheet setting out the effect of the Transaction on the Company is set out in Section 11.	Sections 8.6 and 11
Will I be guaranteed a minimum allocation under the Public Offer?	No, the Company is not in a position to guarantee a minimum application of Shares under the Public Offer.	Section 6.7.2
What are the terms of the Securities offered under the Offers?	A summary of the material rights and liabilities attaching to the Securities offered under the Offers is set out in Section 15.2.	Sections 15.2
Will any Securities be subject to escrow?	No Shares issued pursuant to the Public Offer will be subject to any escrow requirement by the ASX. However, a proportion of the Securities issued under the Favourit Offer, the Adviser Offer, and Celsius Noteholders Offer may be required by the ASX to be restricted from trading for a period of up to 24 months after the date of re-admission of the Company to the ASX, and in the case of the Vendors, depending on the cash paid for their Favourit Shares and whether or not the recipient is a related party or promoter of the Company.	Section 6.1
Will Securities be quoted?	Application for quotation of all Shares issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus.	Section 6.8
What are the key dates of the Offers?	The key dates of the Offer are set out in the indicative timetable in Section 3.	Section 3

Item	Summary	Further information
What is the minimum investment size under the Public Offer?	Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$1,000 worth of Shares (5,000 Shares).	Section 6.1.1(b)
Are there any conditions to the Offer?	The Offers are conditional on the successful completion of the Acquisition and the ASX providing the Company with conditional approval to re-admit the Shares to Official Quotation.	Section 6.2
G. Use of proceeds		
How will the proceeds of the Public Offer be used?	The Public Offer proceeds will be used for: - marketing activities to attract and retain customers; - expenses associated with the Offers and the Acquisition, along with associated legal and accounting fees; - continued technology development; - Favourit business development; and - working capital. A detailed table setting out the proposed use of funds raised under the Public Offer is set out in section 6.4.	Section 6.4
H. Additional information		
Is there any brokerage, commission or stamp duty payable by applicants?	No brokerage, commission or stamp duty is payable by applicants on the acquisition of Securities under the Offers.	Section 6
What are the tax implications of investing in Securities?	Shareholders may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Securities subscribed for under this Prospectus. The tax consequences of any investment in Securities will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Securities offered under this Prospectus.	Section 6.5
Where can I find more information?	- By speaking to your sharebroker, solicitor, accountant or other independent professional adviser. - By reviewing the Company's public announcements, which are accessible from the ASX's website at www.asx.com.au under the	

Item	Summary	Further information
	current ASX code "CLA". • By visiting the Company's website at http://www.favouritlimited.com.au. • By contacting the Company on +61 8 9226 4500. • By contacting the Company's Share Registry on +61 8 9324 2099.	

6. DETAILS OF THE OFFERS

6.1 Offers

The Offers under this Prospectus consist of the Public Offer and the Additional Offers (including the Favourit Offer).

6.1.1 Public Offer

Pursuant to this Prospectus, the Company is inviting applications under the Public Offer for up to 30,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$6,000,000 (**Public Offer**).

All Shares issued under this Prospectus will be fully paid and will rank equally with all other Shares then currently on issue. A summary of the material rights and liabilities attaching to Shares is set out in Section 15.2.

(a) *Minimum subscription*

The Public Offer is subject to a minimum subscription of 20,000,000 Shares at an issue price of \$0.20 per Share to raise \$4,000,000 (**Minimum Subscription**).

If the Minimum Subscription has not been raised within four months after the date of this Prospectus, the Company will not issue any Shares and will repay all Application monies for the Shares within the timeframe prescribed under the Corporations Act, without interest.

The Public Offer is not underwritten.

(b) *Maximum subscription*

The maximum subscription under the Public Offer is \$6,000,000. Please note, if in fact there is excessive demand under the Public Offer, the Company may decide to accept further subscriptions above this maximum, however the Company will ensure that it notifies applicants in advance and provide any supplementary disclosure required should this eventuate.

(c) *Minimum application amount*

Applications under the Public Offer must be for a minimum of \$2000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$1000 worth of Shares (5,000 Shares).

(d) *Eligible participants*

To participate in the Public Offer, you must be a resident of Australia. See Section 6.10 for further details.

(e) *Quotation and trading*

Application for quotation of all Shares issued under the Public Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 6.8 for further details.

No Shares issued pursuant to the Public Offer will be subject to any escrow requirement by the ASX.

6.1.2 Additional Offers

(a) Favourit Offer

The Favourit Offer consists of the issue of 60,600,000 Consideration Shares to the Vendors on a pro rata basis in consideration for the acquisition by the Company of all the Favourit Shares held by them. **Accordingly, only the Vendors may accept the Favourit Offer.**

Shares subscribed for pursuant to the Favourit Offer will only be placed to Vendors. A personalised Application Form in relation to the Favourit Offer will be issued to each Vendor together with a copy of this Prospectus.

(b) Adviser Offer

The Adviser Offer consists of the issue of 3,636,000 Shares in part payment of the management and selling fee under the Mandate. **Accordingly, only APCF (or its nominees) may accept the Adviser Offer.** A personalised Application Form in relation to the Adviser Offer will be issued to APCF together with a copy of this Prospectus.

(c) Celsius Noteholders Offer

The Celsius Noteholders Offer consists of the issue of 4,208,644 Conversion Shares and 2,104,328 Conversion Options to the Celsius Noteholders at Settlement in satisfaction of the Company's repayment obligations under the Celsius Convertible Notes.

6.2 Conditional Offers

Completion of the Offers is conditional upon completion of the Acquisition and ASX confirming that it will re-admit the Company to the Official List, subject to such terms and conditions (if any) as are prescribed by ASX or the ASX Listing Rules (**Conditions**).

In the event that the Conditions are not satisfied, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, the Public Offer Applicants will be reimbursed their Application monies (without interest).

6.3 Purpose of the Offers and the Prospectus

The primary purpose of the Public Offer under this Prospectus is to enable the Company, after acquiring Favourit, to raise funds to be used for:

- marketing activities to attract and retain customers;
- expenses associated with the Offers and the Acquisition, along with associated legal and accounting fees;
- continued technology development;
- Favourit business development; and
- working capital.

The Company is aiming to apply the funds raised under the Public Offer in the manner detailed in Section 6.4. The Board believes that the funds raised from

the Public Offer, combined with existing funds will provide the Company with sufficient working capital at anticipated expenditure levels to achieve the objectives as shown in the table in that Section.

This Prospectus has also been issued to:

- (a) assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules;
- (b) enable the Company to offer the Consideration Shares to Vendors in consideration for the acquisition by the Company of their Favourit Shares;
- (c) enable the Company to offer the shares to the Adviser in consideration for its services under the Mandate (see Section 14.4); and
- (d) enable to Company to offer the Conversion Shares and Conversion Options to the Celsius Noteholders.

6.4 Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, following re-admission to the Official List of the ASX (for the purpose of satisfying ASX's requirements for re-listing following a significant change to the nature and scale of the Company's activities) as follows:

Funds available	Minimum Subscription (\$4,000,000)	Percentage of Funds (%)	Maximum Subscription (\$6,000,000)	Percentage of Funds (%)
Existing cash reserves of the Merged Group at Settlement	\$150,000	4%	\$150,000	2%
Funds raised from the Capital Raising	\$4,000,000	96%	\$6,000,000	98%
Total	\$4,150,000	100%	\$6,150,000	100%
Allocation of funds	Minimum Subscription (\$4,000,000)	Percentage of Funds (%)	Maximum Subscription (\$6,000,000)	Percentage of Funds (%)
Marketing activities ¹	\$1,187,107	29%	\$2,415,107	39%
Expenses associated with the Acquisition ²	\$592,335	14%	\$714,335	12%
Continued technology development & operational support ³	\$750,000	18%	\$1,000,000	16%
Favourit business development ⁴	\$120,000	3%	\$120,000	2%
Working capital ⁵	\$1,500,558	36%	\$1,900,558	31%
TOTAL	\$4,150,000	100%	\$6,150,000	100%

Notes

1. Funds used for marketing of Favourit include:
 - (a) direct marketing related to acquisition of new customers and the retention of existing customers in the United Kingdom in order to continue to grow Favourit's betting turnover and business; and
 - (b) costs of marketing utilising digital media.
2. Refer to the table below for the itemised costs of the expenses associated with the Acquisition:

Estimated Costs of Acquisition	Proposed minimum Capital Raising (\$4 million)	Proposed maximum Capital Raising (\$6 million)
ASX Fees	\$73,015	\$75,015
ASIC Fees	\$2,320	\$2,320
Legal, Accounting and Due Diligence Expenses	\$245,000	\$245,000
Shareholder Meeting / Share Registry Costs	\$12,000	\$12,000
Printing	\$20,000	\$20,000
Capital Raising Fees	\$240,000	\$360,000
TOTAL	\$592,335	\$714,335

3. Funds used for development and operational support of Favourit include:
 - (a) ongoing product development for the evolution of Favourit's Platform;
 - (b) management and expansion of customer service activities;
 - (c) provision of hardware and third party services to continue to offer the Favourit Platform and real money betting product
4. Funds used for business development activities include:
 - (a) business development initiatives to seek to commercialise Favourit's business in other territories outside the United Kingdom, including potentially in Australia; and
 - (b) potential costs associated with applying for and being granted gaming licenses in other territories in which Favourit may seek to operate.
5. Working capital includes the general costs associated with the management and operation of the business including administration expenses, salaries, directors' fees, rent and other associated costs.

In the event the Company raises more than the minimum subscription of \$4,000,000, but less than the maximum subscription of \$6,000,000, the additional funds raised will be first applied towards the additional costs of the Offers (primarily capital raising fees) and thereafter to increased marketing and business development of the Favourit Platform and for general working capital. On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives. However, the Merged Group may be required to obtain further financing in the future depending on the Company's ability to generate income from its operations.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 9).

6.5 Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

6.6 Applications

Applications for Securities under the Offers must be made using the relevant Application Form. A personalised Application Form in relation to the Favourit Offer will be issued to each Favourit Shareholder together with a copy of this Prospectus. **Only Vendors may apply for Shares under the Favourit Offer.**

A personalised Application Form in relation to the Adviser Offer will be issued to APCF together with a copy of this Prospectus. **Only APCF (or its nominees) may apply for Shares under the Adviser Offer.**

A personalised Application Form in relation to the Celsius Noteholders Offer will be issued to Celsius Noteholders together with a copy of this Prospectus. **Only Celsius Noteholders may apply for Securities under the Celsius Noteholders Offer.**

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms and accompanying cheques (for the Public Offer only), made payable to “**Celsius Coal Limited**” and crossed “**Not Negotiable**”, must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the Closing Date.**

Applications under the Public Offer must be accompanied by payment in full in Australian currency.

The Company reserves the right to close the Offers early.

If you require assistance in completing an Application Form, please contact the Company Secretary on +61 8 9226 4500.

6.7 Issue of Securities and Allocation Policy

6.7.1 General

Subject to the Minimum Subscription being achieved and the satisfaction of each of the conditions to the Offers (see Section 6.2), the issue of Securities

offered by this Prospectus will take place as soon as practicable after the Closing Date.

6.7.2 Public Offer

The allocation of Shares under the Public Offer will be determined by the Board in consultation with APCF as Lead Manager to the Public Offer and the Proposed Directors, and otherwise in its absolute discretion.

There is no guaranteed allocation of Shares under the Public Offer.

The Board, in consultation with APCF as Lead Manager to the Public Offer and the Proposed Directors, reserve the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application monies will be refunded (without interest) to the Applicant as soon as practicable after the Closing Date.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

6.7.3 Favourit Offer

The Favourit Offer is a specific offer made to the Vendors. As such, Shares offered under the Favourit Offer will be allocated and issued to those Vendors only.

6.7.4 Adviser Offer

The Adviser Offer is a specific offer made to APCF. As such, Shares offered under the Adviser Offer will be allocated and issued to APCF (or its nominees) only.

6.7.5 Celsius Noteholders Offer

The Celsius Noteholders Offer is a specific offer made to Celsius Noteholders. As such, Securities offered under the Celsius Noteholders Offer will be allocated and issued to those Celsius Noteholders only.

6.7.6 Defects in Applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an Application as valid, or how to construe, amend or complete it, will be final.

6.7.7 Interest

Pending the issue of the Shares or payment of refunds pursuant to the Public Offer, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

6.8 Quotation of Shares

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, Applicants should be aware that the ASX will not commence Official Quotation of any

Shares until the Company has received the approval of the ASX to be re-admitted to the Official List. As such, the Shares may not be able to be traded for some time after the close of the Offers.

If the Shares are not admitted to Official Quotation by the ASX before the expiration of 3 months after the date of this Prospectus, or such period as varied by the ASIC, or if the ASX otherwise rejects the Company's application for re-admission to the Official List, the Company will not issue any Securities and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances, the Favourit Offer, the Adviser Offer and the Celsius Noteholders Offer will be withdrawn and the Company will not proceed with the Transaction.

The fact that the ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

6.9 Clearing House Electronic Sub-Register System and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of the ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Securities can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Security holders may request a holding statement at any other time, however a charge may be made for such additional statements.

6.10 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Securities in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed in order to accept any of the Offers.

If you are outside Australia, it is your responsibility to ensure compliance with all laws of any country relevant to, and obtain all necessary approvals for, the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that there has been no breach of any such laws and all relevant approvals have been obtained.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. This Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

United States

The Offers do not and will not constitute an offer of Securities in the United States of America (**US**). Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any Applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that applicant's application.

Singapore

This Prospectus or any other offering material relating to the Shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to an institutional investor, as defined in section 4(A)(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), in accordance with and pursuant to section 274 of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. Investors should note there are certain on-sale restrictions (set out in, among others, sections 257 and 276 of the SFA) applicable to all investors who acquire the Shares pursuant to the exemptions in section 274 of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore or to consult their own professional advisers as to such on-sale restrictions, and to comply accordingly.

The contents of this Prospectus have not been reviewed by any regulatory authority in Singapore. This Prospectus may not contain all the information that a Singapore registered prospectus is required to contain. In the event of any doubt about any of the contents of this Prospectus or as to your legal rights and obligations in connection with the Offers, please obtain appropriate professional advice.

Hong Kong

This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. The Shares have not been and will not be offered or sold in Hong Kong other than to "professional

investors” (as defined in the SFO and any rules made under the SFO) or in other circumstances which do not result in this document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or the Companies Ordinance (Cap. 622) of Hong Kong.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” (as defined in the SFO and any rules made under the SFO). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

6.11 Enquiries

If you have any queries in relation to the Offers, please contact the Company Secretary on +61 8 9226 4500.

7. COMPANY OVERVIEW

7.1 Industry Overview

7.1.1 Market Size

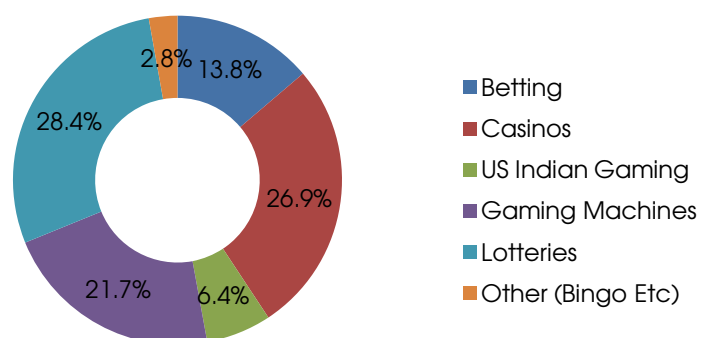
The global gambling industry is substantial. Total global gross gambling revenues were estimated to exceed US\$450 billion² in 2014.



Source: Global Betting & Gaming Consultants Global Gambling Report tenth edition (<http://www.gbgc.com/global-gambling-revenues-pass-us-450-billion-in-2014/>)³

Global gross gambling revenue (also referred to as gross gambling yield (GGY)) was generated by the following gaming activities in 2013:

Share of Global Gambling Revenues (2013)



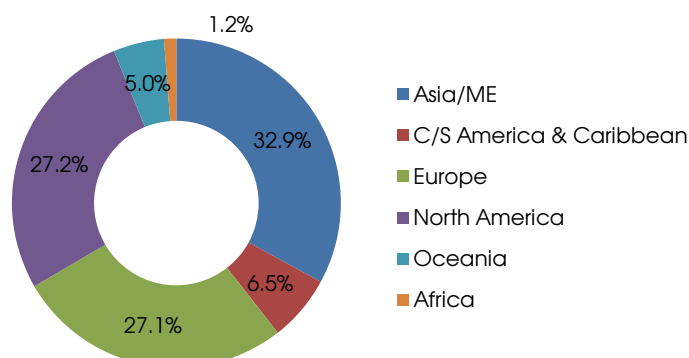
Source: Global Betting & Gaming Consultants Global Gambling Report ninth edition (<http://www.gbgc.com/global-sports-betting-the-state-of-play/>), 2013

² Global Betting and Gaming Consultants' Global Gambling Report tenth edition (<http://www.gbgc.com/global-gambling-revenues-pass-us-450-billion-in-2014/>)

³ Global Betting and Gaming Consultants' Global Gambling Report tenth edition (<http://www.gbgc.com/global-gambling-revenues-pass-us-450-billion-in-2014/>)

Regulated gambling activities occur throughout the world. Between October 2013 and September 2014 in the UK (where Favourit's business is currently focused), gross gambling yields were estimated to be approximately US\$9.88B⁴.

Global Gambling GGY Share by Region (2013)



Source: Global Betting & Gaming Consultants Global Gambling Report tenth edition (<http://www.gbgc.com/global-gambling-revenues-pass-us-450-billion-in-2014/>)

Remote gambling participation (ie. online) has increased by approximately 50% from 9.7% in December 2008 to 15.4% in December 2014⁵. Based on data from 2014, the UK was ranked as the 5th largest gambling market based on client losses⁶. Betting accounts for 45% of remote betting and gaming gross gambling yields within the UK market⁷.

In 2013, Europe (excluding the United Kingdom) accounted for approximately 27.1% of global gambling yield⁸. Favourit believes the expansion of online gambling regulation in this European sector has created potential market opportunities for Favourit.

⁴ Statista. Gross gambling yield (GGY) of the gambling industry in Great Britain (<http://www.statista.com/statistics/467892/gross-gambling-yield-in-total-in-great-britain/>)

⁵ UK Gambling Commission. Trends in gambling participation. (<http://www.gamblingcommission.gov.uk/pdf/Trends-in-gambling-participation-2008-2014.pdf>) pp. 5

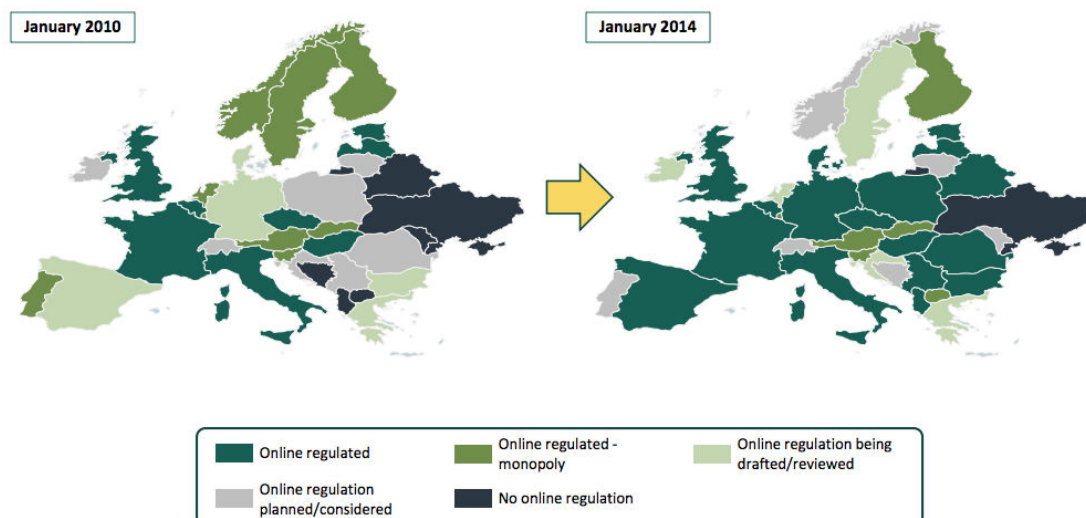
⁶ Forbes. Sept 14th 2015. The Countries with the biggest annual gambling losses. (<http://www.forbes.com/sites/niallmccarthy/2015/09/14/the-countries-with-the-biggest-annual-gambling-losses-infographic/#14278135ce6f>)

⁸ Deloitte – The Future of the British remote betting and gaming industry. Adapting to a changing landscape p.4. 2014.

⁷ Deloitte – The Future of the British remote betting and gaming industry. Adapting to a changing landscape p.4. 2014.

