

stirfire

STUDIOS



Prospectus

July 2017

Stirfire Limited

Prospectus

ACN 147 245 234

Proposed ASX Code: SFS

This Prospectus is for:

- an Offer of 25,000,000 New Shares at an issue price of \$0.20 each to raise \$5,000,000 (before costs), with the ability to take oversubscriptions of up to 10,000,000 New Shares, to raise a further \$2,000,000 for a total raising of \$7,000,000 (Offer); and
- satisfying the admission requirements to ASX

Lead Manager: RM Corporate Finance AFSL 315235



IMPORTANT NOTICE

This Prospectus is dated 17 July 2017 and was lodged with ASIC on that date. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application will be made for listing of the Company's securities offered by this Prospectus to the ASX within 7 days after the date of this Prospectus. The fact that the ASX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities.

The ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liabilities whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus. ASIC takes no responsibility for the contents of this Prospectus.

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. Failure to comply with these restrictions may violate securities laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer. No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Web Site—Electronic Prospectus

A copy of this Prospectus is available and can be downloaded from the website of the Company at www.stirfire.net. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire 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 the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company prior to the Closing Date. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

Suitability of Investment & Risks

Before deciding to invest in the Company, prospective investors should read entirely this Prospectus and, in particular, the summary of the Company's products and services in section 5 and the risk factors in section 7. You should carefully consider these factors in the light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding to invest. Any investment in the Shares of the Company should be regarded as speculative.

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 endorses the Prospectus or its contents or 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.

Definitions and currency

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary. References to currency are to Australian dollars unless otherwise stated.

Time

All references in this Prospectus are references to Australian Western Standard Time unless otherwise stated.

Exposure Period

This Prospectus is subject to an exposure period of 7 days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to 7 days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, any applications received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on applications received in the exposure period and all applications received during the exposure period will be treated as if they were simultaneously received on the Opening Date.



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Corporate Directory

DIRECTORS

Daniel Smith
(Non-Executive Chairman)

Garth Pendergrast
(Chief Executive Officer)

Michael Pereira
(Executive Director)

Brendan Ragan
(Executive Director)

REGISTERED OFFICE

Ground Floor, 1 Centro Avenue
Subiaco WA 6008

Tel: (08) 9486 4036

Fax: (08) 9486 4799

BUSINESS OFFICE

Unit 5, 1 Centro Avenue Subiaco WA 6008
PO Box 510 Subiaco WA 6904

LEAD MANAGER

RM Corporate Finance Pty Ltd
Level 1, 143 Hay Street
Subiaco WA 6008

AUDITOR*

Pitcher Partners BA&A Pty Ltd
Level 1, 914 Hay Street
Perth WA 6000

WEBSITE

www.stirfire.net

COMPANY SECRETARY

Daniel Smith
Minerva Corporate
Ground Floor, 1 Centro Avenue
Subiaco WA 6008

SHARE REGISTRY*

Advanced Share Registry Limited
110 Stirling Highway
Nedlands WA 6009

Tel: (08) 9389 8033

Fax: (08) 9262 3723

SOLICITORS TO THE OFFER

Mills Oakley
Level 2, 225 St Georges Terrace
Perth WA 6000
www.millsoakley.com.au

INVESTIGATING ACCOUNTANT

Pitcher Partners BA&A Pty Ltd
Level 1, 914 Hay Street
Perth WA 6000

*This party is named for information purposes only and was not involved in the preparation of this Prospectus.



1 TIMETABLE TO THE OFFER

Lodge Prospectus	17 July 2017
Opening Date of the Offer	24 July 2017
Closing Date of the Offer	15 September 2017
Issue of Shares under the Prospectus	22 September 2017
Quotation of Shares on the ASX	29 September 2017

This timetable is indicative only, and may change. The Company reserves the right to extend the Closing Date or close the Offer early without notice, in its absolute discretion. Quotation of shares on ASX is at the discretion of ASX and is subject to the Company satisfying the listing requirements of ASX.

2 CAPITAL STRUCTURE

	Minimum subscription \$5 million	Maximum subscription \$7 million
Shares currently on issue	39,135,000	39,135,000
Shares offered under this Prospectus at \$0.20 per Share	25,000,000	35,000,000
Total Shares on issue following Offer	64,135,000	74,135,000

3 CHIEF EXECUTIVE OFFICER'S LETTER

Dear Investor

On behalf of the Directors of Stirfire Limited (**Company** or **Stirfire**), I am pleased to invite you to participate in the Offer to raise up to \$7,000,000 through the issue of up to 35,000,000 Shares at an issue price of \$0.20 each.

Founded in 2010, Stirfire is an innovative Australian videogame, entertainment software and simulation company with the vision of being at the forefront of industry.

Video games are a marriage of technology, design, art and sound design into a single cohesive whole, and as such have far reaching applications in a variety of sectors including the entertainment industry, as well as health, education, defence, emergency planning, manufacturing and service delivery.

A pivotal point in the production of videogames is the advent of virtual reality (**VR**) technologies and their commercialisation at the hands of industry giants such as Sony (under its PlayStation 4 platform). The Company prides itself on being at the forefront of VR development. *Symphony of the Machine* received international attention after being exhibited at PAX AUS 2016 and was launched in late April 2017 on Steam and PlayStation VR in North America, Europe and Oceania and Asia.

The Company's proposed listing on the Australian Securities Exchange (**ASX**) will provide Stirfire with a more visible and prominent profile to better construct new products, promote, market and commercialise the Company's products and services. It will also provide an orderly and transparent platform for Shareholders and interested investors to trade the Company's Shares.

The funds raised from this Offer will be used primarily for pre and post-production game development, marketing, software and hardware, the costs of the Offer and general working capital. The Prospectus contains detailed information about the Company's operations, business plan and financial position. It also sets out the benefits of investing in the Company, given that:

- annual revenue of the worldwide videogame industry now exceeds \$US100 billion; and
- the VR market segment is small but rapidly growing in devices and receives strong media attention.

While the Directors believe that the Company has high growth potential, investment in the Company carries with it substantial risks including:

- limited track record and revenues;
- lifecycle of product;
- reliance on third party providers such as Sony, Oculus and Steam;
- intellectual property risk;
- rapid changes in the gaming industry;
- brand establishment and maintenance; and
- reliance on key staff.

Potential investors are urged to read this Prospectus carefully and in full and, where necessary, seek professional advice to make an informed decision.

The videogame industry is an exciting and creative place to work in with rapid changes that lead to market opportunities. Following the launch of *Symphony of the Machine*, Stirfire plans to expand its capability and produce upcoming titles in both traditional and virtual reality markets.

I look forward to welcoming you as a shareholder of the Company.

Yours faithfully

Garth Pendergrast
Chief Executive Officer



4 INVESTMENT OVERVIEW

This information is a selective overview only and is not intended to provide full information for investors intending on applying for Shares offered under this Prospectus. Prospective investors should read the Prospectus in full before deciding to invest in Shares.

Question	Response	Section
Introduction		
Who is issuing this Prospectus?	Stirfire Limited (ACN 147 245 234), a company incorporated in Western Australia (Stirfire or Company).	5.1
What is Stirfire and what does it do?	Stirfire was incorporated on 8 November 2010 and is a videogame and virtual reality developer, both for original in-house and third party software developments. The Company's software products are developed and sold on online software markets including PlayStation Network or Xbox Live (for in-house development) or under contract (for third party development).	5.1
What is the purpose of this Prospectus?	This Prospectus is issued in conjunction with a public offer for the issue of up to 35,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$7 million (before costs) and an application by the Company for the listing of its shares on ASX.	11.1
Business Model		
What are the Company's key products and services?	Videogame and virtual reality development, both for original in-house and third party software developments.	5.4
How will the Company generate revenue?	The Company generates revenue through the sale of its products and services.	5.3
What are the key dependencies of the Company's business model?	The key factors that Stirfire will depend on to meet its objectives are: <ul style="list-style-type: none">• key distribution channels;• key technical personnel;• the Company's ability to protect its intellectual property; and• the ability to generate and meet demand for its products and services.	

Question	Response	Section
What material contracts has Stirfire entered into?	<p>Stirfire has entered the following material contracts:</p> <ol style="list-style-type: none"> Global Developer and Publishing Agreement with Sony Interactive Entertainment Inc (SIE), Sony Interactive Entertainment Europe Limited (SIEE), Sony Interactive Entertainment America LLC (SIEA), and Sony Interactive Entertainment Japan Asia Inc (SIEJA); and Support Schedule (Sony Interactive Entertainment Japan Asia Territory) to the PlayStation Global Developer and Publisher Agreement between SIEE, SIEJA, SIEA and dated 3 December 2014, <p>(together, the Sony Agreements);</p> <ol style="list-style-type: none"> Steam Distribution Agreement—Online Version dated 15 November 2013 (Steam Agreement); Nintendo Developer Portal Terms of Service and Non-Disclosure Agreement dated 9 July 2015 (Nintendo Agreement); Microsoft Device Evaluation and Product Testing Agreement effective 29 October 2014 (Microsoft Agreement); Intellectual Property Acquisition and Development Agreement dated 6 June 2013 (Developer Agreement); and Lead Manager Mandate with RM Corporate Finance dated 23 March 2017. <p>In addition, the Company has entered into contracts with its Directors. See section 8.3 for more details.</p>	6

Key risks of investing in the Company

There are a number of risks associated with investing in the share market generally and in the Company specifically. The following is a summary of the key risks that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations. Full details of these risks are set out in section 7 of this Prospectus.

Please consider the risks described below and the information contained in other sections this Prospectus. You should also consider consulting with your professional advisers before deciding whether or not to apply for the Shares.

Specific risks

Limited track record and revenues	<p>The Company was incorporated in 2010 and has had limited revenues. The Company has operated at a loss for the previous three financial years. Each of the audited financial statements for the last 3 years included an emphasis of matter stating that the Company's current liabilities exceeded its total assets and such conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.</p>	7.1(a)
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Question	Response	Section
Lifecycle of product	Life-cycle of product is highly dependent on trends in the gaming industry, the type of product, the business model of the game product in question, the device market share of the platform(s) the game is released on and entertainment trends as a whole. <i>Symphony of the Machine</i> was released in various regions between 25 and 27 April 2017. There is no guarantee that the release will generate substantial revenue.	7.1(b)
Reliance on third party providers	The Company's games are available through online console and PC store platforms from Sony, Oculus and Steam (amongst others). The Company cannot guarantee that Sony, Oculus and Steam (or any other platform providers) will continue to allow the Company's games to be made available through their respective platforms. There is also the risk that these platforms may suffer technical problems which could impact their ability to provide the Company's games to users and affect the performance of the Company.	7.1(c)
Intellectual property risk	A substantial part of the Company's success will depend on its ability to protect its intellectual property and commercially sensitive information, maintain trade secret protection and operate without infringing any third party proprietary rights. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. Such claims, if made, may harm, directly or indirectly, the Company's business.	7.1(d)
Rapid technology changes	There is a constant risk that new technology is developed which is in direct competition with interactive entertainment. The Company's prospects and performance may be affected if consumers elect to spend their money and time on other forms of technology or entertainment other than virtual reality and interactive entertainment.	7.1(e)
Brand establishment and maintenance	Establishing and maintaining the Company's brand in the games and virtual reality industries is critical to growing its customer base. This will largely depend on the Company's ability to provide up-to-date and innovative games and virtual reality software. If the Company fails to successfully establish and maintain its brand, its business and operating results could be adversely affected.	7.1(f)

Question	Response	Section
Reliance on key staff	The Company's success depends on the continued services of its key staff. If the Company's key staff are unable or unwilling to continue in their present positions, the Company would be required to replace them with suitable candidates. There is a risk that the Company may have difficulty in recruiting staff with the relevant skills and experience.	7.1(g)
Additional requirements for capital	Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under this prospectus. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on favourable terms.	7.1(h)
Competition	The development, distribution and sale of console and PC games or videogames more generally is a highly competitive business. The Company expects to continue to face regular competition from both existing competitors and new entrants into the market. Such competition may have a material adverse effect on the Company's business, financial condition and results of operations.	7.1(i)
Game classification	Every film and computer game has to be classified before it can be legally made available to the public and classifications may vary across jurisdictions. If the Company fails to obtain classification, and/or fails to obtain the desired classification for its games, the Company may be subject to fines, and/or have the Company's products taken down from the applicable platform.	7.1(j)
Financial position		
What is the financial position of the Company?	The Prospectus contains financial information including a pro forma balance sheet included in the Investigating Accountant's Report.	9 and 10
How will the proceeds of the offer be used?	<p>Stirfire intends to use its current funds and the funds raised from the Offer (based on maximum subscription) broadly as follows:</p> <ul style="list-style-type: none"> • \$5,620,000—2 year operational budget including pre and post-production game development, marketing, hardware and software; • \$750,000—2 year corporate administration costs, employee expenses and general working capital; and • \$900,000—costs of the Offer. <p>This is a statement of the Company's intentions as at the date of this Prospectus.</p>	5.8



Question	Response	Section	
Will the Company pay dividends?	The Company's focus will be generating capital growth. The Company has no immediate plans to declare or distribute dividends. Payment of future dividends will depend on matters such as the profitability and financial performance of the Company.	5.12	
Directors and Management			
Who are the Directors of the Company?	Directors	Designation	8.1
	Daniel Smith	Non-Executive Chairman	
	Garth Pendergrast	Chief Executive Officer	
	Michael Pereira	Executive Director	
	Brendan Ragan	Executive Director	
Who are the management and consultants of the Company?	Daniel Smith—Company Secretary Matthew Dyet—Producer	8.5	
What material contracts has the Company entered into with Directors and management?	Executive employment agreements with Messrs Garth Pendergrast, Michael Pereira and Brendan Ragan. Non-executive letter of appointment with Daniel Smith. Production Contract with Brendan Ragan. Corporate Services Agreement and Accounting Services Agreement with Minerva Corporate Pty Ltd. A summary of the key terms of these contracts is included in this Prospectus.	8.3	
Details of the Offer			
What is the purpose of the Offer?	The purpose of the Offer is to facilitate an application by the Company for admission to the Official List of ASX and position the Company to fund ongoing operational needs of the Company including pre and post-production game development over the next 2 years. On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives. Specifically, the Company intends to apply funds raised from the Offer, together with existing cash reserves of the Company in the manner set out in section 5.8.	5.8 and 5.9	
What is being offered?	The Offer is for a minimum of 25,000,000 Shares and a maximum of 35,000,000 Shares at an issue price of \$0.20 per Share to raise between \$5 million and \$7 million.	11.1 and 11.2	
What is the minimum subscription?	The minimum subscription is 25,000,000 Shares to raise \$5,000,000.	11.2	