⁸ Global Betting & Gaming Consultants Global Gambling Report tenth edition (<http://www.gbgc.com/global-gambling-revenues-pass-us-450-billion-in-2014/>)

European Gambling Market Regulatory Development



Source: James Stocks & Co. "Red Roses and Slain Dragons" (<https://www.kpmg.com/GI/en/IssuesAndInsights/ArticlesPublications/Events/eSummit-2015/Documents/Tim-Stocks.pdf>)

7.1.2 Key Trends

Key trends influencing the growth of complexion of global gambling relevant to Favourit's business include:

(a) Technology⁹

Technology, and specifically pervasive penetration of the internet, is transforming many areas of world gambling. Two key improvements are helping to enhance the internet gambling games and services that can be offered:

- (i) continued expansion (and lowering costs) of high-speed broadband; and
- (ii) the proliferation of, and improvement in, tablets and smart phones.¹⁰

Internet access and mobile phone penetration rates are becoming increasingly important factors in determining industry demand as online gambling becomes more prevalent and gains regulatory approval. Favourit believes that in developed economies where internet access and smartphone ownership are high, online gambling can be seamless and can lead to increased spending on gambling. Favourit believes that this is true of countries such as Australia and the United Kingdom (online gambling is illegal throughout much of the United States). However, in developing countries, Favourit believes that online gambling has yet to achieve its potential due to weak internet infrastructure and relatively low smartphone penetration rates. As a result, online gambling is likely contributing to an increasing share of

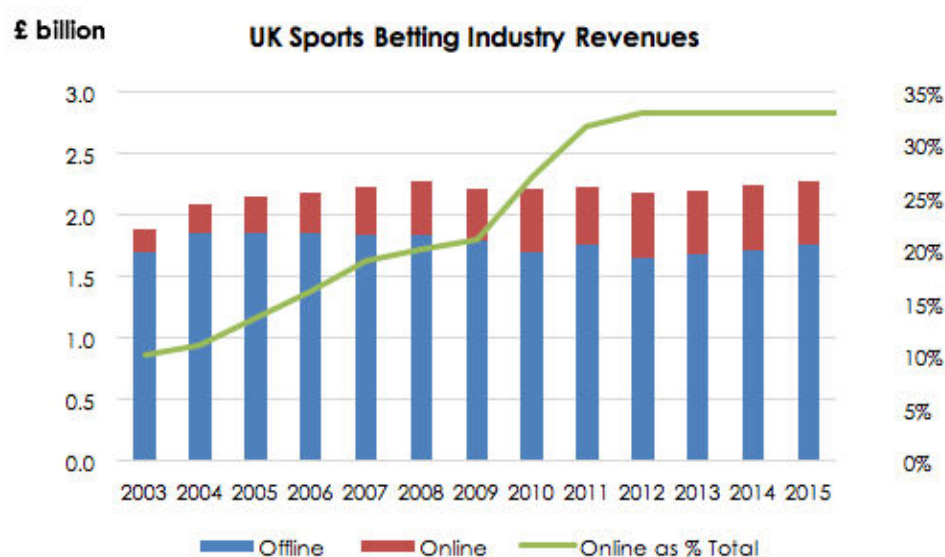
⁹ Global Betting & Gaming Consultants "Change is on the cards" white paper, 2014 p.4

¹⁰ Global Betting & Gaming Consultants "Change is on the cards" white paper, 2014 p.4

total gambling spend.¹¹

Internet gambling continues to make an ever-growing contribution to global gambling revenues and GGY reached US\$40 billion in 2013.¹² It is likely that gambling by smart phones and tablets is also acting as a spur for growth. In 2006, global GGY from mobile devices was just US\$1 billion and accounted for less than 5% of interactive gambling revenues.¹³ In 2012, mobile devices contributed approximately 18% of total interactive gambling revenues.¹³

In the UK, where Favourit's business is currently focused, it is estimated that online sports betting already has a third of the UK betting revenues.¹⁴



Source: H2 Gambling Estimates from Deloitte – The Future of the British remote betting and gaming industry. Adapting to a changing landscape p.5

(b) Growth of sports betting

Sports betting has been a major growth area for the industry over the past five years. Although sports betting is illegal in many countries, increased coverage of sporting events, refined marketing and sponsorship rights deals by betting agencies and the ability of consumers to place bets online have all combined to push up sports betting. There is potential for a larger number of countries and states to legalise sports betting in the coming years¹⁵.

¹² Global Betting & Gaming Consultants "Change is on the cards" white paper, 2014 p.4

¹² Global Betting & Gaming Consultants "Change is on the cards" white paper, 2014 p.4

¹³ iGamingBusiness.com. H2 Gambling Capital: *Mobile gaming and betting*. (<http://www.igamingbusiness.com/news/mobile-gaming-and-betting-gross-win-reach-45-2018-new-report-h2-gambling-capital-reveals>) 14/1/14

¹³ Global Betting & Gaming Consultants "Change is on the cards" white paper, 2014 p.4

¹³ iGamingBusiness.com. H2 Gambling Capital: *Mobile gaming and betting*. (<http://www.igamingbusiness.com/news/mobile-gaming-and-betting-gross-win-reach-45-2018-new-report-h2-gambling-capital-reveals>) 14/1/14

¹⁴ Deloitte – The Future of the British remote betting and gaming industry. Adapting to a changing landscape p.4. 2014.

¹⁵ IBISWorld Industry Report, Global Sports Betting & Lotteries, December 2015, P.11

Between 2009 and 2013, the growth of UK sports betting participation (reflected in gross gambling yields) was estimated to be 79.5%.¹⁶ Furthermore, it appears that betting and gaming in the UK has become a culturally more accepted leisure activity and consumers who traditionally might not have gone to a betting shop or bingo hall can now bet and play in a way that fits their lifestyle and preferences.¹⁷

UK Online Segments – Gross Gambling Yields

Segment	2009 (\$ million)	2013 (\$ million)	% change in market size (2009- 2013)
Poker	287	329	14.6%
Bingo	242	380	57.0%
Casino games	347	683	96.8%
Sports betting	634	1138	79.5%
Total	1510	2530	67.5%

Source: Mintel, October 2013 from Deloitte – The Future of the British remote betting and gaming industry. Adapting to a changing landscape, 2014, p.5

It is likely that online gambling will become a far more prominent aspect of the industry as technology improves and internet penetration and smartphone ownership rates increase.

7.2 Business Overview

7.2.1 Celsius Coal Limited

The Company was admitted to the Official List of the ASX on 24 March 1988 and since listing has focused on developing resource projects. The Company has nickel projects in Western Australia via its 30% joint venture interest in the Carnilya Hill joint venture in Western Australia with Mincor Resources NL and 100% interest in Abenego Hill Project comprising tenements E39/1641 and E39/1684. The Company is also in the process of winding up its interests in coal projects in the Kyrgyz Republic.

Pursuant to its continuous disclosure obligations, the Company has kept the market fully informed and updated in relation to its projects. Details of these projects and the work done to date are available on the Company's ASX announcements platform. Details of the Company's most recent activities in these areas are set out in its Annual Report lodged with ASX on 30 September 2015 and its recent Quarterly Activities Report lodged with ASX on 29 January 2016.

For the past six months, the Company has been evaluating alternative corporate opportunities, both in Australia and overseas, which have the potential to deliver strong future growth for Shareholders. This is consistent with

¹⁶ Deloitte – The Future of the British remote betting and gaming industry. Adapting to a changing landscape p.4. 2014.

¹⁷ Deloitte – The Future of the British remote betting and gaming industry. Adapting to a changing landscape p.8. 2014.

the proposed Acquisition of Favourit by the Company. A summary of the key terms of the Acquisition is set out in Section 14.1.

The Company is currently looking to divest its existing mining interests and focus solely on Favourit's business going forward.

7.2.2 Favourit Global Pty Ltd

Favourit is an Australian incorporated technology, marketing, and wagering operations company. Favourit has been operating in the global wagering industry since 2012. The Favourit Platform was originally conceived and developed by TOTE Tasmania Pty Ltd (a company that was subsequently privatised by the Tasmanian Government and sold to Tatts Group Limited in 2012).

Favourit subsequently purchased the Favourit Platform and intellectual property associated with it from Tatts Group Limited in order to continue its development and commercialisation, both domestically and internationally.

Further information on Favourit can be found on Favourit's website, www.favouritlimited.com.au.

7.2.3 Company Vision and Opportunity

The Favourit Platform has been designed to be an engaging, socially optimised betting experience that intends to provide its users with a more entertaining and content driven experience. Favourit's objective is to build the next generation of online sportsbooks, and achieve superior returns compared to traditional "transactional" sportsbook businesses. While the global gambling industry remains highly competitive, Favourit's directors believe it is expansive in nature, and market incumbents do not yet fully leverage personalisation, contextual data and customer interactions within their offerings. Favourit's directors believe that the Favourit Platform offers a unique point of difference for its customers.

Favourit's Evolution	
2012- 2013	Research & platform development. Acquired IP and other business assets from Tatts Group Limited. UK based eGaming Review B2B Awards 2013 – "Best innovation in sports betting software".
2012-2014	Beta test product through third party bookmakers in Australia and the UK including Luxbet, Sportsbet, Paddy Power, and Ladbrokes.
2014	Launch of Favourit's European sportsbook in conjunction with EveryMatrix initially into the UK online gambling market.

2015	In CY2015, the Favourit Platform acquired approximately 8,930 depositing customers and generated approximately AUD\$4.85M in gross gambling turnover at an average gross gambling win of approximately 7%. ¹⁸
2016+	Favourit proposes to: • continue product development enhancing Favourit's use of "big data" and personalisation for customers; and • explore and consider new market opportunities for the launch of Favourit's real money betting product.

7.2.4 Key Strengths

Competitive position

The Favourit Platform is differentiated by delivering a socially designed user experience, whose value proposition is to add more insight and entertainment to its customers than traditional betting transactional focused experiences delivered by Favourit's key competitors. Favourit utilises operational data to better communicate, target and engage with customers including offering contextually relevant promotions, content and betting opportunities.

Since the establishment of its UK business in November 2014, Favourit's operating metrics are beginning to demonstrate a low cost of user acquisition via its digital, affiliate and social marketing activities.¹⁹

7.3 Favourit Business Operations

Favourit's real money sports betting operations are primarily conducted in the United Kingdom (via its subsidiary, Favourit Enterprises), but also extends to the integration of non-real money virtual currency wallet activities in other markets.

Section 7.7 provides an overview of the Favourit Platform, key features and images that illustrate these features.

(a) United Kingdom – Real Money Sportsbook

Favourit (via its subsidiary, Favourit Enterprises) operates a socially designed, Favourit-branded licensed betting solution, primarily focused in the UK online gambling market. This sportsbook operation is deployed in partnership with the EveryMatrix back-office trading and administration system. The Favourit Platform has historically integrated more than one back-office service provider, and therefore is designed to allow further potential integration of alternative solution providers to access new markets or to extend the betting offering.

¹⁸ This data is based on Favourit's internal administrative reporting systems. Please note that historical performance is not a guarantee of future performance and Favourit does not give any guarantee that it will be able to continue to perform in this way in the future.

¹⁹ Please note that historical performance is not a guarantee of future performance and Favourit does not give any guarantee that it will be able to continue to perform in this way in the future.

A customer arrives at Favourit's web or mobile application which they can localise into one of four languages (English, Spanish, Chinese and Swedish). Assuming the customer accesses the Favourit application from a UK based IP address, the customer can create an account by completing their registration details and then subsequently depositing cash into their betting account. From this point, the customer can then choose to bet on a wide array of sports, racing, or casino products.

Favourit's real money sportsbook marketing strategies include:

- using social networks to acquire customers onto the Favourit platform and leveraging "big data" insights to offer contextual betting opportunities to customers driving the use of the Favourit Platform;
- designing a personalised and contextual user experience which adapts with the customer, increasing engagement and interaction between the customer and platform; and
- offering incentives for customers to deposit money into the Favourit Platform and commence betting. These incentives include more traditional deposit bonus offers, enhanced odds promotions, and a proprietary rewards program. The rewards program is similar to airline frequent flyer programs and rewards users for their continued betting activity and increases in value based on various tiers within the rewards program.

(b) **International – Virtual Currency**

The Favourit Platform offers an automated virtual currency wallet that allows customers to sign up and place bets without having to deposit cash. This allows Favourit to continue developing its customer databases and market strategies in emerging markets where real money sports book operations are currently restricted.

A customer arrives at Favourit's web or mobile application which they can localise into one of four languages (English, Spanish, Chinese and Swedish). Assuming the customer accesses the Favourit application from a non-regulated IP address, the customer can create an account by completing their registration details and then subsequently bet using a free virtual currency on a wide array of sports betting product.

The virtual currency wallets also acts as a potential retention tool for real-money customers who typically leave a betting platform once their funds are depleted whereas they can continue to bet for the entertainment experience with Favourit.

The platform supports a scalable internationalisation strategy including existing language translation for English, Spanish, Chinese and Swedish.

7.4 How Favourit Makes Money

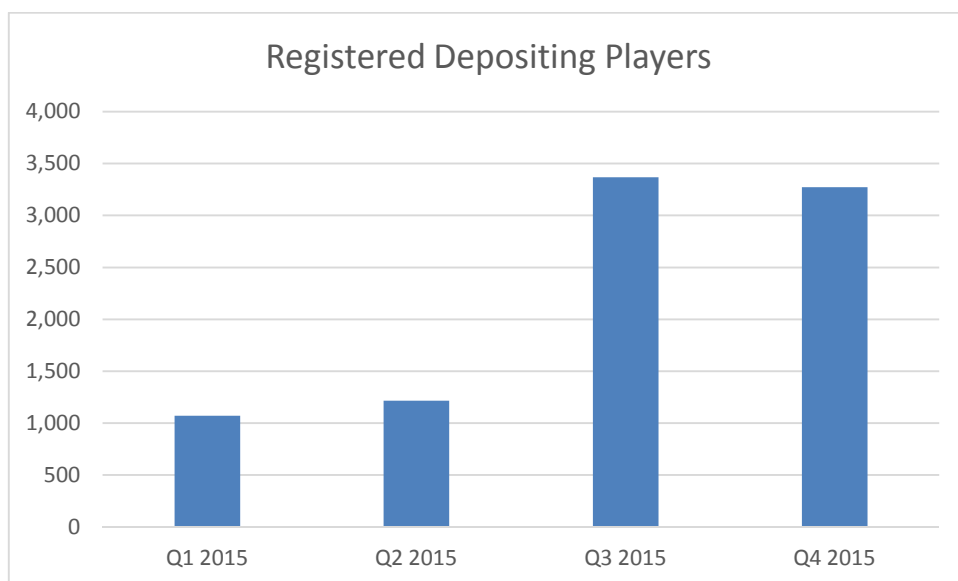
The majority of Favourit's revenue is expected to be generated by margins earned on real money betting that takes place through the Favourit Platform. Favourit's experience in its first year operating in the United Kingdom in the 2015 calendar year illustrates that the financial dynamics of its business is typical of the online gambling industry and is largely consistent with the assumptions in its

business plan. The following table illustrates Favourit's major revenue and expense lines.

Betting Turnover	The collective dollar value of bets placed by all customers through the Favourit Platform.
<i>Less Net Customer Return</i>	Collective net dollar value returned to customers for their winning bets.
= Gross Gaming Revenue	The amount won by the sportsbook as reported by EveryMatrix's administrative systems.
<i>Less COGS</i>	
EveryMatrix Fees	EveryMatrix, as the trading platform, odds feed, and risk management provider and the licensed entity under which Favourit conducts business is entitled to both a fixed fee on a monthly basis and a variable percentage of the gross gaming revenue above this fixed fee component.
Transaction Fees	Fixed and variable fees payable to financial intermediaries for the deposit and withdrawal transactions by customers of betting funds into and out of the Favourit Platform.
Regional Taxation	Gaming tax may be payable to regulators in various jurisdictions that Favourit operates. In the UK, this is currently 15% of gross gaming revenue paid to the UK Gambling Commission.
Value Added Tax	VAT may be payable in various jurisdictions in which Favourit operates. VAT payable in the UK is currently 20%.
Marketing Costs	Marketing costs are costs to acquire and maintain customer betting activity on the Favourit Platform and include bonuses, free bets and other initiatives to grow the customer base.
Affiliate Fees	Where affiliates are used to acquire customers to the Favourit Platform in certain markets, a revenue share of net gaming revenue or cost per acquisition fee is typically paid.
= Net Gaming Revenue	The amount of gross gaming revenue left after deducting all costs of goods sold (COGS) specified above.
<i>Less Opex</i>	The normal operational expenditure of the company including staff, development, technology, communications, rent, travel etc.
= EBITDA	The operating profit of the company.

7.5 How has Favourit performed following the launch of its Platform?

Since the launch of the Favourit Platform, at the end of 2014, the early results of Favourit's UK business are encouraging, evidenced by strong growth in key performance indicators.²⁰



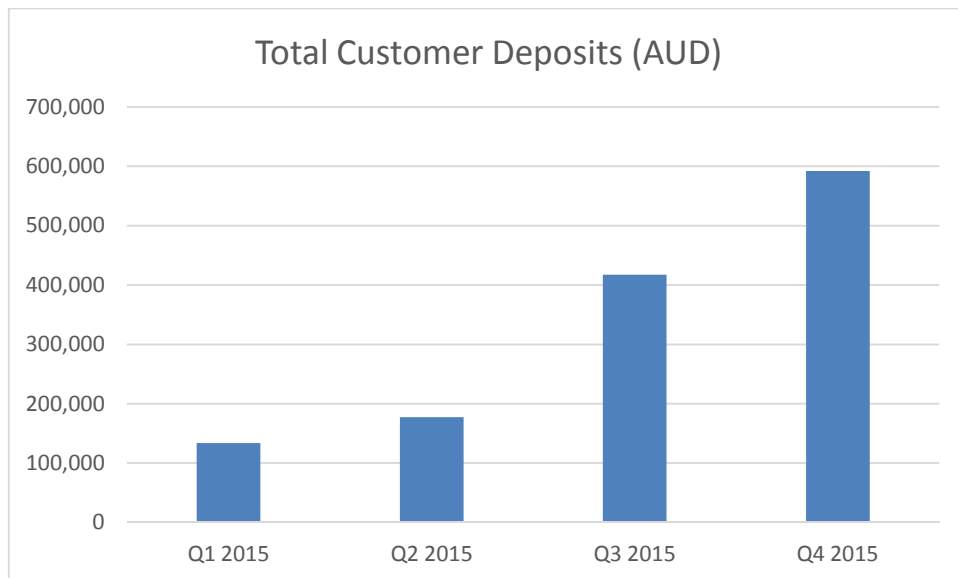
Source: Favourit's internal administrative reporting systems.

The number of users who have both registered as a user of the Favourit Platform and deposited cash to enable real money betting began to rise materially in the second half of the calendar year.²¹ This was largely a function of:

- Favourit launching targeted digital marketing initiatives, in particular targeting European football promotions around English Premier League, Champions League and Europa League; and
- improvements to Favourit's registration and sign-up processes to reduce barriers to entry and time to sign-up.

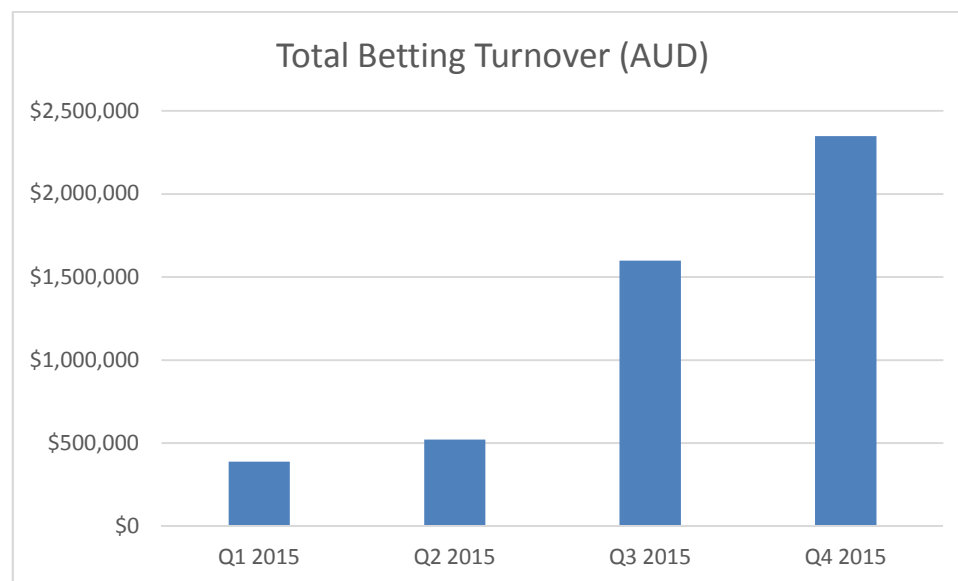
²⁰ This data is based on Favourit's internal administrative reporting systems. Please note that historical performance is not a guarantee of future performance and Favourit gives no guarantee that it will be able to continue to perform in this way in the future.

²¹ This data is based on Favourit's internal administrative reporting systems. Please note that historical performance is not a guarantee of future performance and Favourit gives no guarantee that it will be able to continue to perform in this way in the future.



Source: Favourit's internal administrative reporting systems.

As the number of registered depositing players increased, the total deposits made into the Favourit Platform increased. Players have varied deposit sizes based on their particular betting behaviour.²²

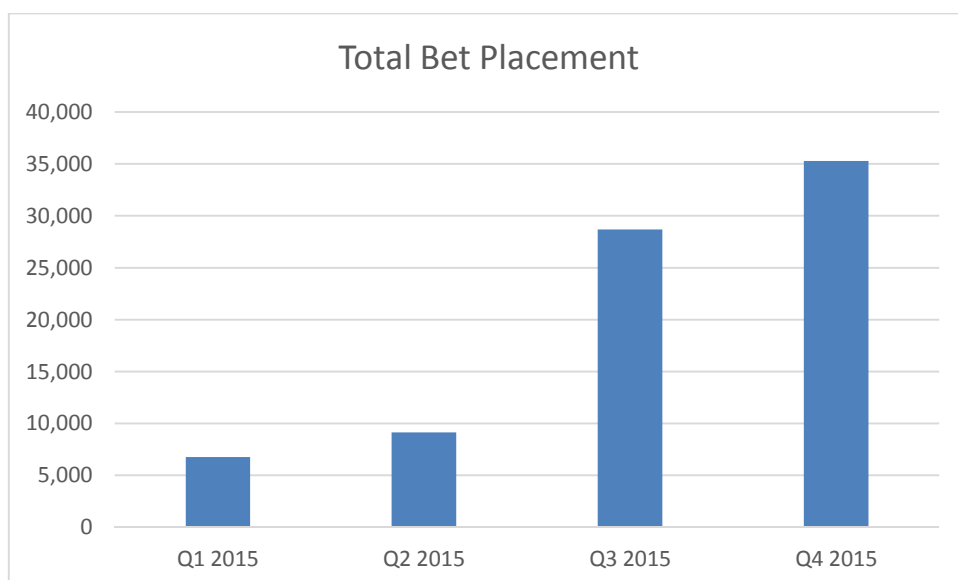


Source: Favourit's internal administrative reporting systems

Total betting turnover steadily increased during the year. Turnover will vary based on the time of year and also betting behaviour of customers.²³ Please note, for the avoidance of doubt, turnover is not recognised as "revenue" by Favourit (see Section 7.4).

²² This data is based on Favourit's internal administrative reporting systems. Please note that historical performance is not a guarantee of future performance and Favourit gives no guarantee that it will be able to continue to perform in this way in the future.

²³ This data is based on Favourit's internal administrative reporting systems. Please note that historical performance is not a guarantee of future performance and Favourit gives no guarantee that it will be able to continue to perform in this way in the future.



Source: Favourit's internal administrative reporting systems

Favourit's key performance indicators demonstrate that as marketing expenditure is invested in the acquisition of customers, deposits and betting turnover also increases. As Favourit's customer base matures, Favourit expects greater retention of existing customers.²⁴

7.6 What is Favourit's Growth Strategy?

The Favourit Platform has been developed to provide a scalable solution for growth in users and betting activity in a wide range of sports across a spectrum of countries. With this platform now in place and beginning to demonstrate success in its early commercialisation²⁵, Favourit plans to pursue the following opportunities:

- (a) expanding marketing efforts in the UK to increase the number of new customers that are actively engaged and bet through the Favourit Platform;
- (b) refining and maintaining the customer user experience in order to enhance the repeat visitation and active use of Favourit's existing customer base in the UK;
- (c) exploring opportunities and acquisitions to expand both the customer base available to utilise the Favourit Platform and to expand the reach of Favourit into other markets;
- (d) exploring international expansion into other markets as the majority of Favourit's current revenue is derived from the UK; and
- (e) reviewing potential acquisitions complementary to Favourit's business and strategy, both in Australia and internationally.

²⁴ This data is based on Favourit's internal administrative reporting systems. Please note that historical performance is not a guarantee of future performance and Favourit gives no guarantee that it will be able to continue to perform in this way in the future.

²⁵ Please note that historical performance is not a guarantee of future performance and Favourit does not give any guarantee that it will be able to continue to perform in this way in the future.

7.7 What is Favourit's product platform strategy?

The Favourit Platform offers betting products to online customers in regulated markets via web applications for both desktops and mobiles. Betting products include pre-match and live betting opportunities for over 19 sports, as well as horse racing, and casino. The Favourit Platform is differentiated by offering customers a socially designed user experience orientated around social insights, trending bets and the ability to follow and copy other punters. Favourit's management believe this fosters a stronger relationship with customers and creates more value compared to traditional "transactional" offerings by market incumbents. The Favourit Platform user experience functionality includes:

- pre-match and live betting on sports and racing;

Dashboard

Live Betting Upcoming Top Punters

Select Odds: [Icons]

Live Betting View More

AHL

View all AHL Events

HOME	DRAW	AWAY	MARKETS
Live Milwaukee Admirals		Houston Aeros	9
Live Springfield Falcons		Adirondack Phantoms 3 - 2	1.37 3.60 7.00 7

Mexican Open - Acapulco

View all Mexican Open - Acapulco Events

HOME	AWAY	MARKETS
Live Lauren Davis	Julia Glushko 0 - 1	1.70 1.86 4
Live Urszula Radwanska	Richel Hogenkamp 1 - 0	1.85 1.76 4

NCAA College Basketball

View all NCAA College Basketball Events

HOME	AWAY	MARKETS
Live Illinois Chicago Flames	Oakland 62 - 68	6.00 1.06 3

Ecuadorian Primera A

View all Ecuadorian Primera A Events

DRAW	AWAY	MARKETS
Live Barcelona Guayaquil	Fuerza Amarilla S.C. 2 - 1	19.00 101.00 3

NBA

View all NBA Events

HOME	AWAY	MARKETS
Live Denver Nuggets	Boston Celtics 78 - 91	7.00 1.05 11

Argentina Primera Division

View all Argentina Primera Division Events

HOME	DRAW	AWAY	MARKETS
Live CA Independiente	Racing Club 0 - 0	5.00 1.26 8.00 9	
Live Godoy Cruz A.T.	Colon de Santa Fe 3 - 1	23.00 101.00 5	

Chilean Primera Division

View all Chilean Primera Division Events

DRAW AWAY MARKETS

Claim your deposit bonus!

100% FIRST DEPOSIT BONUS UP TO £50*

*T&C's Apply

Deposit Now!

Featured Punter

Grizzly

Ranked 2nd in Qatar Open - Doha

61% Win Rate **1.46** Avg. Win Odds

Won on Yulia Putintseva at 1.85 in Anna-Karina Schmiedlova vs. Yulia Putintseva

Bet on Times Bacinszky at 1.80 in Bethanie Mattek-Sands vs. Times Bacinszky

Bet on Madison Brengle at 1.85 in Timea Babos vs. Madison Brengle

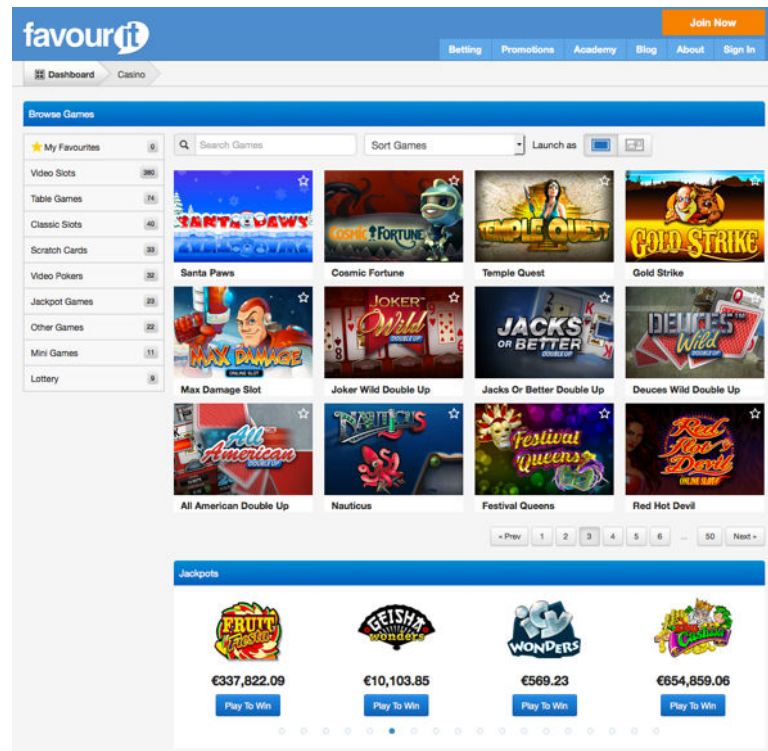
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Follow this Punter

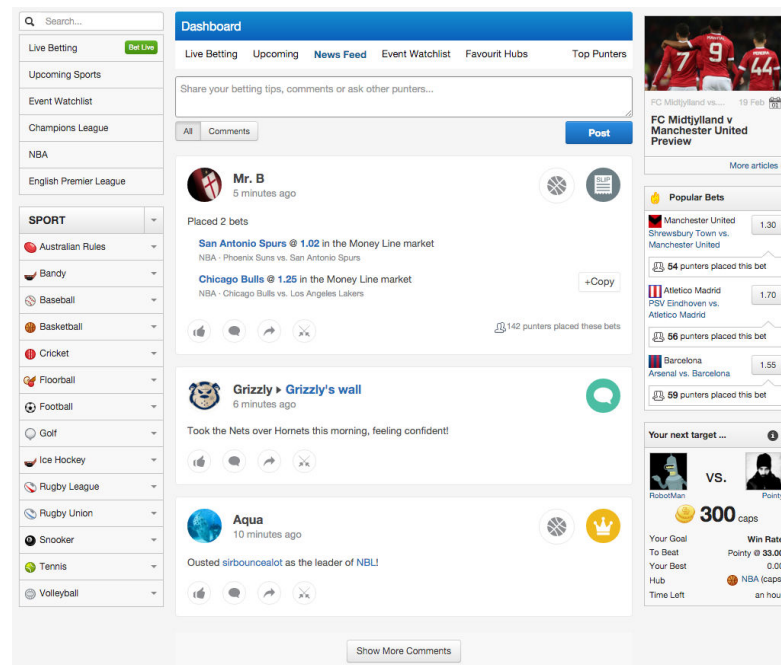
Description: Favourit's live betting market interface offered on the Favourit website.

- Integrated casino games including slots and table games;



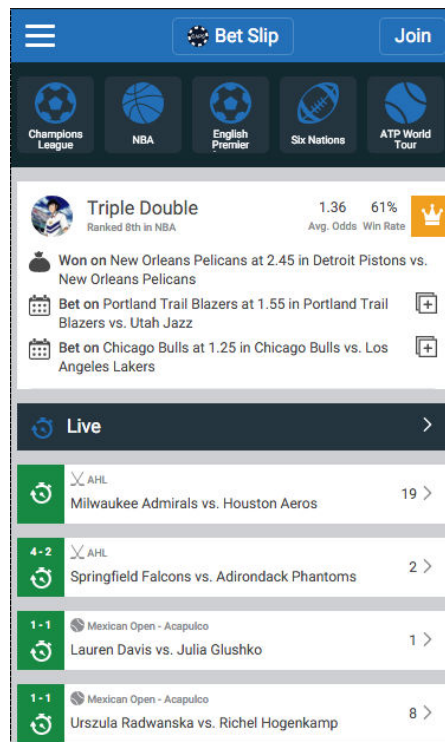
Description: Favourit's casino games offered on the Favourit website.

- real money wallet and virtual currency wallet;
- integrated social betting feeds displaying betting activity;



Description: Favourit's personalised social feed on the Favourit website.

- a “copy punter” feature allowing players to follow each other and copy bets;

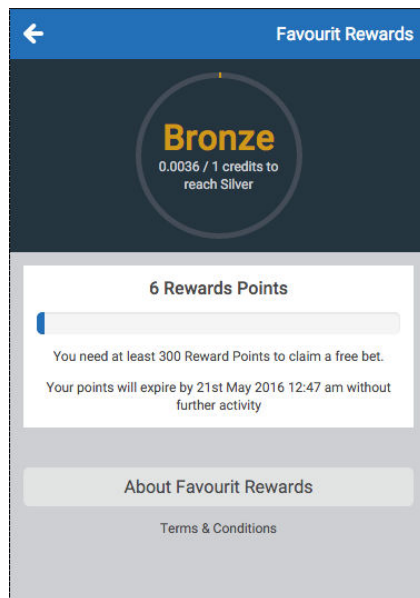


Description: Favourit’s “copy punter” widget featured on the Favourit mobile site.

- a multibet builder which packages together popular single bets into a “multiple bet” offer;
- “gamification” features such as leader board competitions, rewards program, badges, and achievements;

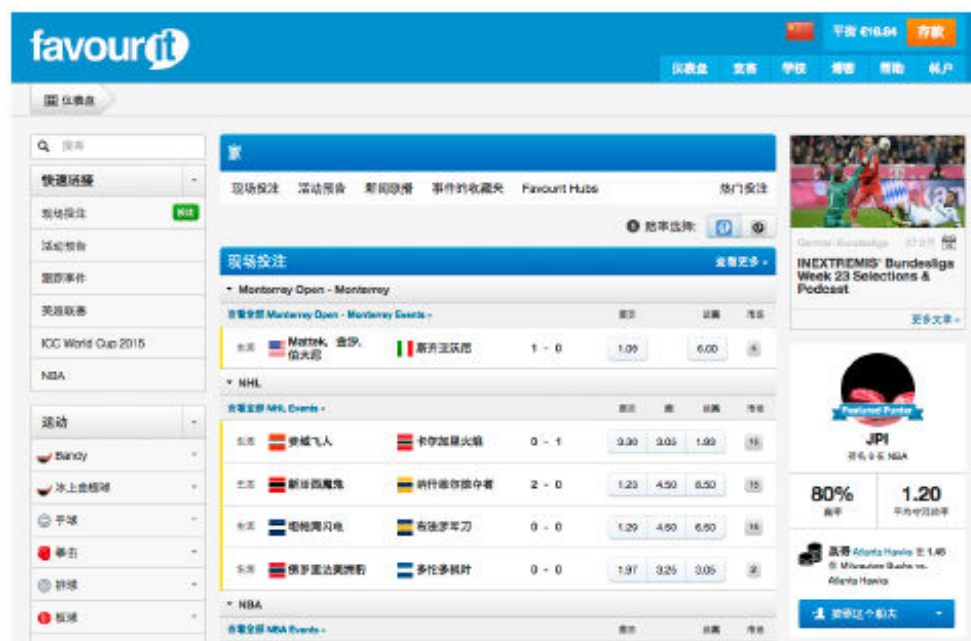
Top Punters				
updated a day ago				
Rank	Name	Win %	Ⓢ	Points
1	Grizzly	55.7%	1.64	945,507
2	Ms Sunshine	51.3%	1.77	791,829
3	Aqua	57.6%	1.57	443,134
4	The Legend	54.1%	1.68	414,229
5	Crusty	50.9%	1.77	266,299
6	Oomph	57.5%	1.60	248,384
7	Jetly	59.1%	1.55	230,447
8	Basketballer	54.7%	1.63	215,591
9	Hedrix	49.9%	1.81	202,800
10	Boombox	59.6%	1.53	177,024
15	Triple Double	58.9%	1.58	122,018

Description: Favourit’s leaderboard widget which ranks punters against each other.



Description: Favourit's reward program overview in customer account on the Favourit mobile site.

- live scores and statistics data; and
- localisation in four languages including English, Spanish, Swedish and Chinese.



Description: Favourit supports multiple languages.

The objective of Favourit's user experience is to provide a more contextual, relevant and interesting offering to customers compared to traditional transactional experiences.

Favourit has partnered with technology and licensing partner, EveryMatrix, which provides transactional, pricing and risk management services. Favourit (via its subsidiary, Favourit Enterprises) markets gaming services provided by EveryMatrix to customers based in jurisdictions in which EveryMatrix is licensed. EveryMatrix has licenses in the UK, Malta, Curacao and Ireland.

Under UK Gambling Commission licence regulations, Favourit (via its subsidiary, Favourit Enterprises) is permitted to directly market sports betting services to UK residents on the basis that it is a partner of EveryMatrix and EveryMatrix is licensed to provide these services under the UKGC Licence. Favourit chose to deploy the Favourit Platform initially in the UK market due to the mature and regulated nature of this market.

Favourit is actively seeking new, regulated market opportunities to expand the platform's operations as well as additional product additions to complement sports betting operations.

The Favourit Platform's product roadmap focuses on continued development of functionality to enhance the personalisation and usability of the platform without impacting core betting usability. Favourit is able to respond rapidly to customer feedback and empirical testing. Key areas of Favourit's short term product development include:

- the commercialisation of a casino product to customers in regulated markets;
- developing further personalisation features to deepen customer engagement; and
- the continued design evolution of web and mobile based experiences.

7.8 Key Dependencies of Favourit's Business Model

The key factors that Favourit will depend on to meet its objectives under its business model are:

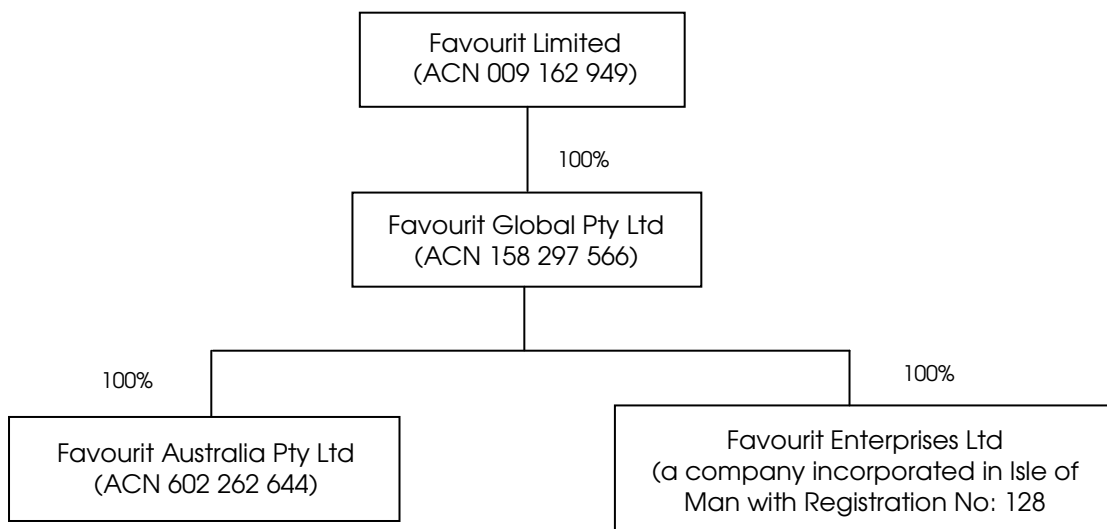
- successful marketing of Favourit, and the Favourit Platform to new depositing customers;
- retaining current customers by providing responsive customer service, competitive offers and promotions, and an engaging customer user experience;
- the ability to provide and obtain back-end administrative services including odds compilation, risk management, gambling licence access, and regulatory compliance, currently provided to Favourit via EveryMatrix;
- continued compliance with gambling regulators in various markets that Favourit conducts business;
- maintaining and developing the Favourit Platform to service customers; and

- deriving profitability from customers that exceed the acquisition cost of customers.

8. FAVOURIT CORPORATE STRUCTURE

8.1 Proposed Corporate Structure of the Merged Group*

Set out below is the proposed corporate structure of the Merged Group post-completion of the Transaction:



*Please note, the above diagram assumes the successful disposal of View Nickel at or around the time of completion of the Transaction.

8.2 Board of Directors

Please refer to Section 10.2 for further details.

8.3 Favourit Team

Favourit believes it has a skilled and entrepreneurial management team in place to execute its business plan.

- (a) **Toby Simmons**
Chief Executive Officer and Managing Director
Bachelor of Business

Toby has been an executive of digital companies for over 8 years. Toby was a core part of the team responsible for the initial concept at incubation stage of Favourit as the General Manager of Agility Interactive, a subsidiary of TOTE Tasmania. Toby leads daily management of company, business development and partnerships in a full time capacity as Chief Executive Officer and Managing Director of Favourit. Toby holds a Bachelor of Business from the University of Tasmania and is currently completing the final stages of a Masters of Finance from the Royal Melbourne Institute of Technology (RMIT). The Board considers that Mr Toby Simmons will be a non-independent Director.

- (b) **Josh Simmons**
Head of Technology
Bachelor of Computer System Engineering (1st Class Honours)

Josh has over 15 years experience in the IT industry and has worked for Australian and multi-national technology companies in diverse roles including software engineering, network security analysis and product management. Josh is responsible for managing all aspects of Favourit's technology delivery, from product design and architecture through to development and infrastructure. Prior to his role at Favourit, Josh was a senior manager of regional product management at Symantec Corporation and holds a Bachelor of Computer Systems Engineering (1st Class Hons) from RMIT University.

Josh is expected to revert to an advisory role with the Company by mid 2016 as responsibility for the ongoing platform development and maintenance is under the management of Ling (Gary) Ng as Development Manager, and broader operational matters are under the responsibility of Chris Reynolds as Chief Operating Officer.