Question	Response	Section																									
How do I apply for Shares?	Applications for Shares under the Offer can be made by completing the Application Form accompanying this Prospectus in accordance with its instructions.	11.5																									
Will I be guaranteed a minimum subscription under the Offer?	The Company is not in a position to guarantee a minimum allocation of Shares under the Offer.	11.8																									
Is the Offer underwritten?	The Offer is not underwritten.	11.9																									
What is the impact of the Offer on the Company's capital structure?		2																									
			<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Minimum subscription \$5 million</th> <th colspan="2">Maximum subscription \$7 million</th> </tr> <tr> <th>Shares</th> <th>%</th> <th>Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Existing Shares on issue</td> <td>39,135,000</td> <td>61.02</td> <td>39,135,000</td> <td>52.79</td> </tr> <tr> <td>New Shares under the Offer</td> <td>25,000,000</td> <td>38.98</td> <td>35,000,000</td> <td>47.21</td> </tr> <tr> <td>Total</td> <td>64,135,000</td> <td>100</td> <td>74,135,000</td> <td>100</td> </tr> </tbody> </table>		Minimum subscription \$5 million		Maximum subscription \$7 million		Shares	%	Shares	%	Existing Shares on issue	39,135,000	61.02	39,135,000	52.79	New Shares under the Offer	25,000,000	38.98	35,000,000	47.21	Total	64,135,000	100	74,135,000	100
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Total	64,135,000	100	74,135,000	100																							
What are the terms of the Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the Shares offered under the Prospectus is set out in section 11.15.	11.15																									
Will the Company's Shares be quoted?	<p>An application will be made to the ASX for quotation of the Shares under the trading symbol "SFS" within 7 days after the date of this Prospectus.</p> <p>If the Shares are not admitted to the Official List before the expiry of 3 months after the date of the prospectus, or such period as varied by ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.</p>	11.12																									
Will any Shares be subject to escrow?	<p>Certain existing Shares may be classified by ASX as restricted securities and may be escrowed for up to 24 months from the date of official quotation.</p> <p>During the period in which Shares are prohibited from being transferred, trading in Shares will be less liquid which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.</p>	11.14																									
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable.	1																									



Question	Response	Section
What is the minimum investment under the Offer?	Applications under the Offer must be for a minimum of 10,000 Shares (being minimum application monies of \$2,000) and thereafter, in multiples of 1,000 Shares (\$200).	11.5
Is there any brokerage, commission or duty payable by Applicants?	No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.	11.11
What are the costs of the Offer?	Assuming the Offer is fully subscribed, the total cost of the Offer (including expert's fees, legal and accounting costs, ASIC and ASX fees) is estimated to be approximately \$900,000.	11.17
What are the tax implications of investing in Shares?	<p>Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares issued under the Prospectus.</p> <p>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 Shares offered under the Prospectus.</p>	12.2
How can I obtain further advice?	<p>By speaking to your accountant, stockbroker or other professional advisor.</p> <p>If you require assistance or copies of the Prospectus, please contact the Company on 08 9486 4036.</p>	

5 COMPANY AND BUSINESS OVERVIEW

5.1 Introduction

Stirfire Limited (**Stirfire** or the **Company**) was incorporated on 8 November 2010. The Company is a video game and virtual reality developer and operates Stirfire Studios. Stirfire was created to provide a home to Western Australian game developers. Originally conceived as more of an incubator and mini-publisher, Stirfire now operates as a traditional game studio and works primarily on the Company's in-house productions. The Company also engages in client work in game creation and creates virtual reality platforms for hire. Software products are developed and sold on online software markets such as PlayStation Network or Xbox Live (for in-house production) or under contract (for third party developments).

Stirfire has in-house specialists in game design, 2D and 3D art, animation, programming, virtual reality implementation, community management and business management & development.

As at the date of this Prospectus, Stirfire is a registered developer and holds the requisite licences (as applicable) for:

- a. Apple Inc IOS;
- b. Google Inc Android;
- c. Microsoft Xbox One and Windows Phone;
- d. Sony PlayStation 4 and PlayStation Vita; and
- e. Amazon App store and Amazon Fire TV.

5.2 Industry Overview

The widespread use of mobile devices globally is a major influence in the expansion of the computer and video game industry.

The video game industry in Australia is now worth over \$1 billion a year.

A study of households in 2015 conducted by Professor Jeffrey Brand and Mr Stewart Todhunter for the Interactive Games and Entertainment Association (**IGEA Study**)¹ found that:

- 98% of Australian homes with children under the age of 18 have a device for playing interactive games;
- 68% of Australians play interactive games (an increase from 65% from the previous study conducted 2 years ago);
- 78% of the game playing population were aged 18 years or older;
- Australians spend an average of 88 minutes a day playing interactive games;
- The average age of all video game players in Australia is 33;
- The average age of people playing video games has increased by nine years since the previous study conducted 2 years ago. The average age of the population has remained at 37 years during the same period of time; and
- The fastest growing segment of the population new to games is those over the age of 50.

a. Video games

Video games are, first and foremost, a form of entertainment. According to the IGEA Study, the most common reasons people play is to pass time and have fun. The least common reasons people play are for learning and exercise.

¹ Brand, J.E. & Todhunter, S. (2015). Digital Australia Report 2016. Eveleigh, NSW: IGEA. The Company is relying on ASIC Corporations (Consents to Statements) Instrument 2016/72. The author has not provided consent for the statements to be included in the Prospectus.



Different people play for different reasons. This is largely dependent on age (rather than gender). The IGEA Study found that younger adults aged 18 to 34 report playing to relieve boredom and have fun; and players aged 50 and over report that keeping the mind active is their main reason for playing.

Serious games are games intended for non-entertainment purposes. Games are increasingly identified for their ability to serve other purposes in addition to entertainment, including health and education. The IGEA Study identified that participants noted the potential for video games to increase mental stimulation and fight dementia and predicts the proportion of older Australians who will play video games to grow significantly.

b. Devices

PCs have undergone resurgence for game play over the past two years in response to the growth of new content delivered online. However, mobile devices such as phones and tablets have increased their presence for games over the same period.

The prevalence of different types of mobile devices and smartphone applications has driven the rise in popularity of this gaming medium. The increased affordability of gaming devices has boosted video game popularity in general as the pastime has attracted a broader demographic.

The IGEA Study found that data limits cause more than a third of game players to forego game downloads at home and more than a half on mobiles. Broadband speeds have also constrained online access for many Australian consumers. Improvements in broadband connectivity should assist in driving an increase in digital downloads.

c. Virtual reality

Virtual reality is a computer-generated environment that allows the player to experience a different reality. Virtual reality is recognised as a medium capable of spreading into cinematic experiences, artistry and design, education and simulation, tourism and exploration, psychology and meditation, real estate and shopping, and social and tele-presence.

The global VR market is still young, and new devices and products are announced regularly. Currently the market leaders in VR device hardware are Google Cardboard with 88 million units sold in 2016, Samsung's Gear VR with 2 million units in 2016, Sony's PlayStation VR with 745,000 in 2016 and HTC Vive and Oculus.

Sony continues its rollout of both devices and software and is coming to dominate the console VR market. At the 2017 E3 conference, large titles such as Skyrim, Doom and Fallout 4 VR were all announced, which are expected to promote the devices and drive a larger take-up.

Large manufacturers such as Intel, Razor and others have VR hardware in development. Intel has also recently announced its wireless VR device.

Other hardware, aside from headsets is being developed by manufacturers, including improved motion controllers (allowing physical interaction within simulations), gloves, 360 degree treadmills and more.

From a software perspective, VR is still a new market. The VR entertainment and games market is far from saturated with larger companies only having released a few titles so far.

d. Digital game development in Australia

Digital game developers reported total income of \$111.1m in 2015-16, an increase of 24.3% on 2011-12, despite a fall in the number of digital game productions from 245 to 178 in the same period. Digital game developers are producing more sophisticated mobile and web platform games with the average cost for this production type rising from \$74,000 in 2011-12 to \$337,500

in 2015-16. The largest sources of income were end-to-end digital game development income (excluding Multiplatform) at 40.1% (or \$44.6m) and digital game development services income (excluding Multiplatform) at 30.6% (or \$34.0m). Multiplatform development accounted for 7.5% (or \$8.3m) of total income. Digital game developers reported a combined \$86.9m in income from these sources².

e. Regulatory regime in Australia

The Classification Board is established under the *Classification Act 1995 (Cth)* (**Classification Act**), and classifies films, computer games and publications for exhibition, sale or hire in Australia.

Generally, every film and computer game has to be classified before it can be legally made available to the public. Some publications also need to be classified. There are limited exceptions to this rule. The Classification Board decides what consumer advice accompanies each classification. Consumer advice details which classifiable elements (that is themes, violence, sex, language, drug use and nudity) have led to the classification decision. This advice helps consumers make informed choices about what they read, view or play.

The National Classification Code is contained in a schedule to the Classification Act. It sets out the principles to be followed in classification decisions and the general criteria for the various classification categories. There are separate Classification Guidelines for film and video, publications and computer games.

Advisory categories include G, PG and M. There are no age restrictions on video games with these classifications. Restricted categories are MA15+ and R18+, and products that fall under these classifications are legally restricted to people 15 years and over and 18 years and over respectively.

For mobile application and online computer games, there is the option of using the International Age Rating Coalition (**IARC**) which is a classification tool for computer games. The IARC classification tool can be used as a substitution for applying for a classification through the Classification Board. However, at this stage, the IARC classification is only available for certain storefronts being Google Play, Nintendo e-Shop, Oculus store and the Windows Store. The Classification Board has classified *Symphony of the Machine* as 'G' and *Freedom Fall* as 'PG'.

5.3 Business Overview

Since its inception, Stirfire has received multiple awards and acknowledgements for its products. *Freedom Fall*, the Company's most successful product, won the first West Australian Screen Award for Best Videogame in 2013 and was a finalist in the 2013 Australian National Videogame Awards for Best Graphics and Best Videogame. The Company was also the winner of the Oomph Pitching Competition for the Company's D3BUG prototype.

Stirfire has two major areas of business, being original in-house developments and services.

a. Original in-house development

A substantial part of Stirfire's business constitutes designing and implementing the construction of in-house titles distributed via platforms such as Sony PlayStation, Microsoft Xbox, PC/Mac desktop (via Steam), Nintendo's handheld and console platforms and VR platforms. This involves taking a raw game concept through to full production and sale. This is a highly intricate process involving scoping, design, development, programming, concept art, 2D or 3D art, sound design, music design, testing and market deployment. Stirfire is operating in traditional games markets as well as VR (an uncongested market where a title can gain traction early on, establishing a brand name for later releases).

² Australian Bureau of Statistics:8679.0—Film, Television and Digital Games, Australia, 2015-16. The Company is relying on ASIC Corporations (Consents to Statements) Instrument 2016/72. The author has not provided consent for the statements to be included in this Prospectus.



In many ways, Stirfire operates as a “traditional” software publisher, in that the company makes a piece of game software, places it for sale on an online market (such as PlayStation Network™, Steam or Xbox Live Arcade™), the end user purchases a license for the product and then downloads it on the spot. On these markets, consumers still expect to pay a premium for a game and are happy to pay for a product that looks good and plays well. Stirfire tends to avoid free-to-play games or mobile titles for in-house productions as the studio structure is better suited to larger titles offering a greater depth of play and also avoiding the challenges of discoverability on any mobile platform.

Stirfire’s preferred method of deployment is a more traditional method of software marketing where the gamer pays upfront for the software (as opposed to subscription or free-to-play with content available for purchase). However for markets such as the immense Chinese smartphone gamer community the games can be adapted with local support.

Stirfire plans to focus on localisation of games into a target audience’s native language to promote a greater connection with that audience in an effort to drive sales, particularly in Japanese and South East Asian markets, where it already has localisation partners.

b. Services

In addition to in-house developments, Stirfire also offers bespoke game design, gamification, serious/educational games consultation and VR simulation design. Stirfire’s clients include the West Australian Surf Lifesaving Society, the WA Road Safety Commission and Lateral.

There is a growing market in the construction of serious games, as businesses and governments have recognised that games are a mature medium and adults and children are used to picking up the form of a game and so can impart information or a message in an entertaining form which means it will be retained. “Gamification” refers to using game principles to encourage the completion of other tasks, for instance using a game-like application with points, awards and leader tables to encourage employees to learn occupational health and safety information. VR simulation refers to non-game simulations, which are growing in use in industries such as tourism, mining, education and real estate. In reality, a very similar skillset is employed for the construction of a VR simulation as the construction and world-building in a VR videogame.

Stirfire is embracing VR. Although existing since the mid-1990s, VR is only now becoming a commercially viable and commonplace technology with companies including Sony, HTC, Oculus and Samsung producing hardware available to consumers.

While offering levels of immersion, VR presents several design challenges for developers. As Stirfire has already developed VR software and interfaces for use by consumers and developed relationships with several other businesses and industry players, it is well placed to offer consultancy services on this new technology.



Figure 1: Screenshot from *Symphony of the Machine*



Figure 2: Screenshot from *Symphony of the Machine*

5.4 Products and services

a. Recent Release—*Symphony of the Machine*

Symphony of the Machine was born at Global Game Jam 2016 and is an immersive virtual reality puzzle game where players manipulate a mysterious tower to control the weather and restore life to a post-apocalyptic world. It offers a unique play style that allows players to create the right weather patterns by solving a series of increasingly complex puzzles, in a tactile virtual environment.

The game is designed for and is completely at home in VR, and cannot exist outside of it. The experience is centred on the player inhabiting the environment of the game and manipulating the Machine instinctively to restore the life and ecosystem in the blasted landscape.

Symphony of the Machine utilises dynamic motion controls, physically immersing the player while providing mental stimulation. Players must perform critical thinking to overcome obstacles in the game, while being immersed in the off-meta universe.

In *Symphony*, there is no time pressure. In many ways it is the ideal first experience with VR aimed to be pleasant and fulfilling.

The game has limited language cues, which makes it suitable for international interest.

For PlayStation VR owners, *Symphony of the Machine* was released on the North American PlayStation Store on 25 April 2017, Europe and Oceania on 26 April 2017 and Asia on 27 April 2017.

Symphony of the Machine is available on Steam, PlayStation VR and Oculus Rift. The Steam release is compatible with the HTC Vive.





Figure 3: Screenshot from Freedom Fall



Figure 4: Screenshot from Freedom Fall

b. Prior release—Freedom Fall

Freedom Fall was released on PC, Mac, iPhone and Android platforms in June 2013 and remains available for sale in its updated form on Steam. The game is also now available on itch.io.

Freedom Fall is a diabolical down-scrolling platform game set in a prison tower so tall it touches the clouds. Presented with hand painted art, its old school vibe mixes with fast-paced free falling action and a story with both dark wit and heart. With the promise of freedom for those who escape, players find their way through the traps and mechanical monstrosities set up by a twisted princess. As the bid for freedom continues, things aren't quite as they seem. In the end the player determines who is guilty and who is innocent, but until then there are lots of death traps to avoid, killer balloons to bounce off, jet boards to ride and a dragon to fight.