- (c) **Chris Reynolds**
Chief Operating Officer
Graduate Certificate in Management (AQF level 8)

Chris Reynolds has over 10 years experience in the online trading and investing industry. Having begun as a dealer in London, he was instrumental in the establishment of GO Markets as a front-runner in the Australian FX industry whilst acting as the director of operations. Moving to ThinkForex, Chris was responsible for setting up and expanding the company from startup phase, to now employing over 60 people across five global offices. Chris has a diverse background having been involved in all areas of the online trading sector including sales, marketing, compliance and risk management. Chris has also enhanced his skills with ASIC RG146 qualification and AQF Level 8 certificate in management and is studying towards a Finance MBA.

- (d) **David McInerny**
Risk & Trading Analyst
BCom & Laws, Masters of Practising Accounting

David has 5 years experience in the Australian wagering industry in Senior Trader, Risk Analysis and Reporting roles at Centrebet and Betfair Australia. He is responsible for customer risk management, trading operations and performance reporting with Favourit, providing insight to the business to maximise wagering revenue. Prior to entering the wagering industry, David had 10 years experience in Payments Operations, Management Reporting and Financial Analysis with various divisions of ANZ bank. Educated at Monash University, David holds Bachelors of Commerce and Laws as well as a Master of Practising Accounting.

- (e) **Jamie Robertson**
Product Strategy & Analytics Manager
Bachelor of Business

Over the past seven years Jamie has worked on a range of Australian and international brands in marketing communication and product management. First working on a diverse brand portfolio at Newell

Rubbermaid, he then moved into digital strategy working on a number of FMCG brands both client and agency side. He joined the team at Favourit back in 2012 where he has focused on driving acquisition, customer retention and launching the Favourit brand internationally. He also holds a Bachelor of Business (Marketing) from Swinburne University.

(f) **Ling (Gary) Ng**

Development Manager

Bachelor of Science (Aerospace Engineering), Masters of Technology (Computing)

Ling has more than 20 years of software development and project management experience with previous companies including Internet Research and Development Unit in Singapore and more recently at Freshtel. Ling is responsible for the technical specification, management of the development team and the delivery of Favourit products. Ling holds a Bachelor of Science in Aerospace Engineering from Embry-Riddle Aeronautical University, Daytona Beach, Florida, USA and Master of Technology in Computing from RMIT University.

8.4 Funding

The funding for the Company's short to medium term activities will be generated from the offer of Shares pursuant to the Public Offer under this Prospectus (see Section 6.4). As and when further funds are required, the Company expects to raise additional capital from the issue of securities.

At present, Favourit has a cash requirement of approximately A\$230,000 to A\$250,000 per month. Costs may rise in the future as a result of expansion strategies and opportunities which may cause greater or increased operational losses to Favourit ahead of revenue growth projections. This may require Favourit to seek funding to implement these strategies and opportunities going forward.

8.5 Dividend Policy

It is anticipated that, post-completion of the Transaction, the Merged Group will focus on increasing commercialisation, development and marketing of the Favourit Platform. The Company does not expect to declare any dividends during this period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

8.6 Capital Structure

As at the date of this Prospectus, the Company has 1,614,034 Shares on issue (on a post-Consolidation basis).

The expected capital structure of the Company following completion of the Offers (assuming full subscription under the Public Offer and that the Favourit Offer, Adviser Offer and Celsius Noteholders Offer are fully accepted) is summarised below. Refer to the Investigating Accountant's Report set out in Section 12 of this Prospectus for further details.

Capital Structure	Shares	Performance Shares	Unlisted Options	Performance Rights
Post 2000:1 Consolidation of Securities	1,614,034	463,500 ²	41,250 ¹	-
Consideration Shares	60,600,000	-	-	-
Public Offer Shares ³	30,000,000	-	-	-
Conversion Securities	4,208,644	-	2,104,328	-
Adviser Shares	3,636,000	-	-	-
ESOP Options	-	-	4,967,274 ⁴	-
Performance Rights	-	-	-	4,967,274
Total on completion of Acquisition and Settlement occurring	100,058,678	-	7,071,602	4,967,274

Notes

1. The Company is in the process of entering into agreements with all current optionholders of the Company upon which each optionholder has agreed to cancel their Options for nil consideration upon Settlement occurring.
2. Performance Shares shall expire at Settlement subject to Settlement occurring.
3. Assumes that a maximum of \$6,000,000 is raised pursuant to the Public Offer.
4. The Company recently received approval from Shareholders to have the ability to issue up to this amount of securities to its proposed directors under the respective performance rights and employee share option plans. These securities are yet to be issued, however the Company plans to issue these securities to the respective parties on or shortly after completion of the Acquisition and Settlement occurring.

8.7 Substantial Shareholders

As at the date of this Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	%
Holdex Nominees Pty Ltd <No 431 A/C>	113,637	7.04
Blumont Group Ltd	202,212	12.5

On completion of the Public Offer and the Additional Offers (assuming maximum subscription under the Public Offer and that the Additional Offers are fully accepted), no Shareholder is expected to hold 5% or more of the total number of Shares on issue.

8.8 Top 20 Shareholders

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Public Offer and the Favourit Offer) prior to the Shares commencing trading on ASX.

9. RISK FACTORS

9.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below (together with the Key Risks set out in Section 5), together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

This Section identifies circumstances that the Directors regard as the major risks associated with an investment in the Company and which may have a material adverse impact on the financial performance of the Company and the market price of the Shares if they were to arise.

The Board aims, and will aim, to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks identified below are highly unpredictable and the Company is limited to the extent to which they can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is exposed. In addition, this Section has been prepared without taking into account investors' individual financial objectives, financial situation and particular needs. Investors should seek professional investment advice if they have any queries in relation to making an investment in the Company.

9.2 Risks relating to the change in nature and scale of activities

(a) Re-quotation of Securities on ASX

The Acquisition is dependent upon the satisfaction of a number of conditions, which include (but are not limited to) completion of the Public Offer and re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may be unable to meet the requirements of ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) Dilution Risk

The Company currently has 1,614,034 Shares on issue. Pursuant to the Acquisition, the Company proposes to issue:

- (i) the Consideration Shares;
- (ii) the Adviser Shares;
- (iii) the Conversion Securities; and
- (iv) Shares to raise at least \$4,000,000 and up to \$6,000,000 as part of the Public Offer.

On issue of the Consideration Shares, the minimum subscription of Shares under the Public Offer, the Adviser Shares and the Conversion Securities, based on raising the maximum under the Public Offer (on an undiluted basis):

- (i) the existing Shareholders will retain approximately 1.61% of the Company's issued share capital;
- (ii) the Vendors will hold approximately 60.56% of the Company's issued share capital;
- (iii) APCF (or its nominees) will hold approximately 3.63% of the Company's issued share capital;
- (iv) the Celsius Noteholders will hold approximately 4.21% of the Company's issued share capital; and
- (v) the investors under the Capital Raising will hold approximately 19.99% of the Company's issued share capital.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the business.

(c) **Liquidity Risk**

On Settlement, the Company proposes to issue the Consideration Shares, Adviser Shares, and Conversion Securities. The Directors understand that the ASX may treat these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of some of these Securities.

Based on the post-offer capital structure (assuming no further Shares are issued or Options exercised), the Consideration Shares, Adviser Shares, and the Conversion Securities will equate to approximately 68.4% of the issued Share capital on an undiluted basis (assuming maximum subscription under the Public Offer). This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) **Contractual Risk**

Pursuant to the Acquisition Agreement, Settlement is subject to the fulfilment of the Conditions Precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the HOA. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

9.3 Risks in respect of Favourit's current operations

(a) **Termination, suspension or, cancellation of gambling licence(s) or of UK Whitelabel Agreement**

Given that a significant majority of Favourit's customers are UK residents, the most material risks are in respect of the UKGC Licence and the UK Whitelabel Agreement. In particular:

- (i) a risk exists that the UKGC Licence may be suspended, terminated or cancelled. If this occurs, EveryMatrix would no longer be permitted to offer gaming services to its whitelabel partners such as Favourit; and
- (ii) a risk exists that EveryMatrix may terminate the UK Whitelabel Agreement.

In both instances, Favourit will no longer be able to market EveryMatrix's services to its UK resident customers. This is likely to cause a loss of revenue and profit for Favourit. Favourit, to resume marketing to UK residents, will need to find a white label partner to replace EveryMatrix or obtain a UKGC gambling licence itself.

As at the date of this document, Favourit has not been advised by EveryMatrix of the existence of any circumstance which is likely to give rise to:

- (i) the UKGC Licence being terminated, suspended or cancelled; or
- (ii) the UK Whitelabel Agreement being terminated.

These risks are set out in more detail below.

Suspension or termination of the UKGC Licence

The UKGC Licence may be suspended or terminated if EveryMatrix fails to meet the conditions of this licence. This is not a risk which Favourit can mitigate and this risk exists irrespective of Favourit's conduct.

For example, EveryMatrix has numerous and broad-ranging obligations under the UKGC Licence, including to:

- (i) pay gaming taxes to the UKGC;
- (ii) restrict minors from accessing EveryMatrix's services;
- (iii) keep customer funds separate to all other funds held by EveryMatrix; and
- (iv) make an annual financial contribution to one or more organisation(s) which research the prevention and treatment of gambling-related harm.

In the event that EveryMatrix fails to comply with the conditions of its UKGC Licence, that breach may lead to the suspension or termination of the UKGC Licence by the UKGC.

Termination of the UK Whitelabel Agreement

EveryMatrix's termination rights under the UK Whitelabel Agreement arise in circumstances which include the following:

- (i) Favourit is in material breach of the Agreement and does not rectify the breach within 30 days following written notice of the breach received from EveryMatrix²⁶;
- (ii) Favourit becomes insolvent²⁷;
- (iii) a regulatory or government body orders EveryMatrix to terminate its relationship with Favourit²⁸;
- (iv) Favourit fails to pay any amount due under the Agreement to EveryMatrix and does not make this payment within 7 days of receiving a written notice from EveryMatrix demanding payment;
- (v) Favourit is in breach of any regulations, conditions or requirements of any applicable licensing and regulatory authorities and does not remedy this breach within 10 business days of receiving notice from EveryMatrix; or
- (vi) 50% or more of Favourit's shares are acquired by a competitor of EveryMatrix.

Following the initial six months of the term of the UK Whitelabel Agreement, EveryMatrix may terminate the agreement at any time by giving at least six months prior written notice.²⁹

(b) Computer system risk

Favourit, by necessity, places and will continue to place significant reliance on its and EveryMatrix's computer systems and related infrastructure for ongoing operations. A prolonged failure of the computer systems and/or related infrastructure operated by Favourit and EveryMatrix and supporting any of its products or businesses may result in a loss of revenue and profit to Favourit and in such circumstances may have an adverse effect on the operational and financial performance of Favourit.

(c) Future Capital Needs

At present, Favourit has a cash requirement of approximately A\$230,000 to A\$250,000 per month. Costs may rise in the future as a result of expansion strategies and opportunities which may cause further or greater operational losses to Favourit ahead of revenue growth projections. Therefore, unless Favourit becomes operationally profitable and cash flow positive, further funding may be required to advance the business objectives of Favourit in the future.

²⁶ This right is reciprocal.

²⁷ This right is reciprocal.

²⁸ This right is reciprocal.

²⁹ This right is reciprocal.

(d) **Limited operating history**

Favourit was incorporated in May 2012 and therefore has limited operating history. Furthermore, Favourit's real money betting operations commenced in November 2014. Given the limited operating history of Favourit, no assurance can be given that Favourit will achieve commercial viability through the implementation of its business plan. While Favourit is now earning revenue through customers betting using its services, there is no certainty around the number of continued customers (if any) that will use the services.

(e) **Potential liability dispute**

On or about 9 October 2015, Favourit received notification of a potential claim that may be made by a third party affiliate marketing partner (**Potential Claimant**), for additional commission allegedly owing to the Potential Claimant. Whilst the matter has not resulted in a formal claim as at the date of this Prospectus, Favourit estimates the amount under dispute to be approximately EUR74,764 (being approximately A\$110,692 as at the date of this Prospectus).

Favourit is confident that this will not result in any further commissions payable or costs being incurred by Favourit from this Potential Claimant. Favourit has received no further correspondence on the matter since the original notification and its response denying the alleged liability.

(f) **Key supplier and software risks**

Favourit is contracted with UK and Romanian based technology and whitelabel licencing provider EveryMatrix Software Limited to provide Favourit's core transactional software and for its real money sportsbook operations. EveryMatrix as a software supplier is a private company, supplying a number of international operator's technology solutions.

EveryMatrix may be purchased by another market competitor, or be subject to legal action which renders its performance as a service supplier limited. This could adversely impact Favourit's operations, and may force Favourit to identify and engage an alternative supplier at a higher cost or different commercial arrangement. As such, this is likely to have a material impact on Favourit's ability to earn revenue. Please also see Section 9.3(a) above.

Furthermore, Favourit is reliant on the availability and quality of EveryMatrix's software. It is possible that an event could occur (ie. a software, hardware or connectivity outage, a software error or malfunction) that renders critical functionality that Favourit relies on for business to become unavailable affecting Favourit's ability to service its customers.

(g) **Attracting and retaining customers to the Platform**

The Company's revenue will be affected by its ability to attract and retain customers on the Favourit Platform. Various factors can affect the level of customers using the Favourit Platform, including:

- (i) Marketing and promotions: If the Company's marketing and promotion efforts are not effective this may result in fewer customers using the Favourit Platform.

- (ii) Brand damage: If the Company or Favourit suffer from reputational damage, customer numbers could be affected.
- (iii) Interruptions to service provision: Favourit relies on on third parties such as EveryMatrix to provide key aspects to the customer's experience including betting odds. If these services are interrupted customer numbers are likely to be affected.

(h) **Regulatory risks**

The activities of Favourit are conducted in a highly regulated industry. In most jurisdictions, the sports betting and casino activities that Favourit promotes can be provided only under licence and the provision and promotion of these services is subject to the conditions of that licence as well as all applicable laws.

Given that gambling is a highly regulated industry, a risk always exists that the legislation and/or government policy in relation to gambling will change and that these changes may have an adverse impact on Favourit's operational and financial performance.

At present, Favourit's directors are not aware of any likely changes to the gambling laws of the United Kingdom.

However, the following risks exist:

- (i) In future, EveryMatrix, as licence holder, may be required to pay to racing and/or sporting bodies fees in respect of its use of the information relating to the races/sports administered by these bodies. For example, under the laws of each Australian State/Territory, a wagering operator that publishes race field information must pay to the relevant racing body fees in respect of this use.

If these laws are adopted in jurisdictions relevant to EveryMatrix's business, an obligation to pay those fees may arise resulting in an increase in its costs of doing business which, in turn, may increase Favourit's costs.

- (ii) A risk exists that Favourit may be considered to require a gambling licence by a gambling regulator of a jurisdiction in which it conducts business.
- (iii) Additionally, even though Favourit does not accept Australian residents as customers, a risk exists that Favourit could be seen by Australian gambling regulators to be conducting a gambling business in Australia. However, the Directors consider this risk to be immaterial, as the Favourit entity based in Australia only owns intellectual property and holds shares in the subsidiaries.

(i) **Competition and new technologies**

The industry in which Favourit is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively

affect the operating and financial performance of the Company's projects and business. For instance, new technologies could result in the Favourit Platform not being differentiated to other similar offerings.

The size and financial strength of some of Favourit's competitors may make it difficult for Favourit to maintain a competitive position in the geographic markets in which it chooses to compete in. In particular, Favourit's ability to develop additional platform features could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

The key competition risk is in achieving appreciable market share and differentiation from its key competitors.

(j) **Sales and marketing success**

Following Settlement, the Company intends to focus on the development and marketing of the Favourit Platform. By its nature, there is no guarantee that the Favourit Platform's development and marketing campaign will be successful. In the event that it is not, the Company may encounter difficulty creating market awareness of the Favourit Platform. This would likely have an adverse impact on the Company's potential profitability.

Even if the Company does successfully commercialise the Favourit Platform in the long-term, there is a risk the Company will not achieve a commercial return. For example, new technology may overtake the Company's technology.

(k) **Hacker attacks**

Favourit will rely upon the availability of its Favourit Platform to provide services to customers and generate revenue. Hackers could render the Favourit Platform unavailable or cause customers' personal information to be compromised.

Although Favourit has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the Favourit Platform could lead to a loss of revenue for the Company while compromising customers' information could hinder the Company's abilities to retain existing customers or attract new customers, which would have a material adverse impact on the Company's growth.

(l) **Domain name risk**

The Favourit Platform depends on its brand and domain name to allow customers to access and use its services. Favourit has registered a domain name for the purposes of its website. However, should the Company not renew or otherwise lose control of its domain name, it would lose all website traffic directed to that domain. This would likely adversely affect the Company's revenue.

(m) **Staff Risk**

There is a risk that, where there is a turnover of staff who have knowledge of the technology, operations and business, that knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of Favourit's intellectual property which has a commercial value to Favourit as well as an opportunity cost for replacement of those staff and subsequent training.

This risk is mitigated as Favourit has historically had low levels of staff turnover. In addition, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade to limit any potential loss suffered by Favourit to the maximum extent possible.

(n) **Dependence on the internet**

The successful continuation of the Favourit Platform will depend to some extent on the continued acceptance of the internet as a communications and commerce platform for individuals and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service.

The performance of the internet and its acceptance as a business tool have been harmed by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a widespread communications medium and commercial platform, the demand for the Company's products would be significantly reduced, which would harm its business.

(o) **Taxation risks**

International markets that Favourit operates in continue to experience ongoing taxation changes by gambling regulators. Taxation must be assessed on a market by market basis to ensure there is adequate margin flexibility to provide promotional strategies enough scope to acquire customers. Markets that Favourit operates within may have taxation changes made by the regulator which results in the market not being profitable for Favourit in the long run, and may require it to abandon operations within that market.

(p) **Group structure risks**

Favourit has structured its group entity so that the sportsbook operations remain at arms-length to the Favourit Platform IP ownership by the current parent company (Favourit Global Pty Ltd) using an Isle of Man registered subsidiary (Favourit Enterprises Ltd). Should regulatory or taxation changes occur in the Isle of Man, Favourit may need to reconsider its group structure, and incur expenses in both professional advisory and corporate structuring.

(q) **Foreign exchange risks**

Favourit's earnings are generated in Euros from operations with partner EveryMatrix Software Limited by an entity within the Isle of Man which

manages its accounts in GBP. Further, the business operates by offering players multiple currencies which they can deposit and withdraw. Favourit is therefore exposed to foreign exchange risk both in translation of subsidiary accounts, and transaction risks relating to obligations to client accounts.

Favourit may be exposed to rapid and material movements in exchange rates, which could affect its balance sheet and cash position. This risk is particularly pertinent to the Company as the majority of Favourit's income will be derived from the Favourit Platform in the UK.

(r) **Operational sportsbook risk management**

Favourit operates its sportsbook business by accepting bets from players and either receiving the stake as winnings to the sports book ("gross win" for customers losing bets), or paying back the customer their stake plus winnings (for customers winning bets). The nature of Favourit's business is therefore directly linked to (a) the outcome of sporting events and (b) client risk based on betting activity. While Favourit employs an active risk management function, it cannot influence the outcome of sporting events, and therefore any negative run of winning events could have a material impact on Favourit's sportsbook performance. Further, While Favourit actively profiles customers, it does not intercept its customer's bets, and therefore, has a limited degree of risk management control which may result in clients having large winning bets which Favourit must pay out winnings to the client.

9.4 General Risks Relating to the Merged Group

(a) **Disposal of View Nickel**

Subject to completion of the Transaction, the Company is seeking to dispose of its nickel interests at Carnilya Hill in Western Australia, which it holds via a joint venture between its subsidiary, View Nickel Pty Ltd (**View Nickel**) and Mincor Resources NL (**Mincor**) (30:70) (**Joint Venture**).

Final rehabilitation costs associated with the Carnilya Hill mine are estimated to be A\$570,000, to be shared between View Nickel and Mincor pro-rata to their Joint Venture interests. The timing of any rehabilitation works is at the election of the Joint Venture.

Depending on the outcome of negotiations with a prospective third party purchaser (and the agreement of Mincor), there is a risk that any future disposal of View Nickel may require the Company to contribute (in whole or in part) to the costs of rehabilitation under the original Joint Venture.

(a) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(b) **Risk of High Volume of Share Sales**

If Settlement occurs, the Company will have issued a significant number of new Securities to various parties. Some of the Vendors and others that receive Shares as a result of the Acquisition or the Public Offer may not intend to continue to hold those Shares and may wish to sell them on the ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Company's Shares.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price of Shares offered pursuant to the Public Offer.

(c) **Foreign operations**

Favourit conducts business in countries outside Australia and there exists risks inherent in doing business in other countries. These risks include changes in regulatory requirements, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations and monetary exchange rates, longer payment cycles, problems in collecting amounts receivable, political instability, expropriation, nationalisation and war.

(d) **Trading Price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(e) **Additional Requirements for Capital**

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in addition to amounts raised under the Public Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(f) **Litigation Risks**

The Company is exposed to possible litigation risks including intellectual property claims, regulatory and compliance infringements, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(g) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(h) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(i) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to Favourit's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

9.5 This investment is highly speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above risk factors, and others not specifically referred to above, may materially affect the future

financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities. The Company does not expect to declare any dividends during the first two years following completion of the Transaction (see further Section 8.5).

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

10. BOARD, MANAGEMENT, INTERESTS AND CORPORATE GOVERNANCE

10.1 Current Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Mr Alistair Muir – Non-Executive Director;
- (b) Mr William Oliver – Non-Executive Director and Chairman; and
- (c) Mr Ranko Matic – Non-Executive Director.

10.2 Proposed Directors upon completion of Transaction

Following successful completion of the Acquisition, it is proposed that Messrs Martin Dalglish, Toby Simmons, Richard Kuo and Dennis Verrios of Favourit will be elected to the Board (**Proposed Directors**). Following completion of the Acquisition, Messrs William Oliver, Alistair Muir and Ranko Matic will resign as Directors of the Company and Mr Ranko Matic will remain as Company Secretary.

The proposed positions of each of the Proposed Directors are set out below:

- (a) **Toby Simmons**
Chief Executive Officer and Managing Director
Bachelor of Business

Please refer to Section 8.3(a) for Mr Simmons' director profile.

The Board considers that Toby will be a non-independent Director.

- (b) **Martin Dalglish**
Non-Independent Chairman and Non-Executive Director
Bachelor of Business, MBA, GAICD

Martin Dalglish is an experienced Australian Technology, Media & Telco Director and Technology Investor. He has over thirty years Executive experience working with leading global brands including PBL, Optus, IBM, Dixons, PepsiCo and the Rank Group, and has served as a Non-executive Director or Alternate Director on the Boards of FOXTEL, Fox Sports, PBL Media, Ticketek, Ninemsn, Hoyts Group, Carsales, Seek, iSelect and Betfair Australia. Martin is a private investor in a number of Australian technology firms including Ratesetter Australia, Temando, Ingogo, Literacy Planet, Collinear Networks (US), Bubblegum Interactive, and Vantage Media (US). He is currently Chairman of Ingogo Limited and Favourit Global Pty Ltd, and a director of Ratesetter Australia Pty Ltd, and Mediaworks Group Holdings (NZ). He holds a Bachelor of Business from the Western Australian Institute of Technology, an MBA from Cranfield University (UK), and is a Graduate of the Australian Institute of Company Directors (GAICD).

The Board considers that Martin will be a non-independent Director.

- (c) **Richard Kuo**
Non-Executive Director
Bachelor of Commerce & Law, FAICD

Richard Kuo is the founder and CEO of Pier Capital, a boutique investment banking firm specialising in the technology sectors. He is a non-executive director of Probiotec Limited, Animoca Brands Limited and SCEGGS Darlinghurst Limited and has held directorships of Equity Capital Markets Limited, Glenorchy Arts & Sculpture Park and Australian Art Events Foundation. Richard initially practiced as a lawyer specialising in corporate law in a large national law firm before moving into investment banking as a corporate financier. His technology experience includes part of the senior management team in Open Telecommunications during a period when it grew to become one of Australia's largest software companies. He has advised on a wide range of domestic and cross-border transactions involving technology and digital media companies and manages a portfolio of emerging Australian and international technology companies. Richard is a Fellow of the Australian Institute of Company Directors and holds qualifications in accounting, finance and law together with post graduate qualifications in applied finance and investment.

The Board considers that Richard will be a non-independent Director.

- (d) **Dennis Verrios**
Non-Executive Director
Bachelor of Commerce

Dennis Verrios has been involved in information technology, media and gaming businesses for over 25 years. He is non-executive director of Go Fetch Pty Ltd as well as founder and executive board member of Centurion Solutions Pty Ltd a service provider to some of the world's largest wagering clearing hub processors, with operations in Australia, UK, USA and Western Europe. Dennis was the CEO of Agility Interactive Pty Ltd where Favourit was originally conceived and developed before being acquired by the current entity in a management buyout.

Dennis formerly worked with Accenture in Australia and KPMG in the UK, and since 2000 moved to being a founder and supporter/investor of start-up companies in Australia and internationally.

The Board considers that Dennis will be a non-independent Director.

10.3 Personal Interests of Directors and Proposed Directors

10.3.1 Pre-Acquisition interests in securities

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. Immediately prior to completion of the Transaction, the Directors are expected to have relevant interests in Securities as set out in the table below:

Director	Shares	Options
William Oliver	32,834	Nil
Alistair Muir	96,776	Nil
Ranko Matic	69,269	Nil

10.3.2 Post-Acquisition interests in securities

Following the successful completion of the Favourit Acquisition and the Public Offer, the Directors and Proposed Directors will have relevant interests in Securities as set out in the table below:

	Shares and Voting Power	Options	Performance Rights
Current Directors			
William Oliver	32,834 - 0.03%	Nil	Nil
Alistair Muir	96,776 - 0.10%	Nil	Nil
Ranko Matic	69,269 – 0.07%	Nil	Nil
Proposed Directors			
Martin Dalglish	4,490,575 – 4.49%	496,728 ⁶	496,727 ⁶
Toby Simmons	3,736,455 – 3.73%	3,477,092 ⁶	3,477,092 ⁶
Richard Kuo	3,696,615 – 3.69%	496,728 ⁶	496,727 ⁶
Dennis Verrios	1,568,002 – 1.57%	496,728 ⁶	496,727 ⁶

Notes:

1. The voting power above is calculated on an undiluted basis and on the basis of there being 100,058,678 Shares on issue upon completion of the Acquisition. This assumes no additional Shares are issued and the maximum subscription is raised under the Capital Raising.
2. It is proposed that Messrs William Oliver, Alistair Muir and Ranko Matic will resign as directors of the Company following successful completion of the Transaction.
3. The terms and conditions of the above Securities are set out in Sections 15.2 and 15.3 of this Prospectus.
4. The actual Shareholdings of the parties on completion of the Transaction may vary.
5. The numbers of Securities in the above table are subject to rounding.
6. The Company recently received approval from Shareholders to have the ability to issue up to this amount of securities to its proposed directors under the respective performance rights and employee share option plans. These securities are yet to be issued.

10.3.3 Remuneration

The Company's Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. Currently the aggregate remuneration for Non-Executive Directors shall be no more than \$200,000.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Following the successful completion of the Favourit Acquisition and the Public Offer, the Proposed Directors will be paid the following annual remuneration (excluding superannuation) by the Company:

Martin Dalglish	\$60,000
Toby Simmons	\$200,000
Richard Kuo	\$35,000
Dennis Verrios	\$35,000

In addition, Non-Executive directors who chair independent Board Committees, including the Risk and Audit Committee, and the Remuneration and Nominations Committee, will receive \$5,000 annually for each role.

10.4 Key Management Personnel

After successful completion of the Transaction, it is proposed that the Key Senior Management of the Company will be the individuals described in the Favourit Team at Section 8.1. They are:

- (a) Toby Simmons;
- (b) Josh Simmons;
- (c) Chris Reynolds;
- (d) David McInerny;
- (e) Jamie Robertson; and
- (f) Ling (Gary) Ng.

The Company is aware of the need to have sufficient management to properly supervise the business operation of the Company, and the Board will continually monitor the management roles in the Company.

Excluding Toby Simmons whose remuneration is set out at Section 14.7, as at the date of this Prospectus the aggregate remuneration payable to Key Senior Management above totals \$609,000.

10.5 Deeds of indemnity, insurance and access

The Company is in the process of finalising deeds of indemnity, insurance and access with each of the Proposed Directors and will enter into such deeds with the Proposed Directors following their appointments. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the

benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.

For existing directors, the Company has entered into deeds of indemnity, insurance and access on similar terms.

11. FINANCIAL INFORMATION

The Financial Information Section of the Prospectus sets out the following:

The Historical Financial Information, comprising the:

- the consolidated Reviewed Statement of Profit or Loss and Other Comprehensive Income of CLA for the half-year ended 31 December 2015 and the consolidated Audited Statement of Profit or Loss and Other Comprehensive Income of CLA for the years ended 30 June 2015 and 30 June 2014;
- the consolidated Audited Statement of Profit or Loss and Other Comprehensive Income of Favourit for the half-year ended 31 December 2015 and the consolidated Audited Statement of Profit or Loss and other Comprehensive Income of Favourit for the years ended 30 June 2015 and 30 June 2014;
- the consolidated Reviewed Statement of Cash Flows of CLA for the half-year ended 31 December 2015 and the consolidated Audited Statement of Cash Flows of CLA for the years ended 30 June 2015 and 30 June 2014;
- the consolidated Audited Statement of Cash Flows of Favourit for the half-year ended 31 December 2015 and the consolidated Audited Statement of Cash Flows of Favourit for the years ended 30 June 2015 and 30 June 2014;
- the consolidated Reviewed Statement of Financial Position of CLA as at 31 December 2015; and
- the consolidated Audited Statement of Financial Position of Favourit as at 31 December 2015.

The Pro Forma Financial Information, comprising the:

- the Consolidated Pro Forma Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2015 and the years ended 30 June 2015 and 30 June 2014, illustrating the combined historical results of the Company and Favourit for the half-year ended 31 December 2015 and the years ended 30 June 2015 and 30 June 2014, and assuming the completion of the transactions summarised in Section 11, Note 2 of the Prospectus;
- the Consolidated Pro Forma Statement of Cash Flows for the half-year ended 31 December 2015 and the years ended 30 June 2015 and 30 June 2014, illustrating the combined historical cash flows of the Company and Favourit for the half-year ended 31 December 2015 and the years ended 30 June 2015 and 30 June 2014; and
- the Consolidated Pro Forma Statement of Financial Position at 31 December 2015, assuming the completion of the transactions summarised in Section 11, Note 2 of the Prospectus.

Basis of preparation

The Pro Forma Financial Information has been reviewed by RSM Financial Services Australia Pty Ltd, Melbourne. A copy of RSM Financial Services Australia Pty Ltd's Investigating Accountant's Report is set out in Section 12 of this Prospectus.

The Financial Information has been prepared and presented in accordance with the accounting policies set out in Section 11, Note 1.

The Historical Financial Information of the Company has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles described in Australian Accounting Standards and the Company's adopted accounting policies.

The Historical Financial Information for the half-year ended 31 December 2015 has been extracted from the Company's financial statements for the half-year ended 31 December 2015, which were reviewed by RSM Australia in accordance with Australian Auditing Standards, and on which no matter was identified that would result in RSM Australia considering that the financial statements for the half-year ended 31 December 2015 did not give a true and fair view of CLA's financial position at 31 December 2015 and of its performance for the half-year ended on that date. For the half-year ended 31 December 2015, RSM Australia's review included an emphasis of matter that, without qualifying their conclusion, drew notice to the existence of a material uncertainty which may cast doubt over the Company's ability to continue as a going concern.

The Historical Financial Information for the years ended 30 June 2015 and 30 June 2014 has been extracted from the Company's financial statements for each financial year, which were audited by RSM Australia in accordance with Australian Auditing Standards, and on which an unqualified audit opinion was issued for each financial year. For each of these two financial years, RSM Australia's audit report included an emphasis of matter that, without qualifying its audit opinion, drew notice to the existence of a material uncertainty which may cast doubt over the Company's ability to continue as a going concern.

The Historical Financial Information of Favourit has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles described in Australian Accounting Standards, and Favourit's adopted accounting policies.

The Historical Financial Information of Favourit for the half-year ended 31 December 2015 has been extracted from Favourit's financial statements for the half-year ended 31 December 2015, which were audited by RSM Australia in accordance with Australian Auditing Standards, and on which an unqualified audit opinion was issued.

The Historical Financial Information for the years ended 30 June 2015 and 30 June 2014 has been extracted from Favourit's financial statements for each financial year, which were audited by RSM Australia in accordance with Australian Auditing Standards, and on which an unqualified audit opinion was issued for each financial year.

The Financial Information has been solely prepared for the purpose of inclusion in this Prospectus and is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Historical Statement of Profit or Loss and Other Comprehensive Income – the Company

Set out below is the historical consolidated Reviewed Statement of Profit or Loss and Other Comprehensive Income of the Company for the half-year ended 31 December 2015 and the historical consolidated Audited Statement of Profit or Loss and Other Comprehensive Income of the Company for the years ended 30 June 2015 and 30 June 2014.

	Reviewed Half-year ended 31-Dec-15 \$	Audited Year ended 30-Jun-15 \$	Audited Year ended 30-Jun-14 \$
Revenue	2,033	2,648	4,523
Gain on disposal of controlled entities	-	2,316,122	-
Expenses			
Write off and impairment of exploration expenditure and other assets	-	(18,780,177)	(2,428,544)
Depreciation expense	-	(30,435)	(94,358)
Directors' and employee benefits expense	(42,000)	(291,126)	(2,291,521)
Share based payments	-	133,131	(46,642)
Legal and other professional fees	(125,686)	(202,495)	(398,339)
Travel and accommodation	-	(19,296)	(361,346)
Corporate advisory	-	(28,855)	(151,001)
Other expenses	(39,954)	(98,597)	(1,612,497)
Foreign exchange (loss)/gain	-	(464,215)	17,829
Loss from operations	(205,607)	(17,463,295)	(7,361,896)
Finance costs	(92,295)	(350,680)	(275,106)
Loss before income tax	(297,902)	(17,813,975)	(7,637,002)
Income tax expense	-	-	-
Loss for the period/year	(297,902)	(17,813,975)	(7,637,002)
Other comprehensive income			
<i>Items that may be reclassified subsequently to operating results</i>			
Exchange differences on translating foreign controlled entities	-	(685,220)	285,153
Other comprehensive income for the year	-	(685,220)	285,153
Total comprehensive loss for the period/year	(297,902)	(18,499,195)	(7,351,849)
Net loss attributable to:			
Members of the parent entity	(297,902)	(17,812,484)	(7,068,041)
Non-controlling interest	-	(1,491)	(568,961)
Loss for the period/year	(297,902)	(17,813,975)	(7,637,002)
Total comprehensive loss attributable to:			
Members of the parent entity	(297,902)	(18,473,912)	(6,817,906)
Non-controlling interest	-	(25,283)	(533,943)
Total comprehensive loss for the period/year	(297,902)	(18,499,195)	(7,351,849)

The historical consolidated Statement of Profit or Loss and Other Comprehensive Income of the Company has been extracted from the reviewed financial statements of the Company for the half-year ended 31 December 2015 and the audited financial statements of the Company for the years ended 30 June 2015 and 30 June 2014.

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the financial information set out in Section 11.

Historical Statement of Profit or Loss and Other Comprehensive Income – Favourit

Set out below is the historical consolidated Audited Statement of Profit or Loss and Other Comprehensive Income of Favourit for the half-year ended 31 December 2015 and the historical consolidated Audited Statement of Profit or Loss and Other Comprehensive Income of Favourit for the years ended 30 June 2015 and 30 June 2014.

	Audited Half-year ended 31-Dec-15 \$	Audited Year ended 30-Jun-15 \$	Audited Year ended 30-Jun-14 \$
Revenue	216,351	7,883	7,374
Research and development tax incentive	-	311,155	413,428
Insurer refunds	2,881	-	-
Cost of sales	(115,877)	(59,252)	-
Expenses			
Employee benefits expense	(638,467)	(794,307)	(733,887)
Occupancy costs	(30,669)	(63,403)	(59,494)
Depreciation and amortisation expense	(12,501)	(13,573)	(58,450)
Data, hosting & infrastructure	(49,790)	(127,249)	(163,483)
Sales and marketing	(520,064)	(205,909)	(60,801)
General and administrative costs	(186,521)	(107,801)	(59,591)
Other expenses	-	(25,148)	(30,869)
Loss from operations	(1,334,657)	(1,077,604)	(745,773)
Finance income/(costs)	2,026	(12,514)	-
Loss before income tax	(1,332,631)	(1,090,118)	(745,773)
Income tax expense	-	-	-
Loss for the period/year	(1,332,631)	(1,090,118)	(745,773)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign exchange translation loss	(24,758)	(9,818)	-
Other comprehensive income for the year	(24,758)	(9,818)	-
Total comprehensive loss for the period/year	(1,357,389)	(1,099,936)	(745,773)
Net loss attributable to:			
Members of the parent entity	(1,332,631)	(1,090,118)	(745,773)
Loss for the period/year	(1,332,631)	(1,090,118)	(745,773)
Total comprehensive loss attributable to:			
Members of the parent entity	(1,357,389)	(1,099,936)	(745,773)
Total comprehensive loss for the period/year	(1,357,389)	(1,099,936)	(745,773)

The historical consolidated Statement of Profit or Loss and Other Comprehensive Income of Favourit has been extracted from the audited financial statements of Favourit for the half-year ended 31 December 2015 and the audited financial statements of Favourit for the years ended 30 June 2015 and 30 June 2014.

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the financial information set out in Section 11.

Further Management discussion and analysis on Favourit's historical operations are set out in Section 7 of the Prospectus.

Historical Consolidated Pro Forma Statement of Profit or Loss and Other Comprehensive Income

Set out below is the historical Consolidated Pro Forma Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2015 and the years ended 30 June 2015 and 30 June 2014. The Consolidated Pro Forma Statement of Profit or Loss and Other Comprehensive Income has been prepared to illustrate the combined results of the Company and Favourit for the half-year ended 31 December 2015 and the years ended 30 June 2015 and 30 June 2014, and assuming the completion of the transactions summarised in Section 11, Note 2.

	Pro Forma Half-year ended 31-Dec-15 \$	Pro Forma Year ended 30-Jun-15 \$	Pro Forma Year ended 30-Jun-14 \$
Revenue	218,384	10,531	11,897
Gain on disposal of controlled entities	-	2,316,122	-
Research and development tax incentive	-	311,155	413,428
Insurer refunds	2,881	-	-
Cost of sales	(115,877)	(59,252)	-
Expenses			
Write off and impairment of exploration expenditure and other assets	-	(18,780,177)	(2,428,544)
Depreciation and amortisation expense	(12,501)	(44,008)	(152,808)
Directors' and employee benefits expense	(680,467)	(1,085,433)	(3,025,408)
Share based payment	-	133,131	(46,642)
Occupancy costs	(30,669)	(63,403)	(59,494)
Legal and other professional fees	(125,686)	(202,495)	(398,339)
Travel and accommodation	-	(19,296)	(361,346)
Corporate advisory	-	(28,855)	(151,001)
Data, hosting & infrastructure	(49,790)	(127,249)	(163,483)
Sales and marketing	(520,064)	(205,909)	(60,801)
General and administrative costs	(226,475)	(107,801)	(59,591)
Other expenses	-	(123,745)	(1,643,366)
Foreign exchange (loss)/gain	-	(464,215)	17,829
Loss from operations	(1,540,264)	(18,540,899)	(8,107,669)
Finance income/(costs)	(90,269)	(363,194)	(275,106)
Loss before income tax	(1,630,533)	(18,904,093)	(8,382,775)
Income tax expense	-	-	-
Loss for the period/year	(1,630,533)	(18,904,093)	(8,382,775)
Other comprehensive income			
<i>Items that may be reclassified subsequently to operating results</i>			
Exchange differences on translating foreign controlled entities	-	(685,220)	285,153
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign exchange translation loss	(24,758)	(9,818)	-
Other comprehensive income for the year	(24,758)	(695,038)	285,153
Total comprehensive loss for the period/year	(1,655,291)	(19,599,131)	(8,097,622)
Net loss attributable to:			
Members of the parent entity	(1,630,533)	(18,902,602)	(7,813,814)
Non-controlling interest	-	(1,491)	(568,961)
Loss for the period/year	(1,630,533)	(18,904,093)	(8,382,775)
Total comprehensive loss attributable to:			
Members of the parent entity	(1,655,291)	(19,573,848)	(7,563,679)
Non-controlling interest	-	(25,283)	(533,943)
Total comprehensive loss for the period/year	(1,655,291)	(19,599,131)	(8,097,622)

The Consolidated Pro Forma Statement of Profit or Loss and Other Comprehensive Income has been prepared based on:

- the reviewed financial statements of the Company for the half-year ended 31 December 2015 and the audited financial statements of the Company for the years ended 30 June 2015 and 30 June 2014; and
- the audited financial statements of Favourit for the half-year ended 31 December 2015 and the audited financial statements of Favourit for the years ended 30 June 2015 and 30 June 2014.

The Consolidated Pro Forma Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the financial information set out in Section 11.

Historical Statement of Cash Flows – the Company

Set out below is the historical consolidated Reviewed Statement of Cash Flows of the Company for the half-year ended 31 December 2015 and the historical consolidated Audited Statement of Cash Flows of the Company for the years ended 30 June 2015 and 30 June 2014.