The website for the *Freedom Fall* game is: www.freedomfall.com

Freedom Fall has received over 200 reviews, ranging from simple amateur sites and bloggers, to full write-ups in some of the industry's leading publications. The game featured on ABC Television's Good Game in 2013. It received national and international attention and is currently being localised for a Japanese audience.

The Company intends to develop a full sequel to *Freedom Fall*.

c. Previous service products

Examples of the Company's service products, which it has been contracted by third parties to develop are set out in the following table:

Game Title	OS Platform	Launch Date
Dead End Alley	iOS Android Windows Phone	26 October 2014
Dead End Alley VR	Gear VR	21 January 2016
Gorilla Wars	iOS	18 May 2013
Road Safety Commission Driver Distraction Simulator	Oculus	September 2016
WA Surf Lifesaving Safety Beach	iOS Android	Awaiting launch

i. *Dead End Alley*

Dead End Alley was a commission game produced by Stirfire and its first project in the Unity 3D Software Development Kit (SDK). Stirfire was engaged to create a game with zombies to match scenes in classic 1980's zombie films where the victim is fighting an unstoppable tide of zombies. The object of the game is simply to last as long as the player can and gain a high score.

With the player armed with a nail gun and a chainsaw the game is set on the street where the player attempts to survive an attack by endless zombies. *Dead End Alley* draws upon sophisticated cartoon graphics with new technology to create an enjoyable playing experience.

The game features a full 3D environment, sharp character design and animation and is able to be translated cross-platform (Internet explorer, Windows, Mac, iOS, and Android amongst others). Fluid gameplay can be tailored as a toolbox for different marketing opportunities.

ii. *Dead End Alley VR*

Dead End Alley VR is a virtual reality game that utilises the latest consumer electronics to create an immersive interactive zombie survival experience. It was Stirfire's first VR project in anticipation of Samsung Gear VR and PlayStation VR.

Dead End Alley VR was produced on Unity 3D which allows for faster development, and alterations in line with the latest technology needs.

The game features include:

- immersive, 3D environment;
- comedic relief; and
- timed game modes and power-up drops.

iii. *Gorilla Wars*

Gorilla Wars is a commissioned iOS production of the classic original Gorilla games. *Gorilla Wars* includes the pure retro game style while integrating new game levels with variations on the difficulties of the ramp. It reproduces the 8-bit version of the 1980's game attempting to recreate the classic feel and play style of the original game.

The game features include:

- an authentic retro 8-bit primate feel;
- diverse gameplay choices;



- unique angle and throw mechanic;
- variations of obstacles; and
- interactive 2-player mode.

iv. Road Safety Commission Driver Distraction Simulator

The Driver Distraction Simulator was commissioned by the Western Australian Road Safety Commission as an installation piece to initially be demonstrated at the Perth Royal Show in September 2016. The concept for the game was based on the premise that the player would be placed into a VR environment with a steering wheel peripheral and would be playing a regular driving game. As the car speeds up and other vehicles join the driver on the road, distractions occur, such as a mobile phone ringing. As the user is distracted, the game measures the positioning of the player's view and registers this as a distraction. As the game level progresses, the distractions cause the likelihood of accidents and points are deducted and the car is damaged.

The game features include:

- a 3D environment from car-cabin point of view;
- measurement of physical feedback through positioning of the VR headset;
- design engineered to demonstrate an outcome other than just raw entertainment and convey a message about road safety; and
- semi-realistic art-style, designed to put the player in the mindset of real interactions but also provide a psychological separation once the game has finished.

v. WA Surf Lifesaving Safety Beach

Safety Beach has been designed for the WA Surf Lifesaving Society. Safety Beach is a fun, interactive game targeted to the mobile and tablet devices for children. Safety Beach features friendly art and design, and includes several modes and victory conditions and features such as:

- points won for keeping swimmers "between the flags";
- points won for getting swimmers to swim with a buddy;
- points won for helping swimmers in trouble by touching them when they raise their hand; and
- ethical considerations on measuring the learning outcome through repeated play.

d. Proposed New Products and Services

i. Keep Flying

Keep Flying is an airship-airline simulator from the lead designer of *Freedom Fall* and *D3bug*.

The gameplay is based around transporting goods and passengers from town to town while fighting off monsters. The tropes will avoid many of the clichés in the fantasy genre and provide a more unique and characterful system for resolving combat and engineering problems, within the game.

This, combined with a particularly distinctive art-style will promote product differentiation in-market. The gameplay will incorporate elements of classic Roleplaying Games (RPGs) and Rogue-Like titles.

ii. D3bug prototype

D3bug is a platform shooter where creativity is the true weapon. The player is a warrior in a tribal society, unknowingly part of a simulated computer science experiment. When one of the moderators notices a stream of corruption running through the system, the simulation is put into *D3bug* mode and the player is given the *D3bug* gun to fix it from the inside.

D3bug will feature beautiful, lush artwork with a “mythic” quality inspired by a tribal aesthetic, combined with cyberpunk-influenced gameplay. There is only low level cartoon violence in the game-play and as such, the game is placed very well for classification and aimed at a younger audience.

The game will be built to allow deployment onto multiple platforms including touch-screen smartphones and tablets, PC/Mac or other consoles with a suitable controller so as to engage different markets and audiences around the world.

iii. Industrial virtual reality and consultation

Stirfire has generated some key relationships with relevant industries for VR software and is commencing a fee-for-service endeavour in which the Company will provide consulting services to various clients on constructing virtual reality software. This may involve taking a client’s existing models and building them into a virtual experience or may include full environment construction and navigation if a bespoke virtual reality application is required.

iv. Lockhart

Lockhart is currently a concept which the Company is still in the early stages of writing and is based on an interactive adventure story about the secrets a neighbourhood keeps behind closed doors.

The *Lockhart* concept takes the popular horror genre and creates a creeping dread within an immersive virtual reality environment. Whereas a great deal of virtual reality game software often features virtual reality as a gimmick, *Lockhart* will use virtual reality as a storytelling tool and a method to enhance the experience of the game.

5.5 Business plan & strategy

The Company aims to continue producing highly interactive and engaging games from original in-house development. To achieve this, the Company adopts the following approaches:

a. Original in house products strategy

Stirfire is moving to become what is known in the industry as a “Triple I” developer (“Triple A” being the industry terminology for the titles with development budgets in the hundreds of millions, and “I” referring to “Independent”). Stirfire aims to increase the value of the business through the production of original in house productions, where Stirfire controls the brand, the sequels and the marketing rights. This will be incorporated back into the Stirfire brand, allowing players to judge the Company’s products by the consistent quality of its releases.

Games that sell well and create a dedicated fan base form the market for the next titles in the series. Games typically do not suffer the same issues with sequels and series that are seen in film and players will often flock to the latest title in long-established series which de-risk a product.

Games are selected on the basis of three key factors: what the company believes will currently sell, given the market; what the company has production capacity for (in terms of skill set, budget and available schedule); and what current concepts are in the catalogue of potential productions. Early concepts are researched in terms of market opportunity and potential release platforms. Concepts may also be presented to the company’s PR partners and key industry personnel to get high-quality feedback on the strength and market viability of those concepts.

b. Marketing

Market-successful original IP products are a solid way to build up ongoing revenue and a key consumer base that can be marketed to with each subsequent release facilitating long-term sustainability of the Company. Given that software generates revenue each time a license is sold, a catalogue of products selling at any one time, not costing the Company additional expenditure, may create steady revenue streams with each release. Marketing of Stirfire’s products and services is via a staged strategy, which may include the following steps:



i. Early Access Community Engagement

Platforms like Kickstarter have become very successful for pitching a product to an audience, with the aid of a gameplay demo (a small, cut-down slice of the game) and getting early consumer buy-in into a game. Backers can then be funnelled into an Early Access program via rewarding them with Steam access to the game. These early market engagement mechanisms can show when a concept is not market-ready and will not be viable earlier in the process or can successfully help to build an audience and community around the game early, thus reducing risk upon launch.

Stirfire intends on using market engagement strategies such as Steam's Early Access program to get early feedback, engage in marketing-skimming and start growing a market for a product before the full release of the game. Establishing an early access community to obtain engagement is also a sound method of generating cash flow out of a product that is not yet complete, yet in a state that consumers can start playing and that the Company can incrementally add content to. *Keep Flying* is a product particularly suitable for this approach.

ii. Incremental Updates

Producing regular updates at around every four to six weeks during production has been demonstrated to grow the audience and encourage players to share their interest in the product via social media.

iii. Large Announcements

Before the product launches, making several large announcements, such as adding different platform versions or large improvements and expansions of the game's content or upgraded visuals can encourage an audience's existing enthusiasm. The aim is to generate as much hype around the launch product as possible to the existing community of players and to encourage players who have heard about the game but not played the early access version to buy in at this point.

iv. Full Launch

The "complete" version of the product is launched with as much PR and advertising as is feasible. Content that was held back for launch is added including some surprise additional content or upgrades that may drive positive sentiment.

v. Post Launch Content Updates

Adding additional content post-launch of a product to encourage longer term sales and maintain interest in the product. A large content addition can be handled as a Downloadable Content pack (DLC) which is then charged for and creates additional revenue.

c. Commission work / service product strategy

There is a growing market for serious games, games for education and games for change. A common mistake for parties interested in constructing such products is that they are too close to the content and are not focussed on the fun and outcome of these products. As game designers, Stirfire's expertise lies in creating a fun experience for a user. However, with a focus on the outcome, a certain level of design and technical expertise is built into these titles to measure the outcomes.

d. Art Merchandise and Branding


Stirfire's long term branding and original IP strategy as well as its core design philosophy of producing visually aesthetic games is its intention to produce branded merchandise including T-shirts, badges, posters and collectable art.

5.6 Intellectual Property

Stirfire's key intellectual property includes the copyright, trade secrets and trade marks in the products developed by it.

Stirfire has the following procedures in place to protect its intellectual property.

- a. *Employment Agreements*: Stirfire’s permanent and casual employees are party to employment agreements containing provisions relating to the non-use and non-disclosure of confidential information acquired during or incidental to their employment, affirming Stirfire’s ownership of Stirfire’s intellectual property and granting ownership rights in the intellectual property in any improvements to Stirfire’s intellectual property made, developed or created by the employee during employment at Stirfire.
- b. *Contractors and consultants*: Stirfire has engaged Ms Lisa Rye as a contractor and consultant in relation to the development of Freedom Fall. Ms Rye has signed an agreement that contains provisions relating to the non-use and non-disclosure of confidential information and ownership of any intellectual property by Stirfire. More information is included at section 6.6.
- c. *Trade marks*: The Company currently owns the following registered Australian trade marks:

Trade mark	Trade mark #	Type	Date filed	Renewal date	Status
STIRFIRE	1420113	Word	13 April 2011	13 April 2021	Registered / Protected
	1420117	Logo	13 April 2011	13 April 2021	Registered / Protected

5.7 Material Contracts

The Company has entered into the following material contracts, details of which are included in section 6 of this Prospectus.

- a. PlayStation Global Developer and Publisher Agreement with Sony Interactive Entertainment Inc (SIE), Sony Interactive Entertainment Europe Limited (SIEE), Sony Interactive Entertainment America LLC (SIEA), and Sony Interactive Entertainment Japan Asia (SIEJA) on or about 3 December 2014;
- b. Support Schedule (Sony Interactive Entertainment Japan Asia Territory) to the PlayStation Global Developer and Publisher Agreement with SIEJA, SIEA and SIEE dated 3 December 2014,
(together, the **Sony Agreements**);
- c. Steam Distribution Agreement—Online Version dated 15 November 2013 (Steam Agreement);
- d. Nintendo Developer Portal Terms of Service and Non-Disclosure Agreement dated 9 July 2015 (Nintendo Agreement);
- e. Microsoft Device Evaluation and Product Testing Agreement effective 29 October 2014 (Microsoft Agreement); and
- f. Intellectual Property Acquisition and Development Agreement dated 6 June 2013 (Developer Agreement).

Of these, the most significant contracts are the Sony Agreements giving rise to an arrangement pursuant to which Sony released *Symphony of the Machine* in USA and Europe/Asia during the period 25 to 27 April 2017.



5.8 Use of funds raised under the Offer

The Company intends to use its current funds of approximately \$270,000 cash on hand as at the date of this Prospectus and the funds raised from the Offer broadly as follows:

Description	Minimum subscription \$5 million	Maximum subscription \$7 million
Cash on hand	\$270,000	\$270,000
Funds to be raised under Offer	\$5,000,000	\$7,000,000
Use of funds		
Game development pre-production ¹	\$2,800,000	\$4,400,000
Game development post-production	\$600,000	\$800,000
Marketing events	\$100,000	\$105,000
Hardware	\$180,000	\$180,000
Software	\$135,000	\$135,000
Costs of the Offer ²	\$738,000	\$900,000
Administration costs	\$300,000	\$300,000
General working capital ³	\$417,000	\$450,000
Total	\$5,270,000	\$7,270,000

1. This includes product specific marketing.

2. Costs of the Offer are detailed in section 11.17.

3. General working capital includes rent, salaries and ongoing operational costs.

If more than minimum subscription is raised but less than maximum subscription, the difference will be apportioned on a pro rata basis between the items in the above table, including working capital. The use of funds relates to the Company's 2 year operational budget and represents our current intentions based upon the present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of our development efforts.

5.9 Sufficiency of working capital

The Directors are of the opinion that the Company will have enough working capital to carry out its business objectives as described in this Prospectus.

5.10 Pro-forma capital structure

The Company's pro-forma capital structure based on minimum and maximum subscription is as follows:

Shares	Current		Minimum subscription \$5 million		Maximum subscription \$7 million	
	Number	%	Number	%	Number	%
Founder shares/ Related Parties	20,900,000	53.40	20,900,000	32.59	20,900,000	28.19
Seed investors	12,085,000	30.88	12,085,000	18.84	12,085,000	16.30
Promoters	6,150,000	15.72	6,150,000	9.59	6,150,000	8.30
Shares issued under the Offer	N/A		25,000,000	38.98	35,000,000	47.21
Total Shares	39,135,000	100.0	64,135,000	100.0	74,135,000	100.0

Details of Directors' holdings are set out in section 8.2.

As at the date of this Prospectus, the Company has one class of securities on issue, being fully paid ordinary shares.

The Company's free float at the time of listing will not be less than 20%.

5.11 Substantial Shareholders

The following Shareholders are substantial shareholders (as defined in the Listing Rules) of the Company as at the date of this Prospectus:

Shareholders	Number of Shares	%
Garth Pendergrast	9,050,000	23.13
Michael Pereira	9,000,000	23.00

Upon completion of the Offer, and assuming no participation in the Offer by Messrs Pendergrast and Pereira, their holdings will be as follows:

Shareholders	Number of Shares	% minimum subscription	% maximum subscription
Garth Pendergrast	9,050,000	14.11	12.21
Michael Pereira	9,000,000	14.03	12.14

5.12 Dividend policy

The Company does not intend to pay dividends on securities for the financial year ending 30 June 2017.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors. However, where possible, the Directors intend to adopt a policy of declaring the highest possible rates of dividends after taking into account factors such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors.

No assurances in relation to the payment of dividends, or any franking credits attached to such dividends can be given.

5.13 Company tax status and financial year

The Company will be taxed in Australia.

The financial year of the Company ends on 30 June annually.

5.14 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.



6 MATERIAL CONTRACTS

6.1 PlayStation Global Developer and Publisher Agreement (GDPA)

On or about 3 December 2014, Stirfire (Publisher) entered into a Global Developer and Publisher Agreement with Sony Interactive Entertainment Inc (SIE), Sony Interactive Entertainment Europe Limited (SIEE), Sony Interactive Entertainment America LLC (SIEA), and Sony Interactive Entertainment Japan Asia (SIEJA) (SIE, SIEE, SIEA and SIEJA, each an **SIE Group Company**, and collectively, **SIE Group**) (**Playstation Global Developer and Publisher Agreement or GDPA**), pursuant to which Stirfire is granted a non-exclusive, non-transferable license, without the right to sublicense (except as specifically provided in the GDPA) to:

- a. use SIE materials solely to develop PlayStation compatible products;
- b. publish, distribute, supply, sell, rent, market, advertise and promote digitally delivered products to end-users, through each applicable SIE Group Company (or its nominated Affiliate) through PSN, and to provide PlayStation compatible products to other licensed publishers for exploitation under a Licensed Publisher Agreement;
- c. have the equivalent physical media products manufactured by designated manufacturing facilities according to those facilities' terms;
- d. publish, distribute, supply, sell, market, advertise and promote physical media products directly to end-users or to third parties for distribution to end-users;
- e. use certain licensed trademarks in connection with the manufacturing, packaging, marketing, advertising, promotion, sale and distribution of licensed products; and
- f. sublicense end-users the right to use licensed products for personal, non-commercial purposes in conjunction with applicable systems only.

Distribution of any PlayStation compatible product is subject to written approval by SIE. Such approval may be subject to, among other things, assessment and testing requirements.

Stirfire may use distribution channels for physical media products as it deems appropriate, including the use of third-party distributors, resellers, dealers and sales representatives.

The initial term of the agreement is from 27 November 2014 until March 31, 2019 (Initial Term) and is automatically extended for additional 12-month terms, unless either party provides the other with written notice of termination.

Stirfire has the right to terminate the GDPA at any time after expiration of the Initial Term, for any reason or for no reason, by providing notice to SIE Group at least thirty days before the effective date of the termination. Stirfire has the right to terminate the GDPA for all Territories immediately, at any time, upon written notice to SIE, if SIE is in material breach of any of its obligations under the GDPA, if such breach, capable of remedy, is not cured in full within 30 days following notice.

SIE has the right to terminate the GDPA for convenience or cause upon written notice to Stirfire. The rights of termination are standard for agreements of this kind.

The GDPA is governed variously by the laws of Japan, the State of California and English law depending generally on the location of the claim and entity for which the claim is brought by or against.

6.2 Support Schedule (SIEJA Territory)

By an agreement dated 7 February 2017, SIEI and Stirfire (as Publisher) entered into a support schedule to the GDPA between SIEJA, SIEA and SIEE dated 3 December 2014 pursuant to which the wholesale price for the digitally delivered product which is sold on or through PSN in certain territories was determined.

6.3 Steam Distribution Agreement—Online Version

On 15 November 2013, the Company entered into an online distribution agreement with Valve Corporation, a company incorporated in the State of Washington, USA (**Valve**), (**Steam Agreement**) in relation to certain applications pursuant to which:

- a. Stirfire grants to Valve:
 - i. a non-exclusive, worldwide, royalty-free licence to use and modify the application (**Application**), to enable use and distribution via Valve's Steam online delivery system (**Steam**) and support Steam end users who have acquired a copy of Application;
 - ii. a non-exclusive, worldwide, licence to reproduce, publicly display and perform, transmit, sell, license and otherwise distribute the Application via Steam through any type of payment method (Electronic Delivery Licence); and
 - iii. a non-exclusive, worldwide, royalty free licence to use Stirfire's trade marks, materials (e.g. screenshots, movies, etc.), marketing material and ratings information used for the Application in connection with Valve's promotion and sale of the Application.
- b. Valve grants to Stirfire a royalty-free, fully paid up licence to use Valve's trade marks on packaging, marketing and promotional materials for the Application, subject to Valve's approval.
- c. Starting from the date Valve first receives gross revenue from the sale of the Application, Valve will pay Stirfire a certain percentage of adjusted gross revenue actually received by Valve each calendar month, payable to Stirfire within 30 days after the end of each calendar month.
- d. Payments will only be paid by Valve to Stirfire with respect to the version of the Application running on the operating system on which the majority of use occurred in a 7 day period following purchase.
- e. The Steam Agreement continues until terminated. Both parties may terminate:
 - i. immediately upon written notice at any time if the other party is in material breach of a warranty, term or condition of the Steam Agreement and fails to remedy the breach within 30 days after written notice of the breach;
 - ii. immediately upon written notice at any time if the other party becomes insolvent, unable to pay its debts as they mature, makes an assignment for the benefit of creditors, files a petition under any bankruptcy or receivership statute, or a bankruptcy or receivership petition is filed by a third party and not resolved favourably; or
 - iii. without cause at any time after the expiration of the Initial Term, by providing 30 days written notice.
- f. The Initial Term is the period beginning on the Effective Date and ending 1 year after the last Application to be released by Stirfire on Steam under the Steam Agreement.



- g. Valve may at its own expense and sole discretion, market and promote the Application via Steam and the Steam website. Valve may provide support for end users of the Application, including diagnosing and correcting problems and billing problems.
- h. The Steam Agreement is subject to the law of The State of Washington, USA and otherwise contains terms and conditions considered standard for an agreement of this nature.

6.4 Nintendo Developer Portal Terms of Service and Non-Disclosure Agreement

On or about 9 July 2015, the Company entered into an agreement with Nintendo Co., Ltd (**Nintendo**) (**Nintendo Agreement**) pursuant to which:

- a. Nintendo granted Stirfire a limited, royalty-free, non-assignable, and non-exclusive licence to use:
 - i. Nintendo owned or licenced content including logos, designs, text, graphics, pictures, information, data, software, sound files and other materials (**Materials**);
 - ii. any other information, software, hardware, equipment, tools, guidelines, accounts, passwords, and other materials and documentation in connection with the Services (**Nintendo Confidential Information**); and
 - iii. other materials and documentation made available by Nintendo through Nintendo's developer portal (**Portal**),
solely in connection with the development of applications or other content designed for use on Nintendo platforms, or any other purpose expressly authorised by Nintendo in writing (the **Services**);
- b. Nintendo may modify or terminate all or a portion of the Services at any time, without notice to Stirfire;
- c. Stirfire may access and post information and materials including code samples (**Submissions**) to the forums portion of the Portal (Forums);
- d. Stirfire grants to Nintendo, its affiliates, successors and assigns and other recipients of Submissions through the Forums a non-exclusive, royalty-free, perpetual, irrevocable licence to use, copy, distribute, transmit, publicly display, publicly perform, modify, and prepare derivative works of Stirfire's Submissions and to sublicense these rights;
- e. Nintendo may terminate immediately with email notice if Stirfire:
 - i. fails to comply with the Nintendo Agreement or any other agreement between the parties;
 - ii. ceases business operations or becomes bankrupt or insolvent; or
 - iii. if Nintendo deems it to be necessary for legal, technical or commercial reasons.
- f. Stirfire may terminate the Nintendo Agreement at any time by giving notice to Nintendo;
- g. Nintendo may change the Nintendo Agreement from time to time as far as this is necessary or helpful to enhance the Portal or the Services;
- h. The Nintendo Agreement imposes no obligations on either party to purchase, sell, license, transfer or otherwise make use of any technology, service or product, or enter into a full business relationship;
- i. The Nintendo Agreement is governed by the laws of the State of Washington, USA and otherwise contains terms and conditions considered standard for an agreement of this nature.

6.5 Microsoft Device Evaluation and Product Testing Agreement

On or about 29 October 2014 the Company entered into an agreement with Microsoft (**Microsoft Agreement**) pursuant to which:

- a. Microsoft granted the Company a non-exclusive, royalty-free, personal, non-transferable licence to use certain software, hardware, pre release services and materials, updates (**Products**) solely for:
 - i. installation on a Microsoft Device owned by Stirfire, including any updates;
 - ii. evaluating and testing the Products;
 - iii. designing, developing or testing Stirfire's hardware, software and/or service product offering(s) solely in connection with the Microsoft Device; and
 - iv. providing feedback to Microsoft;
- b. If Stirfire gives feedback about the Products to Microsoft, Stirfire gives to Microsoft without charge, the non-exclusive license to Stirfire's owned or controlled intellectual property rights to make, use, modify, distribute and otherwise commercialise the feedback as part of any Microsoft offering;
- c. Unless specified in the Microsoft Agreement, Microsoft and its licensors retain all of their right, title and interest in and to the Deliverables and no other intellectual property rights or licence rights are granted to Stirfire;
- d. Microsoft may terminate the Microsoft Agreement immediately at any time without notice, for any reason;
- e. Upon termination and upon Microsoft's request, Stirfire will immediately return to Microsoft any Products provided under the Microsoft Agreement;
- f. Stirfire may only recover from Microsoft, its licensors and suppliers direct damages up to USD\$5.00 and may not recover any other damages in relation to: the Products, services or content (including code) on third party internet sites; and claims for breach of contract, warranty, guarantee or condition, strict liability, negligence or tort; and
- g. The Microsoft Agreement is governed by the laws of the State of Washington, USA and otherwise contains terms and conditions considered standard for an agreement of this nature.

6.6 Intellectual Property Acquisition and Development Agreement

On 6 June 2013 Stirfire entered into an agreement with Lisa Rye (**Developer Agreement**) pursuant to which:

- a. Ms Rye agreed to assign the Freedom Fall IP to the Company and Stirfire agreed to do all things necessary to develop the Freedom Fall IP into the Game Product and to market and distribute the game product;
- b. Ms Rye has a first right of refusal if Stirfire wishes to sell its rights to the Freedom Fall IP or Game Product in accordance with the procedure set out in the Developer Agreement;
- c. In consideration of a royalty, Ms Rye was appointed consultant and subcontractor of the Company for the purpose of providing services to the Company in relation to Freedom Fall;



- d. The Royalty payable to Ms Rye for the Services in relation to Freedom Fall is calculated in accordance with the following schedule:

Sales Revenue From Game Product (exclusive of GST)	Base Rate
\$0—\$100,000	27.0%
\$100,001—\$200,000	27.5%
\$200,001—\$300,000	28.0%
\$300,001—\$400,000	28.5%
\$400,001—\$500,000	29.0%
Over \$500,000	30.0%

and by multiplying the Base Rate by the aggregate of the percentages earned for the Milestones specified in the Developer Agreement;

- e. The Royalty is payable to Ms Rye for a term commencing on the date the Game Product is retailed on the market and ending 5 years after the death of Ms Rye;
- f. Stirfire may terminate the Developer Agreement by notice in writing if Ms Rye is in material breach of any term, and the breach is not remedied within 28 days of written notice. On termination, Ms Rye shall return all materials the property of Stirfire;
- g. The provisions in the Developer Agreement relating to payment of the royalty to Ms Rye and the obligation to return materials to Stirfire survive termination; and
- h. The Developer Agreement is subject to the laws of Western Australia and otherwise contains terms and conditions considered standard for an agreement of this nature.

7 RISK FACTORS

An investment in the Company is not risk free. Before deciding to invest in the Shares, investors should read the entire Prospectus, consider the following risk factors in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional advisor.

The operating and financial performance and position of the Company, the value of Shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of these factors are beyond the control of the Company and the Directors. Accordingly, these factors may have a material effect on the Company's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

This section identifies the areas the Directors regard as major risks associated with an investment in the Company. This list is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.1 Specific risks

In addition to the general risks outlined below, there are specific risks associated with the Company's existing and proposed operations. These include:

a. Limited history and revenues

The Company was incorporated in 2010 and has had limited revenues. The Company has operated at a loss for the previous three financial years (being a combined loss of approximately \$55,000 for the period). Each of the audited financial statements for the last 3 years include an emphasis of matter stating that the Company's current liabilities exceeded its total assets and such conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. No assurance can be given that the Company will achieve commercial viability through its game releases. Until the Company is able to realise value from its existing activities including its release games, it is likely to incur ongoing operating losses. Depending on the Company's ability to generate revenue from its operations, the Company will likely require additional financing in addition to the funds raised under the Offer.

b. Life-cycle of product

Life-cycle of product is highly dependent on trends in the gaming industry, the type of product, the business model of the game product, the device market share of the platform(s) the game is released on and entertainment trends as a whole. A game may only experience a month in solid sales, but may generate many millions of dollars in revenue or may have a longer sales-cycle but never generate a substantial income stream. *Symphony of the Machine* was released in North America, Europe and Oceania and Asia during the period 25 to 27 April 2017. There is no guarantee that the release will be successful. Although the Company will not have a reliable understanding of sales until at least 90 days following release, initial sales data received for Europe and Asia regions indicates that sales are tracking below the Company's expectation. Whilst the Company can give no assurance, the Company expects *Symphony of the Machine* to have a longer life cycle given the immaturity of the VR market and ongoing releases of more VR devices which may drive demand for product.

c. Reliance on third party providers

The Company's games are available through online console and PC store platforms from Sony, Oculus and Steam (amongst others). Any change in the practices or provision of these platforms could have an adverse effect on the prospects and financial performance of the Company. There



is also the risk that these platforms may suffer technical problems which could impact their ability to provide the Company's games to users and affect the performance of the Company. The Company cannot guarantee that Sony, Oculus and Steam (or any other platform providers) will continue to allow the Company's games to be made available through their respective platforms. Any restriction on the Company's ability to distribute its games via these platforms would be likely have a materially adverse effect on the Company's operations.

d. Intellectual Property Rights

A substantial part of the Company's success will depend on its ability to protect its intellectual property and commercially sensitive information relating to its mobile games, to maintain trade secret protection, and to operate without infringing any third party proprietary rights. The Company currently has some of its trade marks registered. More information on the registered trade marks is set out in section 5.6.

Although the Company has entered into industry-specific non-disclosure agreements with all staff and contractors to protect the Company's intellectual property rights, no assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. The complex nature of technology can lead to expensive and lengthy disputes for which there can be no guaranteed outcome.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations.

e. Rapid technology changes in the gaming industry

Although the interactive entertainment and gaming market is an expanding global market which is expected to grow substantially, there is a constant risk that new technology is developed which is in direct competition with interactive entertainment.