	Reviewed Half-year ended 31-Dec-15 \$	Audited Year ended 30-Jun-15 \$	Audited Year ended 30-Jun-14 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Expenditure on mining interests	(21,511)	(188,218)	(3,471,504)
Payments to suppliers and employees	(228,650)	(483,922)	(2,739,377)
Interest received	2,033	2,648	4,523
Net cash used in operating activities	<u>(248,128)</u>	<u>(669,492)</u>	<u>(6,206,358)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-	-	(81,862)
Proceeds from sale of property, plant and equipment	-	-	213,007
Net cash from investing activities	<u>-</u>	<u>-</u>	<u>131,145</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	-	196,650	150,000
Payment of capital raising costs	(5,282)	(42,794)	(9,864)
Proceeds from borrowings	-	805,285	3,712,337
Net cash from financing activities	<u>(5,282)</u>	<u>959,141</u>	<u>3,852,473</u>
Net increase/(decrease) in cash and cash equivalents	(253,410)	289,649	(2,222,740)
Cash and cash equivalents at the beginning of the year	406,880	117,231	2,339,971
Cash and cash equivalents at the end of the year	<u>153,470</u>	<u>406,880</u>	<u>117,231</u>

The historical consolidated Statement of Cash Flows of the Company has been extracted from the reviewed financial statements of the Company for the half-year ended 31 December 2015 and the audited financial statements of the Company for the years ended 30 June 2015 and 30 June 2014.

The historical consolidated Statement of Cash Flows should be read in conjunction with the Notes to the financial information set out in Section 11.

Historical Statement of Cash Flows – Favourit

Set out below is the historical consolidated Audited Statement of Cash Flows of Favourit for the half-year ended 31 December 2015 and the historical consolidated Audited Statement of Cash Flows of Favourit for the years ended 30 June 2015 and 30 June 2014.

	Audited Half-year ended 31-Dec-15 \$	Audited Year ended 30-Jun-15 \$	Audited Year ended 30-Jun-14 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	205,848	-	5,721
Payments to suppliers and employees	(1,398,588)	(1,352,867)	(1,079,559)
Interest received	13,384	9,690	1,653
Receipt from R&D Tax Incentive	293,901	413,428	334,527
Net cash used in operating activities	(885,455)	(929,749)	(737,658)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(39,596)	(9,554)	-
Net cash from investing activities	(39,596)	(9,554)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	564,259	2,352,091	628,395
Proceeds from borrowings	-	-	150,000
Repayment of borrowings	-	(150,000)	-
Net cash from financing activities	564,259	2,202,091	778,395
Net increase/(decrease) in cash and cash equivalents	(360,792)	1,262,788	40,737
Cash and cash equivalents at the beginning of the year	1,500,668	247,699	206,962
Effects of exchange rates on cash	(24,759)	(9,819)	-
Cash and cash equivalents at the end of the year	1,115,117	1,500,668	247,699

The historical consolidated Statement of Cash Flows of Favourit has been extracted from the audited financial statements of Favourit for the half-year ended 31 December 2015 and the audited financial statements of Favourit for the years ended 30 June 2015 and 30 June 2014.

The historical consolidated Statement of Cash Flows should be read in conjunction with the Notes to the financial information set out in Section 11.

Historical Consolidated Pro Forma Statement of Cash Flows

Set out below is the historical Consolidated Pro Forma Statement of Cash Flows for the half-year ended 31 December 2015 and the years ended 30 June 2015 and 30 June 2014. The Consolidated Pro Forma Statement of Cash Flows has been prepared to illustrate the combined results of the Company and Favourit for the half-year ended 31 December 2015 and the years ended 30 June 2015 and 30 June 2014, and assuming the completion of the transactions summarised in Section 11, Note 2.

	Pro Forma Half-year ended 31-Dec-15 \$	Pro Forma Year ended 30-Jun-15 \$	Pro Forma Year ended 30-Jun-14 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	205,848	-	5,721
Expenditure on mining interests	(21,511)	(188,218)	(3,471,504)
Payments to suppliers and employees	(1,627,238)	(1,836,789)	(3,818,936)
Interest received	15,417	12,338	6,176
Receipt from R&D Tax Incentive	293,901	413,428	334,527
Net cash used in operating activities	(1,133,583)	(1,599,241)	(6,944,016)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(39,596)	(9,554)	(81,862)
Proceeds from sale of property, plant and equipment	-	-	213,007
Net proceeds from associates	-	-	-
Net cash from investing activities	(39,596)	(9,554)	131,145
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	564,259	2,548,741	778,395
Payment of capital raising costs	(5,282)	(42,794)	(9,864)
Proceeds from borrowings	-	805,285	3,862,337
Repayment of borrowings	-	(150,000)	-
Net cash from financing activities	558,977	3,161,232	4,630,868
Net increase/(decrease) in cash and cash equivalents	(614,202)	1,552,437	(2,182,003)

The Consolidated Pro Forma Statement of Cash Flows has been prepared based on:

- the reviewed financial statements of the Company for the half-year ended 31 December 2015 and the audited financial statements of the Company for the years ended 30 June 2015 and 30 June 2014; and
- the audited financial statements of Favourit for the half-year ended 31 December 2015 and the audited financial statements of Favourit for the years ended 30 June 2015 and 30 June 2014.

The Consolidated Pro Forma Statement of Cash Flows should be read in conjunction with the Notes to the financial information set out in Section 11.

Consolidated Pro Forma Statement of Financial Position

The Consolidated Pro Forma Statement of Financial Position as at 31 December 2015, set out below, has been prepared to illustrate the effects of the acquisition of Favourit, and assumes completion of the pro forma transactions set out in Section 11, Note 2 if they had occurred on 31 December 2015.

	Notes	CLA Reviewed 31-Dec-15 \$	Favourit Audited 31-Dec-15 \$	Pro Forma Transactions Minimum Raise \$	Unaudited Pro Forma Minimum Raise \$	Pro Forma Transactions Maximum Raise \$	Unaudited Pro Forma Maximum Raise \$
ASSETS							
Current assets							
Cash and cash equivalents	4	153,470	1,115,117	3,407,665	4,676,252	5,285,665	6,554,252
Trade and other receivables	5	15,328	-	-	15,328	-	15,328
Other assets	6	-	59,970	-	59,970	-	59,970
Total current assets		<u>168,798</u>	<u>1,175,087</u>	<u>3,407,665</u>	<u>4,751,550</u>	<u>5,285,665</u>	<u>6,629,550</u>
Non-current assets							
Exploration and evaluation expenditure	7	158,235	-	-	158,235	-	158,235
Property, plant and equipment	8	-	43,638	-	43,638	-	43,638
Intangible assets	9	-	92,552	-	92,552	-	92,552
Total non-current assets		<u>158,235</u>	<u>136,190</u>	<u>-</u>	<u>294,425</u>	<u>-</u>	<u>294,425</u>
Total assets		<u>327,033</u>	<u>1,311,277</u>	<u>3,407,665</u>	<u>5,045,975</u>	<u>5,285,665</u>	<u>6,923,975</u>
LIABILITIES							
Current liabilities							
Trade and other payables	10	75,355	195,306	-	270,661	-	270,661
Borrowings	11	821,978	-	(821,978)	-	(821,978)	-
Provisions	12	-	107,769	-	107,769	-	107,769
Total current liabilities		<u>897,333</u>	<u>303,075</u>	<u>(821,978)</u>	<u>378,430</u>	<u>(821,978)</u>	<u>378,430</u>
Non-current liabilities							
Provisions	12	-	17,117	-	17,117	-	17,117
Total non-current liabilities		<u>-</u>	<u>17,117</u>	<u>-</u>	<u>17,117</u>	<u>-</u>	<u>17,117</u>
Total liabilities		<u>897,333</u>	<u>320,192</u>	<u>(821,978)</u>	<u>395,547</u>	<u>(821,978)</u>	<u>395,547</u>
NET ASSETS		<u>(570,300)</u>	<u>991,085</u>	<u>4,229,643</u>	<u>4,650,428</u>	<u>6,107,643</u>	<u>6,528,428</u>
EQUITY							
Issued capital	13	28,936,212	5,275,517	(24,278,949)	9,932,780	(22,400,949)	11,810,780
Equity based payments reserve	14	754,245	54,311	(590,858)	217,698	(590,858)	217,698
Foreign currency translation reserve	15	-	(34,577)	-	(34,577)	-	(34,577)
Retained earnings/(Accumulated losses)	16	(30,260,757)	(4,304,166)	29,099,450	(5,465,473)	29,099,450	(5,465,473)
TOTAL EQUITY		<u>(570,300)</u>	<u>991,085</u>	<u>4,229,643</u>	<u>4,650,428</u>	<u>6,107,643</u>	<u>6,528,428</u>

The Consolidated Pro Forma Statement of Financial Position represents the Reviewed Statement of Financial Position as at 31 December 2015 adjusted for the pro forma transactions outlined in Section 11, Note 2 relating to the issue of Shares pursuant to this Prospectus and other transactions.

The historical Reviewed Statement of Financial Information of the Company at 31 December 2015 has been extracted from the reviewed financial statements of the Company for the half-year ended 31 December 2015.

The historical Audited Statement of Financial Position of Favourit at 31 December 2015 has been extracted from the audited financial statements of Favourit for the half-year ended 31 December 2015.

The Consolidated Pro Forma Statement of Financial Position should be read in conjunction with the notes to the financial information.

Notes to the financial information

1. Summary of significant accounting policies

The principle accounting policies adopted in the preparation of the financial information are set out below.

(a) Basis of preparation

The financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act, as appropriate for for-profit oriented entities. Compliance with these Standards ensures that the financial information complies with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB").

The Consolidated Pro Forma Statement of Financial Position assumes completion by the Company of the legal acquisition of Favourit.

For accounting purposes, the legal acquisition of Favourit by the Company does not represent a business combination as outlined in Australian Accounting Standard AASB 3 *Business Combinations* ("AASB 3"). At the time of the transaction, the Company will not constitute a business in its own right as defined by AASB 3.

To recognise the effects of this transaction, the financial information has been prepared using 'reverse acquisition accounting principles' (as set out in AASB 3), in accordance with the International Financial Reporting Interpretation Committee's Interpretation guidance dated March 2013.

Accordingly, the financial statements of the Company have been prepared as a continuation of the financial statements of Favourit. Favourit (as the deemed acquirer) has accounted for the acquisition of the Company from the acquisition date. However, as the Company did not constitute a business at the acquisition date, no goodwill can be recognised as a result of the transaction and the excess of the notional transaction consideration paid over the assets and liabilities of the Company acquired has been recognised as an expense in the income statement.

Historical cost convention

The financial information has been prepared under the historical cost convention.

Critical accounting judgements, estimates and assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

The Board of Directors regularly review each project, which includes an assessment of possible impairment, taking into consideration economic viability of operations and validity of licences and permits.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the Directors' understanding thereof.

No adjustment has been made for pending or future taxation legislation. The current income tax position represents that Directors' best estimate, pending an assessment by the Australian Taxation Office.

Share based payment transactions

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model.

Impairment

The consolidated entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Validity of licences and permits, economic viability of current operations and economic viability for future operations are all elements that are considered. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(b) **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company at the end of the reporting period. A controlled entity is any entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist where the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(c) **Reverse assets acquisition**

In accordance with the principles of AASB 3, the proposed acquisition by the Company (the legal parent) of Favourit (the legal subsidiary), is deemed a reverse asset acquisition since the substance of the transaction is that existing shareholders of Favourit will have effectively acquired the Company. Under reverse acquisition accounting, the consolidated financial statements are prepared as if Favourit had acquired the Company, not vice versa as represented by the legal position. However, as the Company did not constitute a business at the acquisition date, no goodwill can be recognised as a result of the transaction.

In reverse acquisition accounting, the cost of the business is deemed to have been incurred by the legal subsidiary (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (the acquiree for accounting purposes).

As a consequence:

- the cost of investment held by the legal parent (the Company) in the legal subsidiary (Favourit) is reversed on consolidation and the cost of the reverse acquisition (based on the fair value of the shareholding of the Company acquired) is eliminated on consolidation against the consolidated equity and accumulated losses of the Company at the date control is passed. The effect of this is to restate the consolidated equity, retained earnings and

reserves balances to reflect those of Favourit at the date of the acquisition;

- the amount recognised as issued equity instruments is determined by adding the deemed cost of the acquisition, calculated by reference to the fair value of the shareholding in the Company acquired, to the issued equity of the legal subsidiary (Favourit) immediately before the proposed acquisition; and
- the consolidated financial statements are issued under the name of the legal parent (the Company) but are a continuation of the financial statements of the deemed acquirer (Favourit) under the reverse acquisition rules.

(d) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Gains and losses on all betting and gaming activities are treated as revenue, which is measured at the fair value of the consideration received or receivable from customers. Gross win includes wagering with bonuses and excludes free bets and the expense of the bonus granted. For sportsbook and casino, games, revenue represents gains and losses, being the amount staked and fees received, less total payouts and the fair value of reward points issued from betting activity in the period. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue. When a bet is placed and reward points are issued under the Favourit Rewards Program, the fair value of the reward points is deferred and recorded as a liability. The deferred revenue is recognised when the reward points are used or when they expire.

All revenue is stated net of the amount of goods and services tax.

(e) **Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) **Trade receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

(g) **Property, plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

- Plant and equipment 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(h) **Impairment of assets**

At the end of each reporting period, the consolidated entity assesses whether there is any indication that an asset is impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of

the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in the profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) **Intangibles Other than Goodwill**

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(j) **Foreign currency translations and balances**

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(l) Borrowings

Loans and debentures are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

On issue of convertible notes, the fair value of the liability component, being the obligation to make future payments of principal and interest to noteholders, is calculated using a market interest rate for an equivalent non-convertible note. The residual amount, representing the fair value of the conversion option, is included in equity as other equity securities with no recognition of any change in the value of the option in subsequent periods. The liability is included in borrowings and carried on an amortised cost basis with interest on the notes recognised as borrowing costs on an effective yield basis until the liability is extinguished on conversion or maturity of the notes.

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditures are written off as incurred, except when such costs are expected to be recouped through successful development and exploitation, or sale, of an area of interest. In addition, exploration assets recognised on acquisition of an entity are carried forward provided that exploration and/or evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

The expenditure carried forward when recovery is expected represents an accumulation of direct net exploration and evaluation costs incurred by or on behalf of the consolidated entity and applicable indirect costs, in relation to separate areas of interest for which rights of tenure are current.

The successful commercial exploitation of all exploration and evaluation expenditure is dependent upon the Company raising adequate debt and equity funding, which is dependent upon continued investor support.

If it is established subsequently that economically recoverable reserves exist in a particular area of interest, resulting in the decision to develop a commercial mining operation, then in that year the accumulated expenditure attributable to that area, to the extent that it does not exceed the recoverable amount for the area concerned, will be transferred to mine development. As such it will be subsequently amortised against production from that area. Any excess of accumulated expenditure over recoverable amounts will be written off to the statement of profit or loss and other comprehensive income.

(n) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with short periods to maturity and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(o) **Employee benefits**

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The consolidated entity operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using an appropriate valuation model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(p) **Goods and services tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(r) **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(s) **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the

contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

2. Pro Forma Adjustments

The Consolidated Pro Forma Statement of Financial Position as at 31 December 2015 has been prepared by adjusting the Consolidated Statement of Financial Position as at that date to reflect the financial effects of the following transactions as if they had occurred at 31 December 2015.

- (a) A share consolidation where every 2,000 Shares will be consolidated into 1 Share.
- (b) The issue of 60,600,000 Consideration Shares with a deemed issue price of \$0.20 to the Vendors as consideration for the Favourit acquisition.
- (c) The issue of 4,208,644 Conversion Shares and 2,104,328 Conversion Options to the Celsius Noteholders in satisfaction of the Company's repayment obligations under the Celsius Convertible Notes, in accordance with the Celsius Noteholders Offer. The conversion is based on a total convertible notes balance of \$841,729 (comprising the convertible notes balance of \$821,978, plus pro forma accrued interest to February 2016 of \$19,751).
- (d) The Public Offer issue of 20,000,000 (minimum subscription) to 30,000,000 (maximum subscription) Shares at an issue price of \$0.20 per Share, to raise a minimum of \$4,000,000 and a maximum of \$6,000,000 before expenses of the capital raising. The pro forma adjustments assume that the Public Offer is fully subscribed.
- (e) Cash costs of undertaking the Public Offer of \$592,335 (minimum subscription) to \$714,335 (maximum subscription).
- (f) The issue of 3,636,000 Adviser Shares to APCF at \$0.20 per Share.

3. Reverse assets acquisition

The proposed acquisition by the Company (the legal parent) of Favourit (the legal subsidiary) is deemed to be a reverse asset acquisition under the principles of AASB 3 since the substance of the transaction is that the existing shareholders of Favourit have effectively acquired the Company. As a result of the reverse acquisition, Favourit is considered to be the accounting acquirer and the Company is considered to be the accounting acquiree, and therefore, the Financial Information has been prepared as a continuation of the financial statements of Favourit.

However, as CLA will not constitute a business at the acquisition date, no goodwill can be recognised as a result of the transaction, and the excess of the notional transaction consideration paid over the assets and liabilities of CLA acquired, has been recognised as an expense in the income statement.

The following treatment has been adopted on the basis that the acquisition of Favourit is deemed to be completed prior to the capital raising as set out in Note 2(iv), but after the pro forma adjustments set out in Note 2(iii).

Reverse acquisition

		\$
Issued share capital of CLA as at 31 December 2015 (number of shares)	<u>3,218,976,874</u>	
Share consolidation of CLA's share capital (rounded) (note 2(i))	1,614,034	
Conversion of \$841,729 in Celsius Convertible Notes in accordance with the Celsius Noteholders Offer (note 2(iii))	<u>4,208,644</u>	
Number of shares in CLA prior to FG acquisition	5,822,678	
Number of Consideration Shares issued to the Vendors as consideration for the Favourit acquisition (note 2(ii))	60,600,000	
Percentage ownership of CLA by the Vendors (rounded)	91.23%	
Fair value of ownership in CLA acquired		
Net liabilities of CLA at 31 December 2015	(570,300)	
<i>Adjustments to reflect the net asset position of CLA prior to the Favourit acquisition</i>		
Pro forma accrued interest on Celsius Convertible Notes (note 2(iii))	(19,751)	
Conversion of \$841,729 in Celsius Convertible Notes (including accrued interest) in accordance with the Celsius Noteholders Offer (note 2(iii))	841,729	
Value of a listed shell*	<u>500,000</u>	
Fair value of net assets of CLA at 31 December 2015	<u>751,678</u>	
Notional consideration (Fair value of net assets of CLA at 31 December 2015 - \$751,678 x 91.23%)		685,785
Less: fair value of identifiable net assets of CLA acquired (excluding value of listed shell)		<u>(251,678)</u>
Excess of notional consideration over net assets acquired – expensed to the income statement		<u>434,107</u>

* Based on the preferred value of a listed shell adopted in the pro forma balance sheet accompanying the notice of meeting to shareholders to approve the acquisition of Favourit by CLA.

4. Cash and cash equivalents

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Cash and cash equivalents	153,470	4,676,252	6,554,252
Cash at 31 December 2015		153,470	153,470
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Cash and cash equivalents acquired in Favourit acquisition		1,115,117	1,115,117
Proceeds from the issue of 30,000,000 / 40,000,000 Shares in relation to the Public Offer pursuant to the Prospectus (note 2 (iv))		4,000,000	6,000,000
Costs of undertaking the Public Offer (note 2(v))		(592,335)	(714,335)
		4,522,782	6,400,782
Pro Forma balance		4,676,252	6,554,252

5. Trade and other receivables

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Trade and other receivables	15,328	15,328	15,328
Trade and other receivables at 31 December 2015		15,328	15,328
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Trade and other receivables acquired in Favourit acquisition		-	-
		-	-
Pro Forma balance		15,328	15,328

6. Other assets

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Other assets	-	59,970	59,970
Other assets at 31 December 2015		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Other assets acquired in Favourit acquisition		59,970	59,970
		59,970	59,970
Pro Forma balance		59,970	59,970
Other assets comprise trading account deposits.			