While virtual reality is a growing market both domestically and globally and the Company continues to focus on its virtual reality and interactive entertainment based products and services, the Company's prospects and performance may be affected if consumers elect to spend their money and time on other forms of technology or entertainment other than virtual reality and interactive entertainment. The Company endeavours to keep up with the rapid changes in the gaming industry and capitalise on opportunities arising from such changes. The Company plans on doing so by being adaptive to the changing environment, and creating up to date games and products to adapt to substantial changes.

f. Brand establishment and maintenance

Establishing and maintaining the Company's brand in the games and virtual reality industries is critical to growing its customer base. This will largely depend on the Company's ability to provide up-to-date and innovative games and virtual reality software. If the Company fails to successfully establish and maintain its brand, its business and operating results could be adversely affected.

g. Reliance on key staff

The Company's success depends on the continued services of its key staff. If the Company's

key staff are unable or unwilling to continue in their present positions, the Company would be required to replace them with suitable candidates. There is a risk that the Company may have difficulty in recruiting staff with the relevant skills and experience, and recruiting from overseas may be more expensive. The Directors recognise the importance of skilled and capable personnel and, will consider implementing strategies aimed at attracting and retaining such personnel.

h. Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under this prospectus. Any additional financing will dilute shareholder's interests. If debt financing is available, it 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. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on favourable terms.

i. Competition

The development, distribution and sale of console and PC games or videogames more generally is a highly competitive business. The Company expects to continue to face regular competition from both existing competitors and new entrants into the market. For end-users, the competition is primarily based on brand, game quality and price. The Company also competes for experienced and talented employees and such competition may have a material adverse effect on the Company's business, financial condition and results of operations.

In the future, likely competitors include major media companies, traditional video game publishers, content aggregators, mobile software providers and independent game publishers. The Company plans to continue game development for different platforms other than mobile games.

j. Classification of games

Every film and computer game has to be classified before it can be legally made available to the public and classifications may vary across regions. Some publications also need to be classified. There are limited exceptions to this rule. If the Company fails to obtain classification, and/or fails to obtain the desired classification for its games, the Company may be subject to fines, and/or have the Company's products taken down from the applicable platform. This would have a material effect on the Company's sales revenue for the unclassified games. The Company has obtained all necessary Australian classifications for *Freedom Fall* and *Symphony of the Machine*.

7.2 General investment risks

In addition to the specific risks associated with the Company's existing and proposed operations, there are also general risks associated with an investment in shares. These include:

a. Securities investments and share market conditions

If the Company is admitted to the ASX, the price at which the Company's Shares may trade on ASX after listing may be higher or lower than the Offer price and could be subject to fluctuations in response to variations in operating performance, general operations and business risk, as well as external factors over which the Directors and the Company have no control, such as movements in exchange rates, changes to government policy, legislation or regulation and other events and factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of the Company. These factors may materially adversely affect the market price of the securities of the Company regardless of



the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

b. Liquidity risk

There can be no guarantee that an active market in the Company's Shares will develop. The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

c. Economic risk

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

d. Regulatory risk

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

e. Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

7.3 Investment speculative

The above list of risk factors should not be considered as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

The Shares to be issued under this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

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

8 DIRECTORS AND CORPORATE GOVERNANCE

8.1 Directors

Our Board consists of the following:

a. Daniel Smith (appointed 6 March 2017)—Non-executive Chairman

Mr Smith holds a Bachelor of Arts, is a member of the Australian Institute of Company Directors and the Governance Institute of Australia, and has a strong background in finance. He is the commercial director for Minerva Corporate, a private corporate advisory firm, and has in excess of 10 years primary and secondary capital markets expertise, having been involved in a number of IPOs on both the ASX and NSX, RTOs and capital raisings.

Dan was a founding director of CoAssets Limited, a peer-to-peer lending platform that listed on the ASX in 2016. He is currently a director and company secretary of ASX-listed Taruga Gold Limited, and is also a joint company secretary of Blackgold International Holdings and Love Group Global Ltd.

b. Garth Pendergrast (appointed 8 November 2010)—Chief Executive Officer

Mr Pendergrast holds a Bachelor of Commerce (Management and Telecommunications) from Murdoch University and has extensive experience in telecommunication systems and sales, and managing go-to-market strategies. As a co-founder of Stirfire, he has been instrumental in growing the business in the nascent Western Australian gaming landscape.

c. Brendan Ragan (appointed 8 November 2010)—Executive Director

Mr Ragan has worked in the IT industry for over 17 years, during which he has accumulated extensive experience in managing diverse IT requirements for SME's, from build engineering to asset management. He is a co-founder of Stirfire and has overseen systems programming and vendor selection for the roll-out of the Company's titles.

d. Michael Pereira (appointed 10 October 2016)—Executive Director

Mr Pereira holds a Diploma in Accounting and has over 20 years' experience in the banking, finance and corporate sector encompassing areas such as financial modelling, credit risk management, debt restructure, corporate advising and fund raising. He is currently a Corporate Adviser (Authorised Representative no. 259342) of RM Capital Pty Ltd (AFSL: 315235) and has been with the firm for over 5 years.

8.2 Directors' holdings

As at the date of this Prospectus, the Directors' interests in Shares of the Company are as follows:

Directors	Directly Held	Indirectly Held
Garth Pendergrast	7,550,000	1,500,000
Michael Pereira	9,000,000	Nil
Brendan Ragan	1,500,000	Nil
Daniel Smith	500,000	Nil

8.3 Contracts with related parties

a. Executive Service Agreement—Garth Pendergrast

On 12 July 2017, the Company entered into an agreement for the appointment of Mr Pendergrast as Chief Executive Officer of the Company. Mr Pendergrast will be paid a fee of \$150,000 per annum as Chief Executive Offer and all reasonable expenses incurred by him in performance of his duties will be reimbursed. The agreement is subject to the laws of Western Australia.



b. Executive Service Agreement—Michael Pereira

On 17 July 2017, the Company entered into an agreement for the appointment of Mr Pereira as Financial Director of the Company. Mr Pereira will be paid a fee of \$120,000 per annum for director fees and all reasonable expenses incurred by him in performance of his duties as Finance Director will be reimbursed. The agreement is subject to the laws of Western Australia.

c. Executive Service Agreement—Brendan Ragan

On 17 July 2017, the Company entered into an agreement for the appointment of Mr Ragan as Technical Director of the Company. Mr Ragan will be paid a fee of \$55,000 per annum for director fees. All reasonable expenses incurred by him in performance of his duties as Technical Director will be reimbursed. The agreement is subject to the laws of Western Australia.

d. Non-executive letter of appointment—Daniel Smith

On 22 June 2017, the Company entered into a non-executive letter of appointment with Mr Smith pursuant to which he was appointed as a Non-executive Chairman of the Company. Mr Smith will be paid an annual Director's fee of \$36,000 and all reasonable expenses incurred by him in performance of his duties as Non-executive Chairman will be reimbursed. The agreement is subject to the laws of Western Australia.

e. Corporate Services Agreement — Minerva Corporate Pty Ltd

On 5 January 2017, the Company entered into an engagement letter with Minerva Corporate (Minerva) for the provision of company secretarial and registered office services for a fixed monthly fee of \$4,000 plus GST. Daniel Smith is a director and shareholder of Minerva. The agreement is for an initial term of 6 months following which it may be terminated by either party giving the other party 3 months notice. The agreement is subject to the laws of Western Australia.

f. Accounting Services Agreement—Minerva

On 30 June 2017, the Company entered into an engagement letter with Minerva for the provision of accounting services for a fixed monthly fee of \$3,000 plus GST. The agreement is for an initial term of 12 months following which it may be terminated by either party giving the other party 3 months notice. The agreement is subject to the laws of Western Australia.

g. Employment Agreement—Brendan Ragan

On 23 December 2016, the Company entered into a permanent employment agreement with Mr Ragan for the position of technical director for an annual salary of \$70,000 and an hourly rate of \$40 for additional Vault IT work, pursuant to which he is responsible for coding, debugging and reviewing software elements, delivering code, technical, pipeline and technical programming decisions and providing assistance at expos and conferences. The agreement is subject to the laws of Western Australia.

8.4 Remuneration of the Directors and their related entities

Benefits paid to the Directors in the previous two years prior to the date of this Prospectus and the remuneration the Directors will be paid by the Company are as follows:

Directors	Annual Director's fee	Wages, salaries and/or bonuses	Benefits paid in the previous two years
Garth Pendergrast	\$150,000	Nil	\$66,405
Brendan Ragan	\$55,000	80,000	\$87,675
Michael Pereira	\$120,000	Nil	\$22,000 ³
Daniel Smith	\$36,000	Nil	\$36,000

³ This fee comprises 500,000 Shares at a deemed value of \$0.05 and \$11,000 in fees paid to Minerva for director and company secretary fees.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

8.5 Management and Consultants

a. Daniel Smith (Appointed 6 February 2017)—Company Secretary

Details of Mr Smith's experience and qualifications are set out in section 8.1 above.

b. Matthew Dyet—Producer

Mr Dyet is Stirfire's Producer and is responsible for establishing production processes, project management and testing. Mr Dyet is an experienced digital artist and designer, with a solid understanding of coding and scripting. He has substantial experience in 3D modelling and has a firm understanding of multiple interactive development tools.

Mr Dyet obtained a Bachelor of Creative Industries from Edith Cowan University in 2013 majoring in both Game Design and Interactive Multimedia. He also obtained a diploma in Interactive Games Development from TAFE in 2009. He has lectured at Edith Cowan University on advanced programming for the world wide web.

8.6 No other Directors Interests

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- a. the formation or promotion of the Company; or
- b. any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- c. the Offer; and

no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- i. to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- ii. for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

8.1 Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance appropriate for its circumstances, size and operations.

The Board will adopt, review and continually develop policies and procedures to:

- a. ensure that it acts with due care and diligence and in the interests of shareholders;
- b. adequately identify and deal with conflicts of interest at board, management and employee levels;
- c. protect shareholder interests, including access to information, voting rights, share of profits, equitable treatment; and
- d. protect the interests of stakeholders including employees, creditors, and the wider community.

With reference to the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition)*, the Board has adopted what it considers to be appropriate corporate governance policies and practices having regard to its size and nature of activities.



The Company's main corporate governance policies are set out below and are available on the Company's website at <https://www.stirfire.net>:

- a. Board Charter;
- b. Code of Conduct;
- c. Continuous Disclosure Policy;
- d. Securities Trading Policy; and
- e. Corporate Governance Statement.

PRINCIPLE 1—LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board and Management functions—Recommendation 1.1

The roles and responsibilities of the Board and management are set out in the Board Charter, available on the Company's website.

The Board is responsible for the corporate governance of the Company and operates in accordance with the principles set out in the Board Charter.

The Board Charter also provides for the Company's statement of delegated authority to set out the Company's policy relevant to the delegation of authority to management to conduct the day to day management of the Company.

The Company recognises that the roles and functions of the Board must necessarily be flexible to deliver the Company's objectives.

Electing or re-electing a director—Recommendation 1.2

The process of appointment and re-election is set out in the Board Charter.

The Company will undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director.

The Board will provide shareholders with all material information in the possession of the Company to enable shareholders to make an informed decision on the appointment and re-election of directors.

Director and senior executive agreements—Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment.

Company secretary—Recommendation 1.4

The Company Secretary is appointed and removed by the Board and reports to, and is directly accountable to, the Board, through the Chair, or if a Chair is not appointed, the Chief Executive Officer, on all matters to do with the proper functioning of the Board.

Diversity Policy—Recommendation 1.5

The Company does not currently have a diversity policy but is committed to developing a business model that values and achieves diversity on its workforce and on its Board. The Company intends to develop a diversity policy which will be announced to ASX as due course and will be made available on the Company's website. Management will monitor and report to the Board on the Company's progress on the development of its diversity policy.

Performance Evaluation—Recommendations 1.6 and 1.7

The Board is responsible for the evaluation and review of the performance of the Board and its committees (if any) and senior executives.

The Chair, or if a Chair is not appointed, the Chief Executive Officer, is primarily responsible for the evaluation and review of the performance of individual non-executive directors. The

Chair, or if a Chair is not appointed, the Chief Executive Officer, should disclose the process for evaluating the performance of those directors.

The Board (other than the Chair, or if a Chair is not appointed, the Chief Executive Officer) is responsible for the evaluation and review of the performance of the Chair, or if a Chair is not appointed, the Chief Executive Officer, and review of the effectiveness and programme of Board meetings.

The process of the performance evaluation of the Board, its committees (if any), directors and senior executives, generally involves an internal review. From time to time as the Company's needs and circumstances require, the Board may commission an external review of the Board, and its composition.

PRINCIPLE 2—STRUCTURE THE BOARD TO ADD VALUE

Nomination Committee and Board skills matrix—Recommendations 2.1 and 2.2

The Company believes it is not of a size to justify a Nomination Committee. If vacancies arise on the Board, all directors are involved in search and recruitment. The Board seeks to achieve a balance of entrepreneurial, capital markets, technical, operational, commercial and financial skills from the resources industry and broader business backgrounds. The Board will establish a skills matrix setting out the mix of skills and diversity that the Board currently has or is seeking to acquire.

Independence of directors—Recommendations 2.3, 2.4 and 2.5

The Board comprises three executive directors (Messrs. Garth Pendergrast, Brendan Ragan, and Michael Pereira) and one non-executive director (Mr Daniel Smith). The executive directors are not considered to be independent directors in terms of the ASX Corporate Governance Council's discussion of independent status. Despite this relationship, the Board believes that Messrs. Pendergrast, Ragan and Pereira are able, and will make quality and independent judgements in the best interests of the Company on all relevant issues before the Board. Mr Smith is considered to be an independent director in terms of the ASX Corporate Governance Council's discussion of independent status.

The role of Chair is to be filled by an independent director and the roles of Chair and Chief Executive Officer will be exercised by different individuals.

Directors are entitled to seek independent professional advice at the Company's expense in the furtherance of their duties.

Under the Company's Constitution, no director except the Chief Executive Officer may hold office for a period in excess of three years or beyond the third annual general meeting following the director's election without being submitted for re-election. At every annual general meeting one third of the Directors or the number nearest to but not exceeding one third must retire from office and are eligible for re-election.

Director induction and development—Recommendation 2.6

Induction, training and continuing education arrangements are the subject of the terms and conditions of the appointment of members to the Board. The requirement for the Board to implement an appropriate induction and education process for new Board appointees and senior executives is set out in the Board Charter on the Company's website. The process is designed to enable Board appointees and senior executives to gain a better understanding of the Company's financial, strategic, and operational and risk management position; the rights, duties and responsibilities of the directors; the roles and responsibilities of senior executives; and the role of Board committees (if any).



PRINCIPLE 3—ACT ETHICALLY AND RESPONSIBLY

Code of conduct—Recommendation 3.1

The Board has adopted a formal Code of Conduct to promote lawful, ethical and responsible decision-making by directors, management and employees. The Code promotes compliance with laws and regulation and avoidance of conflicts of interest, embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity. The Code of Conduct is available on the Company's website.

Policy for trading in Company's securities

The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees which raises awareness of the law in relation to insider trading, specifies blackout periods and provides notification protocols. The trading policy is located on the Company's website.

PRINCIPLE 4—SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit Committee—Recommendation 4.1

The Company does not currently have an Audit Committee. The Board considers that the formation of an Audit Committee is not warranted at this time given the stage of the Company's development.

The Board will at some time consider forming an Audit Committee if the size of the Board increases and efficiencies may be derived from a formal committee structure.

Financial Statements—Recommendation 4.2

The Board as a whole acts as the Audit Committee and performs the functions thereof including making sure that the financial records of the Company have been properly maintained and that the Company's financial statements comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. These financial statements are required annually.

Auditor attendance at AGM—Recommendation 4.3

The opportunity for shareholders to question a listed entity's external auditor at the AGM is an important safeguard for the integrity of the corporate reporting process. The Company's external auditor will attend each annual general meeting to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 5—MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure Policy—Recommendation 5.1

The Board places a strong emphasis on full and appropriate disclosure and has adopted a Continuous Disclosure Policy to ensure timely and accurate disclosure of price-sensitive information to shareholders through the lodgement of announcements with ASX. Clear procedures govern the preparation, review and approval of all announcements. The Company's Continuous Disclosure Policy is available on its website.

PRINCIPLE 6—RESPECT THE RIGHTS OF SECURITY HOLDERS

Communications Policy—Recommendation 6.1

The Company is committed to open and accessible communication with its shareholders, employees, customers and other stakeholders.

The Company will publish all relevant announcements on its website after ASX has acknowledged that the announcements have been released. The Continuous Disclosure Policy can be found on the Company's website. Subject to ASX disclosure rules, the Company communicates regularly with shareholders, brokers and analysts and publishes the information provided on its website.

Investor relations—Recommendations 6.2, 6.3 and 6.4

The Board is responsible for the communication strategy to promote effective communications with investors and to encourage effective participation at general meetings. The Company adheres to best practice in its preparation of Notices of Meetings and through its share registry offers to members the option of receiving shareholder communications electronically.

PRINCIPLE 7—RECOGNISE AND MANAGE RISK

Risk Management—Recommendations 7.1, 7.2, 7.3 and 7.4

The Board is committed to ensuring that the risks associated with the Company's business activities are properly identified, monitored and managed and to embedding in its management and reporting systems a number of risk management controls. Operational management regularly reviews the risks and controls and updates the Board in light of changing circumstances and emergent risk factors and weightings.

The Board considers that the Company is not of a size sufficient to warrant the establishment of an internal audit function or a risk management committee. The Company does however employ appropriate processes for continually improving the effectiveness of risk management and internal control processes.

The Chief Executive Officer is required to provide a declaration in writing to the Board as to whether the declaration in accordance with section 295A of the Corporations Act is founded on a sound system of internal control and that the system is operating effectively in all material respects in relation to financial risks.

Aside from the risks outlined in section 7 of this Prospectus the Company does not have material exposure to other economic, environmental or social sustainability risks.

PRINCIPLE 8—REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee—Recommendations 8.1, 8.2 and 8.3

The Directors consider the current size of the Board does not warrant the establishment of a separate Remuneration Committee. However, the Board will at some time consider forming a Remuneration Committee if the size of the Board increases and efficiencies may be derived from a formal committee structure. Nonetheless the Board is committed to ensuring that the principles of fair and responsible remuneration govern its operations.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at <https://www.stirfire.net>.



9 FINANCIAL INFORMATION

9.1 Introduction

This section summarises the Company's selected financial information from the audited financial statements for the full year periods ended 30 June 2015 and 30 June 2016, reviewed financial statements for the half year ended 31 December 2016 as well as the pro forma financial information.

The financial information has been prepared in Australian dollars and in accordance with Australian Accounting Standards and the Company's adopted accounting policies.

The information set out in this section and the pro forma financial information should be read together with:

- a. the risk factors described in section 7;
- b. the Independent Limited Assurance Report on the historical and Pro Forma Financial Information set out in section 10; and
- c. other information contained in this Prospectus.

9.2 Historical Financial Information

The historical financial information of the Company has been extracted from the audited financial reports of the Company for the years ended 30 June 2015, 30 June 2016 which was audited by Pitcher Partners BA&A Pty Ltd (**Pitcher Partners**) in accordance with the Australian Auditing Standards. The Historical Financial Information for the 6 month period ended 31 December 2016 has not been audited however has been subject to audit review.

Pitcher Partners issued an unmodified audit opinion on the financial reports of the Company. The audit opinions for 30 June 2015 and 30 June 2016 included an emphasis of matter paragraph in relation to the Company's ability to continue as a going concern.

9.3 Pro Forma Historical Consolidated Financial Information

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of pro forma adjustments described in sections 4 and 5 of the Independent Limited Assurance Report.

9.4 No prospective financial forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings because of the variable and uncertain nature of the Company's revenue. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate or projection.

Notwithstanding the above, this Prospectus includes, or may include, forward looking statements including without limitation, forward looking statements regarding the Company's financial position, business strategy, and plans and objectives for its business and future operations (including development plans and objectives) which have been based on the Company's current expectations. These forward looking statements are however subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward looking statements. These statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.



10 INVESTIGATING ACCOUNTANT'S REPORT



PITCHER PARTNERS

BA & A PTY LTD

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Perth
WA 6000

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Pitcher Partners is an association of Independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

Ref: PM:jj

17 July 2017

The Directors
Stirfire Limited
C/- Minerva Corporate
Ground Floor, 1 Centro Avenue
Subiaco, WA 6008

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON STIRFIRE LTD HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

Pitcher Partners BA&A Pty Ltd ('Pitcher Partners') have been engaged to report on the Historical Financial Information of Stirfire Limited (the 'Company', or 'Stirfire') and Pro Forma Historical Financial Information of the Company as at and for the 6 month period ended 31 December 2016.

The Historical Financial Information has been prepared for inclusion in the Prospectus dated on or about 17 July 2017 (the 'Prospectus'). The Prospectus proposes to issue 25,000,000 new Shares at an issue price of \$0.20 each to raise \$5,000,000 before costs ('Public Offer'). The Company reserves the right to accept over-subscriptions of a further 10,000,000 shares at an issue price of \$0.20 each to raise a maximum of \$7,000,000.

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

1. Background

Founded in 2010, Stirfire is an Australian video game, entertainment software and simulation company with the vision of being at the forefront of industry.

Video games are a marriage of technology, design, art and sound design into a single cohesive whole, and as such have far reaching applications in a variety of sectors including the entertainment industry, as well as health, education, defence, emergency planning, manufacturing and service delivery.

Stirfire has issued a Prospectus in raise funds to further develop and commercialise its business offerings.

Within seven days of issuing the Prospectus, the Company will also apply to the ASX for admission to the Official List and for Official Quotation of its Shares (other than those likely to be treated as restricted securities).

2. Scope

Historical Financial Information

The Historical Financial Information of Stirfire included in the Prospectus comprises:

- the Statement of Comprehensive Income for the years ended 30 June 2015 and 2016 year and 6 month period ended 31 December 2016;
- the Statement of Financial Position as at 31 December 2016;
- the Statement of Changes in equity for the 6 month period ended 31 December 2016; and
- the Statement of Cash Flows for the years ended 30 June 2015 and 2016 year and 6 month period ended 31 December 2016;

(collectively, the 'Historical Financial Information').

The Historical Financial Information of the Company 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 of the Company has been extracted from the financial report of Stirfire for the years ended 30 June 2015, 30 June 2016 which was audited by Pitcher Partners BA&A Pty Ltd ('Pitcher Partners'), in accordance with the Australian Auditing Standards. The Historical Financial Information for the 6 month period ended 31 December 2016 has not been audited however has been subject to audit review.

Pitcher Partners issued an unmodified audit opinion on the financial reports of the Company. The audit opinions for 30 June 2015 and 30 June 2016 included an emphasis of matter paragraph in relation to the Company's ability to continue as a going concern.

The Historical Financial Information of the Company 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 and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested Pitcher Partners to review the following:

- the Pro Forma Statement of Financial Position of the Company as at 31 December 2016; and
- the Pro Forma Statement of Changes in Equity of the Company for the period ended 31 December 2016.

(collectively, the 'Pro Forma Historical Financial Information').

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of Stirfire, after adjusting for the effects of pro forma adjustments described in section 4 and 5 of this report.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 4 and 5 of this report, as if those events or 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 position.

Directors' responsibility

The directors of Stirfire 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 control as the directors determine are necessary to enable the preparation of the 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 Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Auditing Standards.

Our review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

3. 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 Appendices 1 – 4 of this report, and comprising:

- the Statement of Comprehensive Income for the years ended 30 June 2015 and 2016 year and 6 month period ended 31 December 2016;
- the Statement of Financial Position as at 31 December 2016;
- the Statement of Changes in equity for the 6 month period ended 31 December 2016; and
- the Statement of Cash Flows for the years ended 30 June 2015 and 2016 year and 6 month period ended 31 December 2016;

are not presented fairly, in all material respects, 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 as described in Appendix 5 of this report.

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 being the Statement of Financial Position and Statement of Changes in Equity as at 31 December 2016 of the Company as described in Appendices 1 -4 is not presented fairly in all material respects, 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 as described in Appendix 5 of this report.

4. Subsequent Events Prior to the Prospectus

- a) As at 31 December 2016 the Company had 6,200,100 ordinary shares on issue. Due to an oversight, the Company did not issue shares for a share split prior to issuing shares under an Information Memorandum which was prepared on a post share split basis. The Company's share register was incorrectly reported. To rectify the issue, on the 16 January 2017 the Company cancelled the 6,200,000 investor shares and split the 100 founder shares at a share split of 1 to 150,000 (15,000,000 shares). The Company then reissued the 6,200,000 shares to its investors increasing the number of issued Ordinary Shares to 21,200,000.
- b) The Company raised \$80,000 through the issue of 1,600,000 Ordinary shares at \$0.05 per share as seed raising.
- c) 600,000 Ordinary shares at an issue price of \$0.05 (\$30,000) were issued in lieu of fees for seed raising and has been recorded as an expense against equity.
- d) 500,000 Ordinary shares were issued to Mr Daniel Smith at an issue price of \$0.05 per share in lieu of Director and Company Secretary services provided. In total, \$25,000 was expensed as a share based payment.
- e) Michael Pereira was to receive 9,000,000 options at an exercise prices of \$0.001 with an expiry date of December 2022 as part of remuneration for Corporate Advisory services rendered.

It was resolved on 2 June 2017 that 9,000,000 shares were to be issued to Michael Pereira at an issue price of \$0.001 per share (\$9,000), in lieu these options for the services rendered to the Company.

These Ordinary shares have been valued at \$0.05 per share as per the most recent issue price at the time of the agreement taking place. \$441,000 has been expensed as a share based payment as a result of this transaction.

- f) The Company raised \$583,500 through the issue of 5,835,000 Ordinary Shares at \$0.10 per share as mezzanine capital issues. Expenses of the mezzanine capital offer totalled approximately \$35,010 and has been recorded as a cost of equity.
- g) 100,000 Ordinary shares at an issue price of \$0.10 per share were issued to existing finance providers to the Company as settlement of \$10,000 in borrowed funds at 31 December 2016.
- h) 200,000 Ordinary shares were issued to Consultants at \$0.10 per share. In total \$20,000 was expensed as share based payments in lieu of consultancy services provided.
- i) 100,000 Ordinary shares issued upon the exercise of 100,000 options with an exercise price of \$0.0001

5. Assumptions Adopted in Compiling the Pro Forma Adjustments

The following transactions and events are related to the issue of Shares under the Prospectus dated on or about 17 July 2017:

- a) The issue of 25,000,000 Ordinary shares at an issue price of \$0.20 per share to raise \$5,000,000, or 35,000,000 Ordinary shares at an issue price of \$0.20 per share to raise \$7,000,000 pursuant to this Prospectus.
- b) Expenses of the Offers estimated at \$738,000, assuming \$5,000,000 is raised, or \$900,000 if \$7,000,000 is raised. The amount is to be expensed against equity as a cost of capital issued.

6. Restriction on Use

Without modifying our conclusions, we draw attention to section 9.1 of the Prospectus, which describes the purpose of the financial information prepared, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for another purpose.

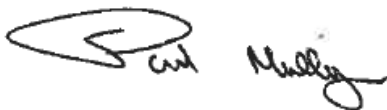
7. Liability

Pitcher Partners has consented to the inclusion of this report in the Prospectus in the form and context in which it is included. The liability of Pitcher Partners is limited to the inclusion of this report in the Prospectus. Pitcher Partners makes no representation regarding, and has no liability for, any other statement or other material in, or any omissions from, the Prospectus.

8. Declaration of Interest

Pitcher Partners does not have any interest in the outcome of the Offers other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director

APPENDIX 1

STIRFIRE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 30 JUNE 2015, 2016 AND 6 MONTH PERIOD ENDED 31 DECEMBER 2016

	For the 6 month period ended 31 December 2016	For the year ended 30 June 2016	For the year ended 30 June 2015
	Reviewed	Audited	Audited
	\$	\$	\$
Revenue and other income			
Sales revenue	468	4,610	74,483
Consulting revenue	87,337	35,297	1,502
	<u>87,805</u>	<u>39,907</u>	<u>75,985</u>
Less: Expenses			
Transport expense	(1,514)	(292)	(232)
Depreciation and amortisation expense	(4,460)	(2,100)	(1,473)
Employee benefit expenses	(133,249)	(2,737)	(1,575)
Occupancy expense	(12,673)	(1,818)	-
Advertising expense	(29,926)	(2,081)	(20,571)
Finance costs	(4,600)	(6,053)	(6,053)
Consulting and accounting expense	(63,108)	(64,549)	(45,801)
Other expenses	(76,927)	(29,882)	(39,471)
Loss from continuing operations before income tax	<u>(238,652)</u>	<u>(69,605)</u>	<u>(39,191)</u>
Income tax expense	-	-	-
Loss from continuing operations after income tax	<u>(238,652)</u>	<u>(69,605)</u>	<u>(39,191)</u>
Other comprehensive income			
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	<u>(238,652)</u>	<u>(69,605)</u>	<u>(39,191)</u>
Loss for the period is attributed to:			
Owners of the Company	<u>(238,652)</u>	<u>(69,605)</u>	<u>(39,191)</u>
Total comprehensive loss for the period attributed to:			
Owners of the Company	<u>(238,652)</u>	<u>(69,605)</u>	<u>(39,191)</u>

The Statement of Comprehensive Income is to be read in conjunction with notes to and forming part of the Historical and Pro Forma Historical Financial Information set out in Appendix 5.