7. Exploration and evaluation expenditure

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Exploration and evaluation expenditure	158,235	158,235	158,235
Deferred exploration expenditure at 31 December 2015		158,235	158,235
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Capitalised exploration and evaluation expenditure acquired in Favourit acquisition		-	-
		-	-
Pro Forma balance		158,235	158,235

8. Property, plant and equipment

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Property, plant and equipment	-	43,638	43,638
Property, plant and equipment at 31 December 2015		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Property, plant and equipment acquired in Favourit acquisition		43,638	43,638
		43,638	43,638
Pro Forma balance		43,638	43,638

9. Intangible assets

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Intangible assets	-	92,552	92,552
Intangible assets at 31 December 2015		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Intangible assets acquired in Favourit acquisition		92,552	92,552
		92,552	92,552
Pro Forma balance		92,552	92,552

10. Trade and other payables

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Trade and other payables	75,355	270,661	270,661
Trade and other payables at 31 December 2015		75,355	75,355
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Trade and other payables acquired in Favourit acquisition		195,306	195,306
		195,306	195,306
Pro Forma balance		270,661	270,661
Trade and other payables in the unaudited pro forma comprises:			
Trade payables		194,801	194,801
Sundry payables and accrued expenses		75,860	75,860
Pro Forma balance		270,661	270,661

11. Borrowings

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Borrowings	821,978	-	-
Borrowings at 31 December 2015		821,978	821,978
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Pro forma accrued interest (note 2(iii))		19,751	19,751
Pro forma borrowings		841,729	841,729
Conversion of \$841,729 in Celsius Convertible Notes in accordance with the Celsius Noteholders Offer (note 2(iii))		(841,729)	(841,729)
Borrowings acquired in Favourit acquisition		-	-
		(841,729)	(841,729)
Pro Forma balance		-	-

12. Provisions

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Current portion			
Provisions	-	107,769	107,769
Current provisions at 31 December 2015		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Current provisions acquired in Favourit acquisition		107,769	107,769
Pro Forma balance		107,769	107,769
Non-current portion			
Provisions	-	17,117	17,117
Non-current provisions at 31 December 2015		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Non-current provisions acquired in Favourit acquisition		17,117	17,117
Pro Forma balance		17,117	17,117

The provisions above comprise provision for employee benefits and represent amounts accrued for annual leave and long service leave. The current portion of this provision represents total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. The non-current portion for this provision includes amounts accrued for long service entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

13. Issued capital

	Minimum Raise		Maximum Raise	
	Number of ordinary shares	\$	Number of ordinary shares	\$
Issued share capital at 31 December 2015	3,218,976,874	28,936,212	3,218,976,874	28,936,212
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>				
Share consolidation of CLA's share capital (rounded) (note 2(i))	1,614,034	28,936,212	1,614,034	28,936,212
Conversion of \$841,729 in Celsius Convertible Notes in accordance with the Celsius Noteholders Offer (note 2(iii))	4,208,644	841,729	4,208,644	841,729
Fair Value of 2,104,328 Conversion Options issued to Celsius Noteholders in accordance with the Celsius Noteholders Offer (note 2(iii))	-	(163,387)	-	(163,387)
Elimination of existing CLA share capital balance (note 3)	-	(29,777,941)	-	(29,777,941)
Favourit share capital balance acquired (note 3)		5,275,517		5,275,517
Number of Consideration Shares issued to the Vendors as consideration for the Favourit acquisition (note 2(ii), note 3)*	60,600,000	685,785	60,600,000	685,785
Fully paid ordinary shares issued in relation to the Public Offer at \$0.20 per share pursuant to the Prospectus (note 2(iv))	20,000,000	4,000,000	30,000,000	6,000,000
Costs of undertaking the Public Offer (note 2(v))	-	(592,335)	-	(714,335)
Issue of Adviser Shares (note 2(vi))	3,636,000	727,200	3,636,000	727,200
	88,444,644	(19,003,432)	98,444,644	(17,125,432)
Pro Forma balance	90,058,678	9,932,780	100,058,678	11,810,780

* Measured by reference to the fair value to the accounting acquirer, Favourit (Notional consideration).

14. Equity based payments reserve

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Equity based payments reserve	754,245	217,698	217,698
Equity based payments reserve at 31 December 2015		754,245	754,245
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Equity based payments reserve of Favourit on acquisition		54,311	54,311
Fair Value of 2,104,328 Conversion Options issued to Celsius Noteholders in accordance with the Celsius Noteholders Offer (note 2(iii))*		163,387	163,387
Elimination of CLA reserves upon completion of Favourit acquisition under reverse acquisition accounting (note 3)		(754,245)	(754,245)
		(536,547)	(536,547)
Pro Forma balance		217,698	217,698

Details of options to be issued are set out in Section 15.4 of the Prospectus

* Fair values at grant date are determined using a Black Scholes option valuation model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, expected early exercise and the risk-free interest rate for the term of the option

The model inputs for options included in the pro forma adjustments were:

Exercise Price	\$0.20
Expiry Date	30-Dec-18
Share Price at Grant Date	\$0.20
Expected Dividend Yield Rate	0.0%
Risk-free Interest Rate	2.50%
Volatility	50%

** No adjustment has been made in the Consolidated Pro Forma Statement of Financial Position for the Performance Rights Plan ("PRP") and Employee Share Option Plan ("ESOP Options") on the basis that, in accordance with AASB 2 Share-based payment, the total expense in relation to the PRP and ESOP Options will be recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied

15. Foreign currency translation reserve

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Foreign currency translation reserve	-	(34,577)	(34,577)
Foreign currency translation reserve at 31 December 2015		-	-
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Foreign currency translation reserve of Favourit on acquisition		(34,577)	(34,577)
Pro Forma balance		(34,577)	(34,577)

16. Accumulated losses

	Reviewed 31-Dec-15 \$	Unaudited Pro Forma Minimum \$	Unaudited Pro Forma Maximum \$
Retained earnings / (accumulated losses)	(30,260,757)	(5,465,473)	(5,465,473)
Accumulated losses at 31 December 2015		(30,260,757)	(30,260,757)
<i>Adjustments arising in the preparation of the Pro Forma Statement of Financial Position are summarised as follows:</i>			
Elimination of CLA losses upon completion of Favourit acquisition under reverse acquisition accounting (note 3)		30,260,757	30,260,757
Retained earnings of Favourit on acquisition		(4,304,166)	(4,304,166)
Excess of notional consideration over net assets acquired – expensed to the income statement (note 3)		(434,107)	(434,107)
Issue of Adviser Shares (note 2(vi))		(727,200)	(727,200)
		24,795,284	24,795,284
Pro Forma balance		(5,465,473)	(5,465,473)

17. Controlled entities

Name of entity	Country of incorporation	Class of shares	Ownership interest
View Nickel Pty Ltd	Australia	Ordinary	100%
Favourit Enterprises Limited	Isle of Man	Ordinary	100%
Favourit Australia Pty Limited	Australia	Ordinary	100%

18. Contingent liabilities

The Company, through its wholly owned subsidiary, View Nickel Pty Ltd, has a 30% joint venture interest in the Carnilya Hill Joint Venture. The Carnilya Hill Joint Venture ("JV") is subject to potential cost in respect to the rehabilitation of the mine. Accordingly, through its joint venture interest, the Company has a contingent liability. The rehabilitation provision is triggered either when the JV decides to complete the full rehabilitation, when the Department of Mines and Petroleum mandates the JV must complete the full rehabilitation or when the tenements are relinquished. None of these events are expected to occur in the near future. There is uncertainty as to whether the future liabilities will arise in respect of this item and at current, the amount cannot be reliably estimated.

19. Related party disclosure

- (a) The Directors of the Company at the Prospectus Date are:
- Mr William Oliver (Non-Executive Chairman)
 - Mr Ranko Matic (Non-Executive Director)
 - Mr Alistair Muir (Non-Executive Director)
- (b) Directors' holdings of shares, directors' remuneration and other directors' interests are set out in Section 10 of this Prospectus.
- (c) There have been no related party transactions other than the directors' transactions set out in Sections 10 and those relating to the material contracts set out in Section 14 of this Prospectus.

RSM Financial Services Australia Pty Ltd

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9 March 2016

The Directors
Celsius Coal Limited
Level 3, 216 St Georges Terrace
Perth WA 6000

Dear Directors

Investigating Accountant's Report**Independent Limited Assurance Report on the Historical and Pro Forma Historical Financial Information of Celsius Coal Limited and Favourit Global Pty Ltd**

We have been engaged to report on the historical financial information and pro forma historical financial information of Celsius Coal Limited ("CLA" or "the Company") as at 31 December 2015 for inclusion in CLA's prospectus to be lodged with the Australian Securities and Investments Commission and dated on or about 9 March 2016 ("the Prospectus") and relating to the proposed:

- a share consolidation of CLA's fully paid ordinary shares where every 2,000 Shares will be consolidated into 1 Share;
- the issue of 60,600,000 Consideration Shares with a deemed issue price of \$0.20 to the Vendors as consideration for the Favourit acquisition;
- the issue of 4,208,644 Conversion Shares and 2,104,328 Conversion Options to the Celsius Noteholders in satisfaction of the Company's repayment obligations under the Celsius Convertible Notes, in accordance with the Celsius Noteholders Offer;
- the Public Offer issue of 20,000,000 (minimum subscription) to 30,000,000 (maximum subscription) Shares at an issue price of \$0.20 per Share, to raise a minimum of \$4,000,000 and a maximum of \$6,000,000 before expenses of the capital raising. The pro forma adjustments assume that the Public Offer is fully subscribed;
- cash costs of undertaking the Public Offer of \$592,335 (minimum subscription) to \$714,335 (maximum subscription); and
- the issue of 3,636,000 Adviser Shares to APCF.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (AFSL) under the *Corporations Act 2001*. RSM Financial Services Australia Pty Ltd holds the appropriate AFSL under the *Corporations Act 2001*.

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RSM Financial Services Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Financial Services Australia Pty Ltd ABN 22 009 176 354 Australian Financial Services Licence No. 238282

Scope

Historical Financial Information

You have requested RSM Financial Services Australia Pty Ltd to review the following historical financial information of CLA and Favourit included in the Prospectus:

- the Reviewed Statement of Profit or Loss and Other Comprehensive Income of CLA for the half-year ended 31 December 2015;
- the Audited Statement of Profit or Loss and Other Comprehensive income of CLA for the years ended 30 June 2015 and 30 June 2014;
- the Audited Statement of Profit or Loss and Other Comprehensive Income of Favourit for the half-year ended 31 December 2015;
- the Audited Statement of Profit or Loss and Other Comprehensive Income of Favourit for the years ended 30 June 2015 and 30 June 2014;
- the Reviewed Statement of Cash Flows of CLA for the half-year ended 31 December 2015;
- the Audited Statement of Cash Flows of CLA for the years ended 30 June 2015 and 30 June 2014;
- the Audited Statement of Cash Flows of Favourit for the half-year ended 31 December 2015;
- the Audited Statement of Cash Flows of Favourit for the years ended 30 June 2015 and 30 June 2014;
- the Reviewed Statement of Financial Position of CLA as at 31 December 2015; and
- the Audited Statement of Financial Position of Favourit as at 31 December 2015.

The historical financial information of CLA has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Historical Financial Information for the half-year ended 31 December 2015 has been extracted from the Company's financial statements for the half-year ended 31 December 2015, which were reviewed by RSM Australia in accordance with Australian Auditing Standards, and on which no matter was identified that would result in RSM Australia considering that the financial statements for the half-year ended 31 December 2015 did not give a true and fair view of CLA's financial position at 31 December 2015 and of its performance for the half-year ended on that date. For the half-year ended 31 December 2015, RSM Australia's review included an emphasis of matter that, without qualifying their conclusion, drew notice to the existence of a material uncertainty which may cast doubt over the Company's ability to continue as a going concern.

The Historical Financial Information for the years ended 30 June 2015 and 30 June 2014 has been extracted from the Company's financial statements for each financial year, which were audited by RSM Australia in accordance with Australian Auditing Standards, and on which an unqualified audit opinion was issued for each financial year. For each of these two financial years, RSM Australia's audit report included an emphasis of matter that, without qualifying their audit opinion, drew notice to the existence of a material uncertainty which may cast doubt over the Company's ability to continue as a going concern.

The historical financial information of Favourit has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles described in Australian Accounting Standards, and Favourit's adopted accounting policies.

The Historical Financial Information of Favourit for the half-year ended 31 December 2015 has been extracted from Favourit's financial statements for the half-year ended 31 December 2015, which were audited by RSM Australia in accordance with Australian Auditing Standards, and on which an unqualified audit opinion was issued.

The Historical Financial Information for the years ended 30 June 2015 and 30 June 2014 has been extracted from Favourit's financial statements for each financial year, which were audited by RSM Australia in accordance with Australian Auditing Standards, and on which an unqualified audit opinion was issued for each financial year.

The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested RSM Financial Services Australia Pty Ltd to review the following pro forma historical financial information of CLA and Favourit included in the Prospectus:

- the Consolidated Pro Forma Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2015, and the years ended 30 June 2015 and 30 June 2014;
- the Consolidated Pro Forma Statement of Cash Flows for the half-year ended 31 December 2015, and the years ended 30 June 2015 and 30 June 2014; and
- the Consolidated Pro Forma Statement of Financial Position as at 31 December 2015.

The pro forma historical financial information has been derived from the historical financial information of CLA and Favourit, after adjusting for the effects of pro forma adjustments described in Section 11 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the transactions to which the pro forma adjustments relate, as described in Section 11 of the Prospectus, as if those transactions had occurred as at the date of the historical financial information. Due to its nature, the pro-forma historical financial information does not represent the Company's actual or prospective financial performance, cash flows and financial position.

Directors' responsibility

The directors of CLA are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the historical and pro forma historical financial information;
- a review of CLA and Favourit's work papers, accounting records and other documents;
- enquiry of directors, management personnel and advisors;
- consideration of the pro forma adjustments described in Note 2 in Section 11 of the financial information; and
- the performance of analytical procedures applied to the historical and pro forma historical financial information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in Section 11 of the Prospectus, and comprising:

- the Reviewed Statement of Profit or Loss and Other Comprehensive Income of CLA for the half-year ended 31 December 2015;
- the Audited Statement of Profit or Loss and Other Comprehensive Income of CLA for the years ended 30 June 2015 and 30 June 2014;
- the Audited Statement of Profit or Loss and Other Comprehensive Income of Favourit for the half-year ended 31 December 2015;
- the Audited Statement of Profit or Loss and Other Comprehensive Income of Favourit for the years ended 30 June 2015 and 30 June 2014;
- the Reviewed Statement of Cash Flows of CLA for the half-year ended 31 December 2015;
- the Audited Statement of Cash Flows of CLA for the years ended 30 June 2015 and 30 June 2014;
- the Audited Statement of Cash Flows of Favourit for the half-year ended 31 December 2015;
- the Audited Statement of Cash Flows of Favourit for the years ended 30 June 2015 and 30 June 2014;
- the Reviewed Statement of Financial Position of CLA as at 31 December 2015; and
- the Audited Statement of Financial Position of Favourit as at 31 December 2015;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the financial information.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information, as described in Section 11 of the Prospectus, and comprising:

- the Consolidated Pro Forma Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2015, and the years ended 30 June 2015 and 30 June 2014;
- the Consolidated Pro Forma Statement of Cash Flows for the half-year ended 31 December 2015, and the years ended 30 June 2015 and 30 June 2014; and
- the Consolidated Pro Forma Statement of Financial Position as at 31 December 2015;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the financial information.

Restriction on Use

Without modifying our conclusions, we draw attention to the financial information – basis of preparation section, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSM Financial Services Australia Pty Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM Financial Services Australia Pty Ltd has not authorised the issue of the Prospectus. Accordingly, RSM Financial Services Australia Pty Ltd makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Declaration of Interest

RSM Financial Services Australia Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this assurance report for which normal professional fees will be received.

Yours faithfully

RSM FINANCIAL SERVICES AUSTRALIA PTY LTD

A handwritten signature in blue ink, appearing to read 'Glyn Yates'.

Glyn Yates
Director

9 March 2016

13. CORPORATE GOVERNANCE

13.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations.

Details on the Company's corporate governance procedures, policies and practices can be obtained from the Company website at <http://www.favouritlimited.com>.

Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

The Board has appointed a Nomination and Remuneration Committee (**Committee**) and established a Charter for the Committee which includes the identification and recommendation of potential director appointments. Where a casual vacancy arises during the year, the Committee has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next General Meeting and is then eligible for re-election by the shareholders.

It is proposed that, while there are 4 directors or less of the Company, all directors will be members of the Nomination and Remuneration Committee with one to be appointed as the chair of the Committee, if the Transaction is successfully completed.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its Key Management Personnel (i.e. Directors and, if applicable, any employees reporting directly to the Managing Director). The policy generally provides that written notification to the Chairman must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit and risk committee

The Board has established an audit and risk committee (**Audit and Risk Committee**) as part of its Corporate Governance Charter. The Audit and Risk Committee is responsible for ensuring the risks and opportunities are identified on a timely basis. To achieve this, the Audit and Risk Committee will implement a risk system which allows for the regular monitoring of identified risk areas and performance against the activities to minimise or control these identified risks.

The Audit and Risk Committee's purpose is to provide assistance to the Board in fulfilling its corporate governance and monitoring responsibility in relation to the Company's risks associated with the integrity of financial reporting, internal control systems and external audit functions.

It is proposed that two directors will be members of the Audit and Risk Committee with one to be appointed as the chair of the Committee, if the Transaction is successfully completed.

Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

13.2 Departures from Recommendations

The Company's compliance and departures from the Recommendations will be announced to the ASX prior to the Company's re-instatement to trading.

Following re-admission to the Official List of the ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

14. MATERIAL CONTRACTS

14.1 Acquisition Agreement

The material terms of the Acquisition Agreement are as follows:

- (a) **(Consideration)**: the consideration payable by the Company in respect of the Acquisition is a total of 60,600,000 Shares to the Vendors at a deemed issue price of \$0.20 per Share which are to be issued to the Vendors in proportion to the number of Favourit Shares held by each of them;
- (b) **(Conditions Precedent)**: Settlement is conditional upon the satisfaction or waiver of the following conditions precedent:
 - (i) completion of due diligence by the Company on Favourit and each of its subsidiaries (together the **Favourit Group**) to the satisfaction of the Company, and completion of due diligence by Favourit on the Company and its related bodies corporate (the **Company Group**) to the satisfaction of Favourit;
 - (ii) the working capital of the Company Group (cash less current liabilities, less borrowings) at the Settlement Date must not be negative;
 - (iii) if required by the ASIC, Favourit preparing audited accounts for Favourit and each of its Subsidiaries for the shorter period of 3 years and the date of incorporation of Favourit and delivering those accounts to the Company;
 - (iv) the satisfaction of all of the conditions precedent for the acquisition by the Company of the Favourit shares from all of the minority shareholders of Favourit under a separate offer by the Company made under a short form agreement (**Minority Shareholder Offer**);
 - (v) no matter, event or circumstances exists, which would result in any warranties being given by the Company or Favourit pursuant to the Acquisition Agreement being untrue, or have a negative impact of more than A\$250,000 on the assets or liabilities of the Company Group or the Favourit Group;
 - (vi) the Company obtaining all necessary approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition and Capital Raising for the issue of the Consideration Shares to the Shareholders;
 - (vii) the Company preparing a full form prospectus, lodging the prospectus with the ASIC, and raising a minimum of A\$4,000,000 under the Prospectus through the issue of Shares at a price of not less than A\$0.20 each (**Capital Raising**);
 - (viii) both the Company and Favourit obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the parties as are required to allow the parties to lawfully complete the matters set out in the Acquisition Agreement;

- (ix) if required, each of the Favourit shareholders waiving all pre-emptive and other rights over any of the Favourit Shares conferred by the constituent documents of Favourit, any shareholders' agreement relating to Favourit or in any other way (if any);
 - (x) the Company entering into an agreement to sell 100% of the issued shares in View Nickel Pty Ltd (ACN 102 771 871) for a nominal sum with no risk and liabilities being assumed by the Company and the only condition to the divestment being Settlement under the HOA; and
 - (xi) to the extent required by the ASX and the ASX Listing Rules, each Favourit Shareholder entering into a restriction agreement as required by ASX imposing such restrictions on trading of those securities as mandated by the ASX Listing Rules in respect of the Consideration Shares,
- (c) **(Settlement Date)**: the date which is five (5) business days after satisfaction of the above;
 - (d) **(Board changes)**: on the Settlement Date, the Company proposes to appoint Messrs Martin Dalgleish, Toby Simmons, Richard Kuo, and Dennis Verrios of Favourit as Directors, and all then current directors of the Company shall resign; and
 - (e) **(End Date)**: 5.00pm (WST) on 31 May 2016 (or such other date as Favourit or the Company may agree in writing).

The Acquisition Agreement otherwise contains terms, conditions and restrictions which are customary for an agreement of its nature.

14.2 Whitelabel Partnership Agreement with EveryMatrix

The key terms of the whitelabel agreement include:

(a) Term

The term of the agreement originally commenced on 28 January 2014 for a "Start Period" of twenty four months, after which the term continues indefinitely unless terminated by either party on six months' notice to the other party or otherwise terminated in accordance with the termination rights set out in Section 9.3(a), above.

A subsequent whitelabel agreement (specific to the UK and Irish gambling operations) (**UK Whitelabel Agreement**) commenced on 21 October 2015. In addition to this subsequent UK Whitelabel Agreement, a number of addendums have been added to the contract including:

- (i) a novation agreement between Favourit Global Pty Ltd and its subsidiary Favourit Enterprises Ltd which commenced on 20 August 2014, transferring the ownership of the EveryMatrix whitelabel agreement to Favourit's Isle of Man subsidiary.
- (ii) a service level agreement;
- (iii) a schedule of fees between EveryMatrix and Favourit (see section B below);

- (iv) an addendum in respect of Favourit offering an affiliate management platform provided by Income Access which commenced on 13 November 2015;
- (v) an addendum in respect to the reference and clarification of Favourit as a whitelabel partner which commenced on 25 January 2016;
- (vi) an addendum in respect to the change in fee structures based on the original whitelabel agreement which commenced on 28 January 2014 and the replacement UK Whitelabel Agreement which commenced on 21 October 2015; and
- (vii) an addendum in respect to the change of parties to the whitelabel agreement commenced on 24 February 2015.

In addition, EveryMatrix has provided Favourit with a list of operating terms and conditions under particular gambling licences for the United Kingdom, Curacao, Malta, and Ireland.

(b) **Fees**

The following fees apply to the UK Whitelabel Agreement between EveryMatrix and Favourit:

- (i) a setup fee (in respect of provision of the service);
- (ii) monthly operational fixed fees (for the ongoing provision of the service);
- (iii) payment processing fees (in respect of player transactions including deposits and withdrawals);
- (iv) a ratcheted profit sharing component in respect of gross gaming revenue from sports betting activity; and
- (v) a profit sharing component in respect of gross gaming revenue from casino betting activity with both EveryMatrix and casino game provider.

(c) **Licencing**

EveryMatrix provides Favourit access to the following licences:

(i) **United Kingdom (UKGC)**

This licencing is a combined remote operating licence granted to EveryMatrix Software Limited (reg, no. c51832) authorising the licensee to (a) operate an online casino and (b) provide facilities for real event betting other than pool betting or betting on virtual events.

The licence number is 000-039383-R-319384-003, issued to EveryMatrix Software Limited on 24 August 2015 with an indefinite duration.

(ii) **Curacao**

This licencing is a sublicense by AntillePhone N.V. and is allowed the operation of Games of Chance on the International markets via service licences.

The licence number is 8048/JAZZ2010-011, was issued to EveryMatrix N.V. (reg. 108354) on 19 January 2010 and is valid until 28 November 2018.

(iii) **Malta**

This licencing includes:

- (A) Class 1 on 4: Class 1 gaming licence is addressed to operators that manage their own risk on repetitive games, specifically, casino games.

The licence number is MGA/CL1/497/2010, issued to EveryMatrix Limited (reg. 44411) on 2 May 2012 for a duration of 5 years.

- (B) Class 2 on 4: Class 2 betting licence is for operators that manage their own risk on events based on a matchbook. In this case, EveryMatrix's Class 2 licence operates its games on the platform of a Class 4 licence.

The licence number is MGA/CL2/497/2008, issued to EveryMatrix Limited (reg. 44411) on 27 April 2012 for a duration of 5 years.

- (C) Class 4: Class 4 licence is a licence to host and manage remote gaming servers.

The licence number is MGA/CL4/497/2011, issued to EveryMatrix Software Limited (reg. 51832) on 27 April 2012 for a duration of 5 years.

(iv) **Ireland**

This licencing is a remote bookmaker licence granted to EveryMatrix Limited (reg. no. 44411).

The licence number is 1010384, issued to EveryMatrix Limited (reg. 44411) on 30 September 2015 and is valid until 30 June 2017.

(d) **Service Provided by EveryMatrix**

- (i) continuous access and operation of the Gaming Services (see definition below) within the markets defined in Licencing (see Section 14.2(c)(i)-(iv) above);
- (ii) 2nd line customer support and all customer complaints;
- (iii) managing and handling all fraudulent behaviour by customers; and
- (iv) ensuring safe keeping of all customer funds.

“Gaming Services” include GamMatrix Gaming Management Solution, Sportsbook powered by OddsMatrix, GamMatrix Casino Engine including mobile, casino powered by Net Entertainment and casino powered by Microgaming.

(e) **Services by Favourit**

- (i) marketing, advertising and promoting the Gaming Services on the Website; and
- (ii) 1st line customer support.

(f) **Additional obligations**

Under the UK Whitelabel Agreement, Favourit must also comply with numerous additional obligations, including, but not limited to:

- (i) maintaining and funding a “Security Deposit Account” from which, for example, players are credited and bonuses are awarded;
- (ii) complying with all UK laws;
- (iii) ensuring it does not market to self-excluded customers; and
- (iv) notifying EveryMatrix immediately if Favourit becomes aware of any suspicious activity related to money laundering and prevention of financing terrorism, as well as fraud incidents such as match fixing, cheating and collusion.

(g) **Termination**

See Section 9.3(a), above for a summary of termination events.

14.3 **Agreements with Key Personnel**

Favourit has entered into contracts of employment with key personnel (**Key Personnel**), who are engaged to carry on the development and commercialisation of the Favourit Platform (**Engagement Agreements**):

The material terms of each of the Engagement Agreements are as follows:

- (a) **Remuneration:** Favourit will pay the Key Personnel a total of \$50,750 per month (in aggregate) for their services under the Engagement Agreements;
- (b) **Non-Compete:** the Key Personnel must not compete nor engage in any activity in competition with or adverse to the interests of Favourit for a minimum period of 6 months from the date of termination of their appointment; and
- (c) **Intellectual Property Rights:** any technology, including any associated copyright, patent, know-how or intellectual property right (**IP**), developed by the Key Personnel during their appointment remains the property of Favourit. Favourit has the right to assign or register any rights in relation to the IP in any country.

An Engagement Agreement may be terminated by any party by giving three months prior notice in writing to the other party, or Favourit may terminate an Engagement Agreement with a member of Key Personnel immediately for breach of standard terms and conditions relating to cause.

The Engagement Agreements also contains various other terms and conditions that are considered standard for agreements of this nature.

14.4 Corporate Advisory Mandate

The Company has entered into a corporate advisory mandate with APCF (**Mandate**) pursuant to which APCF has agreed to act as corporate adviser to the Company in relation to the Company's acquisition of Favourit, and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Company has agreed to provide APCF with the following in relation to the services provided pursuant to the Mandate:

- (a) a corporate advisory fee of \$5,000 per month (exclusive of GST), payment of which commenced on 1 July 2015, and shall continue until the Company is successfully relisted or on a monthly basis after this period by agreement between the Company and APCF; and
- (b) a success fee (to APCF or its nominees) on completion of the Acquisition which shall be equal to 6% of the acquisition price payable in Shares after the Company complies with Chapters 1 and 2 of the ASX Listing Rules (being 3,636,000 Shares).

APCF may terminate the Mandate if the Company commits any material breach, or becomes insolvent, and the Company may terminate the Mandate by giving at least 7 days written notice to APCF prior to the expiration of the Mandate period.

The Mandate contains various other terms and conditions considered standard for an agreement of this type, including those regarding expenses and confidentiality.

14.5 Loan Facility Agreement

Favourit (as Lender) and Favourit Enterprises (as Borrower) have entered into an interest free loan facility agreement (**Loan Facility Agreement**) upon which Favourit has agreed to make available a \$600,000 loan facility, which may be drawn down by Favourit Enterprises subject to standard terms and conditions of an agreement of this type.

Favourit Enterprises is obliged to repay any amounts drawn down by it by the commitment expiry date, being 31 December 2020 (or any earlier time as agreed between the parties).

14.6 Market Eye – Media Relations Agreement

Favourit has entered into an agreement with Market Eye Pty Ltd (ACN 137 305 527) (**Market Eye**) (**Media Agreement**), pursuant to which Market Eye has agreed to provide Favourit with strategic investor relations advice, media relations advice and support (**Media Services**).

Favourit has agreed to provide Market Eye with a monthly fixed retainer fee of \$15,000 per month for 6 months (with the term having commenced on 21

January 2016) in relation to the Media Services provided pursuant to the Media Agreement which shall be payable as per the following components:

- (a) \$45,000 worth of Options in the Company which shall have a vesting period of 12 months, an exercise period of three years, and an exercise price that is 43% above the value at which Favourit undertook its last pre-IPO capital raising (the Company notes that these options will not be issued by the Company to Market Eye until completion of the Acquisition, and all terms and conditions relating to these options will be released to the market in due course and will be subject to any necessary shareholder or regulatory approvals); and
- (b) A\$7,500 in cash per month (being the balance of 14.6(a) above).

The Media Agreement contains various other terms and conditions considered standard for an agreement of this type.

14.7 Executive Service Agreement

The Company and Toby Simmons have entered into an executive services agreement (**Executive Services Agreement**) pursuant to which Mr Simmons shall be appointed as the Managing Director and Chief Executive Officer of the Company commencing on completion of the Conditions (see Section 6.2), until such time that it is validly terminated (**Term**).

Mr Simmons is entitled to a base salary of \$219,000 per annum (inclusive of superannuation) to be reviewed annually (**Salary**). Mr Simmons is entitled to participate in the Company's long-term equity based incentive schemes subject to the satisfaction of certain performance criteria (See Section 10.3.2). Mr Simmons is also entitled to be reimbursed for all reasonable travel, accommodation and general expenses incurred by Mr Simmons in the performance of his duties.

The Executive Services Agreement may be terminated by any party by giving 6 months prior notice in writing to the other party, or Favourit may terminate the Executive Services Agreement immediately if Mr Simmons breaches any standard terms and conditions relating to cause.

The Executive Services Agreement also contains various other terms and conditions that are considered standard for an agreement of this nature.

14.8 Non-Executive Appointment Letters – Messrs Dalgleish, Kuo, and Verrios

The Company has entered into non-executive letters of appointment with Messrs Martin Dalgleish, Richard Kuo, and Dennis Verrios (**Non-Executive Agreements** or **Non-Executive Agreement** as the context requires) pursuant to which, each of the abovementioned parties are to be appointed as non-executive directors of the Company upon completion of the Conditions (see Section 6.2), and from then on in accordance with the Company's Constitution relating to retirement by rotation and re-election of directors.

Mr Dalgleish, Kuo and Verrios will each be remunerated \$60,000, \$35,000, and \$35,000 respectively, per annum (inclusive of superannuation). Each director is also entitled to additional payments for devoting special attention to business outside the scope of ordinary duties and is entitled to reasonable expenses properly incurred whilst undertaking their respective duties.

Messrs Dalgleish, Kuo, and Verrios are non-independent Directors of the Company.

14.9 Company Secretarial Corporate Services Engagement

The Company and Bentleys Corporate Advisory (WA) Pty Ltd have entered into a corporate services engagement whereby Mr Ranko Matic shall provide company secretarial services to the Company (**Corporate Services Engagement**).

The Company shall pay to Bentleys a fee of \$4,500 per calendar month.

The Corporate Services Engagement may be terminated by either party giving 3 months written notice to the other.

The Corporate Services Engagement contains various other terms and conditions that are considered standard for an agreement of this nature, including those regarding expenses and confidentiality.

14.10 Agreements with Existing Directors

Following completion of the Acquisition, Messrs William Oliver, Alistair Muir and Ranko Matic will resign as Directors of the Company, and other than in respect to Mr Matic's role as Company Secretary (see Section 14.9) there are no agreements between the Company and the abovementioned parties.

14.11 Celsius Convertible Notes

See Section 15.3 for a summary of the Celsius Convertible Notes.

15. ADDITIONAL MATERIAL INFORMATION

15.1 Litigation

As at the date of this Prospectus, neither the Company nor Favourit is involved in any material legal proceedings and neither the Directors nor the Proposed Directors are aware of any legal proceedings pending or threatened against the Company or Favourit other than the potential claim relating to the notification that Favourit received in respect of additional commission allegedly owing to the Potential Claimant (see Section 9.3(e) for full details).

15.2 Rights and liabilities attaching to Shares

The Shares offered under this Prospectus will be fully paid ordinary shares in the issued capital of the Company and will, upon issue, rank equally with all other Shares then on issue.

The rights and liabilities attaching to Shares are regulated by the Company's Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and common law. The following is a summary of the more significant rights and obligations attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Further details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to attend and vote at general meetings of the Company, in person, or by proxy, attorney or representative.

For so long as the Company remains a listed entity, Shareholders will be entitled to receive at least 28 days' prior written notice of any proposed general meeting.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of Shareholders or a class of Shareholders:

- (i) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (ii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the

amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Board may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The Board may also from time to time pay to the Shareholders such interim dividends as the Board may determine.

No dividend shall carry interest as against the Company. The Board may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Board, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Board, implement a dividend reinvestment plan on such terms and conditions as the Board thinks fit and which provides for any dividend which the Board may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares offered under the Prospectus are fully paid shares, they are not subject to any calls for money by the Company and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or

failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

The rights attaching to Shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of Shareholders or with the written consent of holders of three quarters of all Shares on issue.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting.

15.3 **Terms and Conditions of Celsius Convertible Notes**

- (a) **(Face value):** Each Celsius Convertible Note has a face value of \$25,000.
- (b) **(Interest):** 15% of gross proceeds payable at the Maturity Date (defined below) or on conversion. Interest is to be paid in cash or shares at the election of the Celsius Noteholder.
- (c) **(Maturity Date):** Celsius Convertible Notes are to convert on completion of a successful corporate transaction, or earlier at the election of the Celsius Noteholder.
- (d) **(Conversion Price):** Equal to the pricing of the Public Offer.
- (e) **(Conversion Options):** Conversion Shares to be issued on conversion of the Celsius Convertible Notes will have a 1:2 free attaching call option with an exercise price equal to the price of the Shares issued pursuant to the Public Offer, and an expiry of 30 December 2018.

15.4 **Rights and liabilities attaching to Conversion Options**

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 December 2018 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities.

15.5 Interests of Directors and Proposed Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) any of the Offers; or
- (c) any of the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) any of the Offers.

15.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to any Offer or a financial services licensee named in this Prospectus as a financial services licensee involved in any Offer,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) any of the Offers; or
 - (iii) any of the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) any of the Offers.

APCF has acted as Lead Manager for the Company in relation to the Public Offer. The Company will pay APCF fees as summarised in Section 14.4. During the 24 months preceding lodgement of this Prospectus with the ASIC, APCF has not received any fees from the Company for its services.

RSM Financial Services Australia Pty Ltd has acted as Investigating Accountant of the Company and has prepared the Financial Information and Investigating Accountant's Report which are included in Sections 11 and 12 of this Prospectus. The Company estimates it will pay RSM Financial Services Australia Pty Ltd a total of \$19,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Financial Services Australia Pty Ltd has not received any fees from the Company for their services.

RSM Australia Partners has acted as auditor of the Company. The Company estimates it will pay approximately \$50,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Australia Partners has received \$14,660 (excluding GST) from the Company for their services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$80,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees of \$130,607 (excluding GST) from the Company for legal services.

15.7 Consents

- (a) Other than as set out below, each of the parties referred to in this Section 15.7:
 - (i) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the relevant party;
 - (ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party; and
 - (iii) did not authorise or cause the issue of all or any part of this Prospectus.
- (b) Steinepreis Paganin has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Australian lawyers to the Company in relation to the Offers.
- (c) RSM Australia Partners has given its written consent to being named as auditor of the Company in this Prospectus. RSM Australia Partners has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- (d) Automic Registry Services has given its written consent to being named as share registry of the Company in this Prospectus. Automic Registry Services has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- (e) RSM Financial Services Australia Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Financial Information and Investigating Accountant's Report in Sections 11 and 12 of this Prospectus in the form and context in which the information and reports are included. RSM Financial Services Australia Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.
- (f) APCF has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Lead Manager to the Public Offer in the form and context in which it is named.

15.8 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will continue to be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

16. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with the ASIC.



William Oliver

**Non-Executive Director
For and on behalf of
Celsius Coal Limited
(to be renamed "Favourit Limited")**

17. GLOSSARY AND INTERPRETATION

17.1 Definitions

Unless the context requires otherwise, where the following terms are used in this Prospectus, they have the following meanings:

\$ means an Australian dollar.

Acquisition or Favourit Acquisition means the proposed acquisition of all Favourit Shares by the Company, subject to and in accordance with the terms of the Acquisition Agreement.

Acquisition Agreement means the binding heads of agreement between the Company, Favourit and shareholders in Favourit as summarised at Section 14.1.

Additional Offers means the Favourit Offer, Adviser Offer, and Celsius Noteholder Offer.

Adviser or APCF means Asia Principal Capital-Corporate Finance Pty Ltd (or its nominee).

Adviser Offer means the offer of Adviser Shares to APCF pursuant to this Prospectus as set out in Section 6.1.2(b).

Adviser Share means a Share to be issued to the Adviser pursuant to the Adviser Offer.

Applicant means a person applying for Shares pursuant to the Public Offer.

Application means an application for Securities made on an Application Form.

Application Form means a Public Offer Application form attached to or accompanying this Prospectus relating to the Public Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement Corporation means ASX Settlement Pty Ltd (ACN 008 504 532).

ASX Settlement Operating Rules means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS sub registers.

Board means the board of Directors as constituted from time to time.

Capital Raising means the Company's raising of no less than \$4 million and up to \$6 million by the issue of a minimum of 20,000,000 Shares and up to 30,000,000 Shares at an issue price of \$0.20 per Share pursuant to this Prospectus.

Celsius Convertible Note means a convertible note, the terms and conditions of which are summarised at Section 15.3 of this Prospectus.

Celsius Noteholder Offer means the offer of Conversion Securities to Celsius Noteholders pursuant to this Prospectus as set out in Section 6.1.2(c).

Celsius Noteholders means the holder of a Celsius Convertible Note.

Closing Date means the closing date of the Offers as set out in the indicative timetable in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

Company, Celsius or CLA means Celsius Coal Limited (to be renamed "Favourit Limited") (ACN 009 162 949).

Conditions means the conditions to the Offers set out in Section 6.2 of this Prospectus.

Consideration means the consideration payable by the Company to the Vendors under the Acquisition Agreement as set out in Section 14.1(a).

Consideration Shares means the Shares to be issued to the Vendors pursuant to the Acquisition Agreement.

Constitution means the constitution of the Company.

Conversion Options means the Options to be issued to Celsius Noteholders in relation to the Celsius Convertible Notes, with the terms and conditions set out at Section 15.3 of this Prospectus.

Conversion Securities means Conversion Shares and Conversion Options.

Conversion Shares means the Shares to be issued to Celsius Noteholders in relation to the Celsius Convertible Notes.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

ESOP means the Employee Share Option Plan adopted by the Company on 28 January 2016.

Favourit means Favourit Global Pty Ltd (ACN 158 297 566).

Favourit Application Form means the Favourit application form accompanying this Prospectus relating to the Favourit Offer.

Favourit Australia means Favourit Australia Pty Ltd (ACN 602 262 644).

Favourit Board means the board of directors of Favourit as at the date of this Prospectus.

Favourit Enterprises means Favourit Enterprises Ltd (a company incorporated in the Isle of Man with registration number 128937C).

Favourit Group means Favourit, Favourit Australia, and Favourit Enterprises.

Favourit Offer means the offer of Consideration Shares to **Vendors** under this Prospectus set out in Section 6.1.2(a).

Favourit Platform has the meaning given in Section 5.

Favourit Share means a fully paid ordinary share in the issued capital of Favourit.

Favourit Shareholder means a holder of one or more Favourit Shares.

General Meeting means the General Meeting of the Company held on 28 January 2016, which sought Shareholder approval for the matters set out in the Notice of Meeting.

Lead Manager means APCF.

Mandate has that meaning given to it in Section 14.4.

Merged Group means the Company and its subsidiaries after successful completion of the Favourit Acquisition, including without limitation, Favourit.

Minimum Subscription means the Company receiving Valid Applications for 20,000,000 Shares under the Public Offer to raise \$4,000,000.

Notice of Meeting means the Notice of General Meeting and Explanatory Statement of the Company in relation to the General Meeting.

Offers means, collectively, the Public Offer, the Favourit Offer, the Adviser Offer, and the Celsius Noteholder Offer, and Offer means any of them, as the case requires.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an Option to acquire a Share, with the terms and conditions set out at Section 15.4 of this Prospectus.

Optionholder means the holder of an Option.

Proposed Directors means Messrs Martin Dalgleish, Toby Simmons, Richard Kuo, and Dennis Verrios.

Prospectus means this prospectus.

Public Offer means the offer of Shares to the public pursuant to this Prospectus as set out in Section 6.1.1.

Public Offer Application Form means the application form to subscribe for Shares under the Public Offer, attached to or accompanying this Prospectus.

Section means a section of this Prospectus.

Security means a security in the capital of the Company, including but not limited to a Share, Option, or Performance Share, as the context requires.

Settlement means the settlement of the Acquisition under the Acquisition Agreement.

Settlement Date means the date on which settlement occurs pursuant to the Acquisition Agreement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of one or more Shares.

Share Registry means Automic Registry Services.

Transaction means the transaction between the Company and Favourit as contemplated by the Acquisition Agreement.

UK Whitelabel Agreement means the UK Whitelabel Services Agreement between EveryMatrix Software Limited and Favourit Enterprises Limited entered into on 21 October 2015 and as amended by subsequent addendums.

UKGC means United Kingdom Gambling Commission.

UKGC Licence means the remote gambling licence granted by the UKGC to EveryMatrix.

Valid Application means a valid and complete application to subscribe for Shares under the Public Offer, accompanied by the appropriate application money in full.

Vendors means the Favourit Shareholders at the time of Settlement.

View Nickel means View Nickel Pty Ltd (ACN 102 771 871).

WST means Western Standard Time as observed in Perth, Western Australia.

17.2 Interpretation

Unless the contrary intention appears, the following rules apply in interpreting this Prospectus:

- (a) words or phrases defined in the Corporations Act have the same meaning in this Prospectus;
- (b) a reference to legislation, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;
- (d) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- (e) a reference to Australian dollars, AUD, \$ or dollars is to the lawful currency of the Commonwealth of Australia; and
- (f) a reference to time is to WST.