STIRFIRE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 December 2016 Reviewed \$	Subsequent Event Adjustments \$	Pro Forma Adjustments \$5m \$	Pro Forma Adjustments \$7m \$	Pro Forma After Issue \$5m \$	Pro Forma After Issue \$7m \$
ASSETS							
Current Assets							
Cash and cash equivalents	2	74,755	637,500	4,262,000	6,100,000	4,974,255	6,812,255
Trade and other receivables		88	-	-	-	88	88
Current tax asset		3,211	-	-	-	3,211	3,211
Other current assets		5,400	-	-	-	5,400	5,400
Total Current Assets		83,454	637,500	4,262,000	6,100,000	4,982,954	6,820,954
Non-Current Assets							
Property, plant & equipment		25,192	-	-	-	25,192	25,192
Total Non-Current Assets		25,192	-	-	-	25,192	25,192
TOTAL ASSETS		108,646	637,500	4,262,000	6,100,000	5,008,146	6,846,146
LIABILITIES							
Current Liabilities							
Trade and other payables		203,784	-	-	-	203,784	203,784
Borrowings	3	10,821	(10,000)	-	-	821	821
Total Current Liabilities		214,605	(10,000)	-	-	204,605	204,605
TOTAL LIABILITIES		214,605	(10,000)	-	-	204,605	204,605
NET ASSETS		(105,959)	647,500	4,262,000	6,100,000	4,803,541	6,641,541
EQUITY							
Contributed equity	4	310,100	692,500	4,262,000	6,100,000	5,264,600	7,102,600
Reserves		-	-	-	-	-	-
Accumulated losses	5	(416,059)	(45,000)	-	-	(461,059)	(461,059)
TOTAL EQUITY		(105,959)	647,500	4,262,000	6,100,000	4,803,541	6,641,541

The reviewed Pro Forma Statement of Financial Position after the Prospectus is as per the Statement of Financial Position of the Company before the Prospectus adjusted for the subsequent events and Pro Forma transactions outlined in sections 4 and 5 of this report. The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Historical and Pro Forma Historical Financial Information set out in Appendix 5.

STIRFIRE LIMITED
APPENDIX 3
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016

	31 December 2016	Subsequent Event	Pro Forma Adjustments		Pro Forma Adjustments \$7m	Pro Forma After Issue	
			\$m	\$		\$5m	\$7m
Opening Balance 1 July 2016:							
- Contributed equity	50,100	-	-	-	-	50,100	50,10
- Accumulated losses	(177,405)	-	-	-	-	(177,405)	(177,405)
	(127,305)	-	-	-	-	(127,305)	(127,305)
Comprehensive income for the period:							
Loss for the period	(238,652)	(45,000)	-	-	-	(238,652)	(238,652)
	(238,652)	(45,000)	-	-	-	(238,652)	(238,652)
Total comprehensive loss attributed to members							
Transactions with owners in their capacity as owners:							
Shares issued during the period	260,000	1,198,510	5,000,000	7,000,000	7,000,000	6,458,510	8,458,510
Less transaction costs		(506,010)	(738,000)	(900,000)	(900,000)	(1,244,010)	(1,406,010)
Total transactions with owners	260,000	692,500	4,262,000	6,100,000	6,100,000	5,214,500	7,052,500
Closing balance 31 December 2016	(105,957)	647,500	4,262,000	6,100,000	6,100,000	4,803,543	6,641,543

The reviewed Pro Forma Statement of Changes in Equity after the Prospectus is as per the Statement of Changes in Equity of the Company before the Prospectus adjusted for the subsequent events and Pro Forma transactions outlined in sections 4 and 5 of this report. The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the Historical and Pro Forma Historical Financial Information set out in Appendix 5.

APPENDIX 4

STIRFIRE LIMITED
STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2016

	For the 6 month period ended 31 December 2016 Reviewed \$	For the year ended 30 June 2016 Audited \$	For the year ended 30 June 2015 Audited \$
Cash flow from operating activities			
Receipts from customers	496	39,983	64,441
Payments to suppliers and employees	(191,241)	(53,285)	(59,595)
Income tax paid	-	(3,746)	(1,628)
Net cash provided by / (used in) operating activities	<u>(190,745)</u>	<u>(17,048)</u>	<u>3,218</u>
Cash flow from investing activities			
Payment for property, plant and equipment	(25,489)	(8,326)	(9,131)
Net cash provided by / (used in) investing activities	<u>(25,489)</u>	<u>(8,326)</u>	<u>(9,131)</u>
Cash flow from financing activities			
Proceeds from share issue	260,000	50,000	-
Net cash provided by financing activities	<u>260,000</u>	<u>50,000</u>	<u>-</u>
Reconciliation of cash			
Cash at beginning of the financial year	30,989	6,363	12,276
Net increase / (decrease) in cash held	43,766	24,626	(5,913)
Cash at end of financial year	<u>74,755</u>	<u>30,989</u>	<u>6,363</u>

APPENDIX 5

STIRFIRE LIMITED
NOTES TO AND FORMING PART OF THE HISTORICAL
AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1. REPORTING ENTITY**

The significant accounting policies adopted in the preparation of the Historical Financial Information and Pro Forma Historical Financial Information included in this report have been set out below.

A. Basis of Preparation of Historical and Pro Forma Historical Financial Information

The Historical and Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the presentation and disclosure requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The Historical and Pro Forma Historical Financial Information has been prepared on a historical cost basis and except where stated does not take in to account changing money values or current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of this Historical and Pro Forma Historical Financial Information, apart from the significant accounting policies set out below, are consistent with those adopted in the annual financial statements for the year ended 30 June 2015, 2016 and the 6 month period ended 31 December 2016.

B. Going concern

The Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing commitments and for working capital. The directors may need to raise additional capital or realise assets as required to further explore and evaluate the current opportunities. The directors believe that the Company will continue as a going concern. As a result the Financial Information has been prepared on a going concern basis. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

(a) IntangiblesPatents, trademarks, core technologies and licences

Patents, trademarks, core technologies and licences are acquired and are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. All revenue is stated net of the amount of goods and services tax (GST).

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. Revenue is recognised for the major business activities as follows:

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(c) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(d) Foreign currencies

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(f) Share-based payments

Equity-settled share-based payments to employees and others providing services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(h) Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit and loss.

Classification and Subsequent Measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amounts due less provision for doubtful debts. Loans and receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(i) Impairment of financial assets

At each reporting date, the Company assesses all financial assets, other than those held at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or Company of financial assets has been impaired. For amounts due to the Company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments, are all considered indicators of impairment.

Impairment losses are recognised in profit or loss, and are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset, at the date that the impairment is reversed, shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the statement of financial position are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, other short-term highly liquid investments with original maturities of three (3) months or less, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Tests are conducted annually by the Company to determine whether the carrying value of Technology rights and capitalised patent expenditure has suffered any impairment.

(m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Comparative amounts

Where necessary, comparative figures have been reclassified and repositioned for consistency with current year disclosures.

(o) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(p) Significant accounting estimates and judgements

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payments transactions

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

NOTE 2. CASH AND CASH EQUIVALENTS

	31 December 2016 Reviewed	Pro Forma After Issue \$5m	Pro Forma After Issue \$7m
	\$	\$	\$
Cash and cash equivalents	74,755	4,974,255	6,812,255
Stirfire Limited Reviewed balance at 31 December 2016		74,755	74,755
<i>Subsequent events</i>			
Consideration received for 1,600,000 Ordinary shares at \$0.05 issued after period end		80,000	80,000
Consideration received for 5,835,000 Ordinary shares at \$0.10 issued after period end		583,500	583,500
Costs of the above share issue		(35,010)	(35,010)
Contribution from Director as part consideration for 9,000,000 shares in lieu of services provided		9,000	9,000
Options exercised after period end		10	10
<i>Adjustments arising in the preparation of the pro forma cash and cash equivalents balance are as follows:</i>			
Issue of shares in the Company under this Prospectus at an issue price of \$0.20 per Share		5,000,000	7,000,000
Share issue costs		(783,000)	(900,000)
Pro Forma balance		4,974,255	6,812,255

NOTE 3. BORROWINGS

	31 December 2016 Reviewed	Pro Forma After Issue
	\$	\$
Borrowings	10,821	821
Stirfire Limited Reviewed balance at 31 December 2016		10,821
<i>Subsequent events</i>		
Shares issued in settlement of borrowed amounts outstanding		(10,000)
Pro Forma balance		821

NOTE 4. CONTRIBUTED EQUITY

	31 December 2016	Pro Forma After Issue	Pro Forma After Issue
	Reviewed	\$5m	\$7m
	\$	\$	\$
- Ordinary shares	310,100	5,264,600	7,102,600
Contributed equity	310,100	5,264,600	7,102,600

	<u>Number of Ordinary Shares (Min)</u>	<u>Number of Ordinary Shares (Max)</u>	\$	\$
Stirfire Limited reviewed balance at 31 December 2016	6,200,100	6,200,100	310,100	310,100
<i>Subsequent events</i>				
Share split on a 1:150,000 basis for 100 founder shares	14,999,900	14,999,900	-	-
Post year end issuing of 1,600,000 shares at an issue price of \$0.05 per share	1,600,000	1,600,000	80,000	80,000
Post year end issuing of 5,835,000 shares at an issue price of \$0.10 per share	5,835,000	5,835,000	583,500	583,500
Shares issued to Directors and Consultants in lieu of Director/Secretary, Consultancy and Fundraising services provided	10,300,000	10,300,000	525,000	525,000
Issue of shares in settlement of borrowed amounts outstanding	100,000	100,000	10,000	10,000
Options exercised after period end	100,000	100,000	10	10
Total capital raising costs for post year end shares issued	-	-	(506,010)	(506,010)
<i>Adjustments arising in the preparation of the pro forma contributed capital balance are summarised as follows:</i>				
Proceeds from Shares issued under this Prospectus:	25,000,000	35,000,000	5,000,000	7,000,000
Capital raising costs	-	-	(783,000)	(900,000)
Pro Forma balance	64,135,000	74,135,000	5,264,600	7,102,600

NOTE 5. ACCUMULATED LOSSES

	31 December 2016	Pro Forma After Issue
	Reviewed	
	\$	\$
Accumulated losses	(416,059)	(461,059)
Stirfire Limited Reviewed balance at 31 December 2016		(416,059)
<i>Subsequent events</i>		
Shares issued to Director and Consultants in lieu of Director/Secretary, Consultancy and Advisory services		<u>(45,000)</u>
Pro Forma balance		<u>(461,059)</u>

NOTE 6. OPTIONS

There were no Options on issue as at the date of this report.

NOTE 7. RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

The Directors of the Company at the date of this report are:

- Garth Pendergrast;
- Brendan Ragan
- Michael Pereira; and
- Daniel Smith.

Directors' holdings of Shares, Directors' remuneration and other Directors' interests are set out in sections 8.2 – 8.6 of the Prospectus.

11 DETAILS OF THE OFFER

11.1 Offer

Under this Prospectus, the Company offers for subscription up to 35,000,000 Shares at an issue price of \$0.20 per Share to raise up to approximately \$7,000,000 (before costs).

All of the Shares offered under this Prospectus will rank equally with existing Shares. The rights and liabilities of the Shares offered under this Prospectus are summarised at section 11.15.

11.2 Minimum subscription

The minimum subscription under the Offer is \$5,000,000 by the issue of 25,000,000 Shares. The Company will not issue any Shares pursuant to this Prospectus until the minimum subscription condition is satisfied and a conditional approval letter for admission to the Official List has been received from the ASX. Should the minimum subscription amount not be raised within 4 months after the date of this Prospectus, the Company will either not issue the Shares and repay all Application Monies to Applicants without interest within the time prescribed under the Corporations Act or issue a supplementary prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application monies without interest.

11.3 Maximum subscription

The Company may accept subscriptions of up to a further \$2,000,000 through the issue of up to a further 10,000,000 Shares at an issue price of \$0.20 per Share under the Offer to raise a maximum subscription amount of \$7,000,000.

11.4 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 24 July 2017 and the Closing Date will be 15 September 2017 at 5:00pm WST, unless otherwise extended.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

11.5 Application for Shares

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the Shares offered by this Prospectus before deciding to apply for Shares. If you do not understand this Prospectus you should consult your professional adviser.

An Application for Shares can only be made by using the Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out in the Application Form.

Payment for the Shares must be made in full at the issue price of \$0.20 per Share. Applications for Shares must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares (\$200).

Completed Application Forms and accompanying cheques must be mailed to the Company as follows:

Delivery by post	Delivery by hand
PO Box 510 Subiaco WA 6904	Ground Floor, 1 Centro Avenue Subiaco, WA 6008

Cheques should be made payable to “Stirfire Limited—Share Offer Account” and crossed “Not Negotiable”. Completed Application Forms and cheques must reach the address set out above by no later than the Closing Date.



11.6 Applicants outside Australia

The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. 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 to enable them to acquire Shares. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

11.7 Application money held in trust

All Application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or Application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

11.8 Allocation and Issue of Shares

The issue of Shares under the Offer will take place as soon as practicable after the Closing Date. Application Moneys will be held in a separate subscription account until the Shares are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the Application Monies will be for the benefit of the Company and will be retained by the Company irrespective of whether any shares are issued and each Applicant waives the right to claim any interest.

The Company is not in a position to guarantee a minimum allocation of Shares under the Offer. The Company reserves the right to reject any Application or to allocate to any Applicant fewer Shares than the number applied for. The Company also reserves the right to reject or aggregate multiple applications in determining final allocations.

In the event an Application is not accepted or accepted in part only, the relevant portion of the Application Monies will be returned to Applicants, without interest.

The Company reserves the right not to proceed with the Offer or any part of it at any time before the allocation of the Shares to Applicants. If the Offer or any part of it is cancelled, all Application Moneys, or the relevant Application Monies will be refunded.

The Company also reserves the right to close the Offer or any part of it early, or extend the Offer or any part of it, or accept late Applications Forms either generally or in particular cases.

11.9 Not Underwritten

The Offer is not underwritten.

11.10 Lead Manager Mandate

On 23 March 2017 Stirfire entered into an exclusive lead manager and corporate advisory mandate with RM Corporate Finance Pty Ltd (**RM Corporate Finance**) to:

- a. act as lead manager for a mezzanine capital raising in the capital of Stirfire of up to \$250,000 via the issue of 2.5 million ordinary fully paid shares in Stirfire to Sophisticated Investors (**Mezzanine Offer**);
- b. act as lead manager for this initial public offering to raise between \$5 million to \$7 million (**IPO Offer**) on ASX; and
- c. provide general corporate advisory services and assistance in respect of the proposed listing of Stirfire on ASX.

The term of the mandate is from the date of execution for 6 months, or the completion of the initial public offering, whichever is later.

The key terms of the lead manager and corporate advisory mandate are as follows:

- a. RM Corporate Finance's fees for the lead manager and corporate advisory mandate will consist of:
 - i. **(Capital Raising Fee):** 6% (plus GST) of the Mezzanine Offer and the IPO Offer facilitated by RM Corporate Finance (or nominee) on settlement of the Mezzanine or IPO Offer and/or ASX listing, as the case may be;
 - ii. **(Corporate Advisory Fee):** \$120,000 (plus GST) payable on settlement of the IPO;
 - iii. **(Lead Manager Fee):** 2% (plus GST) of the IPO Offer facilitated by RM Corporate Finance payable within 30 days of completion of any IPO Offer and/or ASX listing, as the case may be; and
 - iv. **(Expenses):** In addition to the above, Stirfire will reimburse RM Corporate Finance for any reasonable disbursement expenses incurred in, or as a result of, acting for Stirfire. The reimbursement of these expenses is capped at \$1,000 in any calendar month, unless Stirfire has given its prior written consent to exceed this amount in a calendar month.
- b. Stirfire will indemnify RM Corporate Finance and its directors, employees, agents and associated companies (Indemnified Parties) against any and all claims, damages, losses, liabilities and expenses incurred or arising out of the engagement of RM Corporate Finance, excluding any claim that arises from the negligence or wilful misconduct of the Indemnified Parties.
- d. Stirfire represents and warrants to RM Corporate Finance that all facts, information and material reviewed and provided by Stirfire to RM Corporate Finance will not be false, misleading or deceptive. Stirfire accepts full responsibility for such material facts, information or material contained in any documents prepared by it.
- e. Both Stirfire and RM Corporate Finance may terminate the lead manager and corporate advisory mandate but only with cause on 14 days' notice. The indemnity and warranty clauses survive termination for a period of 12 months. Stirfire must pay RM Corporate Finance's fees or outlays that have accrued to the date of termination, within 14 days of termination.
- f. Michael Pereira is a contractor to RM Corporate Finance but does not control RM Corporate Finance. As such, RM Corporate Finance is not a related party of the Company.

11.11 Commissions Payable

No brokerage commission or stamp duty is payable by applying for Shares under the Offer. However the Company may pay brokerage fees to stockbrokers or licensed investment advisors.

11.12 ASX Listing

The Company will apply to ASX within 7 days of the date of this Prospectus for admission to the Official List and for official quotation of its Shares on ASX. If ASX does not grant permission for the quotation of the Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, all applications will be dealt with in accordance with the Corporations Act including the return of all application moneys without interest.

The fact that 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 Shares now offered for subscription.



ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Prospectus.

The Directors expect that trading of the Shares by ASX will commence as soon as practicable after approval for admission to the Official List of ASX is granted and all conditions (if any) applicable thereto have been fulfilled.

11.13 CHES

The Company will apply to participate in the Clearing House Electronic Subregister System (CHES), operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of ASX), in accordance with the ASX Settlement Operating Rules. On admission to CHES, the Company will operate an electronic issuer-sponsored subregister and an electronic CHES subregister. These 2 subregisters together will make up the Company's principal register of securities.

Under CHES, the Company will not issue certificates to security holders. Instead, security holders will receive holding statements that set out the number of securities held. If a security holder is broker-sponsored, ASX Settlement will send the security holder a CHES statement. This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHES sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register.

A CHES statement or issuer-sponsored statement will routinely be sent to security holders at the end of every calendar month during which the balance of their holding changes. A security holder may request a statement at any other time; however a charge may be imposed for additional statements.

11.14 Restricted securities

The ASX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. In particular, Directors, other related parties and promoters may receive escrow on securities held by them for up to 24 months from the date of quotation of the Company's Shares on ASX.

None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from their date of allotment.

The Company has no voluntary escrow arrangements in place.

11.15 Rights and liabilities attaching to Shares

Full details of the rights attaching to Shares are set out in:

- the Constitution, a copy of which can be inspected during office hours at the Company's registered office at Unit 5, Ground Floor, 1 Centro Avenue, Subiaco WA 6008 during the offer period; and
- certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the principal rights and liabilities 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, person should seek independent legal advice.

a. 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 members, every member has one vote on a show of hands, and, on a poll one vote per Share. At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is effectively demanded and the demand is not withdrawn.

b. Dividends

Subject to the Corporations Act, the Listing Rules, the Constitution and the rights of holders of shares issued with any special rights (at present there are none), the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Member entitled to that dividend.

All Shares currently on issue and the Shares to be issued under this Prospectus are fully paid ordinary shares.

c. Future Issues of Securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

d. Transfer of Shares

A Share is transferable as provided by the Operating Rules of a CS Facility if applicable; or by any other method of transfer which is required or permitted by the Corporations Act and, while the Company is on the Official List, ASX.

The Directors may refuse to register a transfer of Shares, where permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules or a restriction agreement.

e. Meetings and notice

Each Shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

f. Election of Directors

There must be a minimum of 3 directors and no more than ten. At every annual general meeting one third of the Directors (except the managing director) must retire from office. Any Director who has been in office for 3 years or more since that Director's election or last re-election as a Director must also retire.

g. Indemnities

To the extent permitted by law the Company must indemnify each past and present Director or Secretary or officer or senior manager of the Company (or a subsidiary of the Company) against any liability incurred by that person in that capacity and any legal costs incurred in defending or resisting proceedings because of that capacity and legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties in that capacity, if that expenditure has been approved in accordance with the Company's policy.

h. Liquidation rights

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

The Company has one class of shares on issue, which rank equally in the event of liquidation.

i. Shareholder liability

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



j. Alteration to the Constitution

Pursuant to the Corporations Act, 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. At least 28 days' written notice, specifying the intention to propose the resolution as a special resolution must be given.

k. Listing Rules

If the Company is admitted to the Official List of ASX, then despite anything in its constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

11.16 Employee Incentive Plan

The Company has established an employee share option plan (Incentive Plan) to provide an opportunity to eligible participants to participate in the Company's future growth and provide an incentive to contribute to that growth. The Incentive Plan is further designed to assist in attracting and retaining employees.

Subject to prior Shareholder approval, Directors are entitled to participate in the Incentive Plan. No invitations have been as yet issued under the Incentive Plan. The Directors do not currently participate in the Incentive Plan, but may do so in the future. The extent of any future participation in the Incentive Plan is unknown.

A summary of the terms of the Incentive Plan is set out below:

- a. The Company must obtain Shareholder approval under the Listing Rules and/or the Corporations Act before the participation under the Incentive Plan of any eligible participant who is a Director of or otherwise a related party of the Company.
- b. Subject to the Corporations Act and the Listing Rules, the Board may at such times as it determines, issue invitations (in such form as the Board decides from time to time) to eligible participants, or any one or more of them, inviting applications for a grant of incentive securities up to the number specified in the invitation and specifying an acceptance period.
- c. The maximum number of incentive securities will be determined by the Board in its absolute discretion.
- d. A Share, an Option, a Performance Right or any other equity security (as defined in the Listing Rules) (**Incentive Securities**) may be issued under the Incentive Plan.
- e. Options and Performance Rights issued under the Incentive Plan will be for no consideration. Subject to the Listing Rules, the Board may determine the Exercise Price (if any) for an Option or a Performance Right in its absolute discretion. In the case of Shares, the issue price (if any) or the formula for determining the issue price will be set out in the invitation to eligible participants.
- f. The Board may impose performance criteria for the vesting of Incentive Securities.
- g. The Board may in its absolute discretion determine the general terms of the awards subject to the Corporations Act, the Listing Rules and the Constitution.

- h. If there is a reorganisation of the issued capital of the Company (including any subdivision, consolidation, reduction, return or cancellation), the number of Incentive Securities will be adjusted in accordance with the Corporations Act and the Listing Rules.
- i. Subject to the Plan, a Participant, upon the issue of Shares under the Plan or upon conversion of Options or Performance Rights, will enjoy all rights attaching to Shares of the Company.
- j. If a change of control event occurs, the Board may in its sole and absolute discretion determine that all or a percentage of unvested Incentive Securities will vest and become exercisable and any Plan Shares will be free from any restrictions.
- k. Where a performance condition in relation to Shares is not satisfied or waived by the due date or becomes incapable of satisfaction in the opinion of the Board, the Company may (subject to the Corporations Act and the Listing Rules) elect within 12 months of the date the performance condition is not satisfied (or becomes incapable of satisfaction) to buy back and cancel the relevant Shares, following written notice to the participant.
- l. Where a participant ceases to be an eligible participant of the Company as a result of death, total and permanent disability, redundancy, retirement or death/terminal illness of an immediate family member, the Board may elect to waive any performance conditions applying to that participant's awards and permit the participant (or their personal legal representative) to sell, transfer, assign, mortgage, charge or otherwise encumber the awards.
- m. An invitation or offer of incentive securities may only be made under the Incentive Plan if the number of Shares that may be acquired when aggregated with:
 - i. the number of Shares which would be issued if each outstanding offer or award, being an offer made or option or performance right acquired pursuant to the Incentive Plan or any other employee share scheme was to be accepted or exercised; and
 - ii. the number of Shares issued during the previous 3 years pursuant to the Plan or any other employee share scheme,
 but disregarding any offer made, or award acquired or Share issued, by way of or as a result of:
 - iii. an offer to a person situated outside of Australia at the time of receipt of the offer; or
 - iv. an offer which did not require disclosure to investors under the Corporations Act; or
 - v. an offer made under a disclosure document (within the meaning under the Corporations Act),
 does not exceed 5% of the total number of issued Shares of the Company as at the time of the invitation or offer.
- n. The Board may terminate the Incentive Plan at any time.



11.17 Costs of the Offer

The total estimated expenses of this Offer are estimated to be \$738,000 (based on minimum subscription) and \$900,000 (based on maximum subscription) consisting of the following:

Nature of Expense	Minimum (\$)	Maximum (\$)
Lead Manager/Corporate Advisory fee	520,000	680,000
Legal fees	100,000	100,000
Investigating Accountants fee	20,000	20,000
Share Registry fee	2,000	2,000
ASIC filing fee	2,400	2,400
ASX Listing fees	72,800	74,800
Prospectus design and printing	10,000	10,000
Other miscellaneous expenses	10,800	10,800
Total	738,000	900,000

These expenses have been or will be paid by the Company.

11.18 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

11.19 Queries

This Prospectus provides information for investors to decide if they wish to invest in the Company and should be read in its entirety. If you have any questions about investing in the Company, please contact your stockbroker, financial planner, accountant, lawyer or other professional advisers.

Any queries regarding the Offer should be directed to the Company Secretary on (08) 9486 4036.

Any queries regarding the Application Form should be directed to the Share Registry on (08) 9389 8033.

12 ADDITIONAL INFORMATION

12.1 Continuous disclosure

Upon admission to the Official List the Company will be required to notify ASX of information which may have a material effect on the price or value of the Company's Shares. To comply with its continuous disclosure obligations, the Company will conduct regular board meetings with continuous disclosure a standing agenda item.

12.2 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to take independent financial advice about the taxation and any other consequences of investing in the Company.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to taxation and any other consequences of investing in the Company.

12.3 Interests of experts and advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- a. the formation or promotion of the Company;
- b. property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- c. the Offer.

Mills Oakley has acted as Australian legal advisor to the Company in connection with its application to list on ASX. The Company has paid or will pay an aggregate of approximately \$100,000 excluding GST to Mills Oakley for these services. Further amounts may be paid to Mills Oakley for other work in accordance with its normal time based charges. Mills Oakley has not provided other professional services to the Company during the last 2 years.

Pitcher Partners has provided audit and assurance services to the Company. In respect of this work, the Company has paid or will pay a sum of \$52,000 excluding GST and disbursements. A related entity of Pitcher Partners has also provided taxation advice totalling \$8,000 excluding GST and disbursements. Further amounts may be paid to Pitcher Partners for other work in accordance with its normal time based charges. Pitcher Partners has not provided any other professional services to the Company during the last 2 years.

RM Corporate Finance has acted as corporate advisor and lead manager to the Company in connection with its application to list on ASX. The Company has paid or will pay (based on maximum subscription) an aggregate of approximately \$680,000 to RM Corporate Finance for these services. Further amounts may be paid to RM Corporate Finance for other work in accordance with its normal time based charges. RM Corporate Finance has provided other professional services to the Company during the last 2 years for which it has been paid \$64,120 excluding GST.



Minerva Corporate has provided company secretarial and corporate advisory services to the Company in relation to the Company's application to list on ASX. In respect of this work, the Company has paid or will pay a sum of \$20,000 excluding GST for these services. Further amounts may be paid to Minerva Corporate for other work in accordance with its normal time based charges. Minerva Corporate has not provided other professional services to the Company during the last 2 years.

12.4 Consents

Each of the persons referred to in this section:

- a. has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
 - to be named in the Prospectus in the form and context which it is named; and
 - where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- b. has not caused or authorised the issue of this Prospectus;
- c. has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- d. to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role	Statement/Report
Advanced Share Registry	Share Registry	Nil
Mills Oakley	Solicitors to the Offer	Nil
Minerva Corporate	Company Secretarial Services	Nil
Pitcher Partners	Investigating Accountant	Investigating Accountants' Report in section 10
RM Corporate Finance	Lead Manager	Nil

13 DIRECTORS' RESPONSIBILITY AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of the Shares pursuant to this Prospectus.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Signed for and on behalf of

Stirfire Limited by



Garth Pendergrast
Chief Executive Officer



14 GLOSSARY

Where the following terms are used in this Prospectus, they have the following meanings:

\$	means Australian dollars unless otherwise stated.
Applicant	means a person who submits a valid Application Form under this Prospectus
Application	means a valid application made on an Application Form to subscribe for Shares under this Prospectus
Application Form	means the application form attached to this Prospectus
ASIC	means Australian Securities and Investment Commission.
ASX	means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires).
ASX Settlement	means ASX Settlement Pty Ltd (ACN 008 504 532).
ASX Settlement Operating Rules	means the operating rules of ASX Settlement.
Board	means the board of Directors of the Company
CHESS	means Clearing House Electronic Subregister System
Closing Date	means the closing date of the Offer as set out in the indicative timetable in section 1 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).
Company or Stirfire	Stirfire Limited (ACN 147 245 234).
Constitution	The constitution of the Company.
Corporations Act	The Corporations Act 2001 (Cth) as amended.
Director	A director of the Company and, where the context requires, any proposed director.
Lead Manager	RM Corporate Finance
Listing Rules	The listing rules of the ASX.
Offer	The offer of Shares made under this Prospectus
Official List	The Official List of the ASX.
Opening Date	means the opening date of the Offer as set out in the indicative timetable in section 1 of this Prospectus.
Prospectus	This prospectus and includes the electronic version of this prospectus.
Share	A fully paid ordinary share in the share capital of the Company.
Shareholder	A registered holder of Shares.
VR	Virtual Reality
WST	Western Standard Time as observed in Perth, Western Australia.



INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS

The below instructions are cross-referenced to each section of the Application Form.

1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be a minimum of 10,000 (\$2,000.00).

2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by \$0.20 – the application price per Share.

3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – www.advancedshare.com.au

5 CHESS Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

6 Email Address

You may elect to receive communications despatched by Stirfire Limited electronically (where legally permissible), such as the Company's annual report.

7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

8 PAYMENT DETAILS

By making your payment, you confirm that you agree to all of the terms and conditions of the Stirfire Limited Share Offer as outlined in this Application Form and within the Prospectus.

To make an application and electronic funds transfer, please email investment@stirfire.net

Your cheque should be made payable to "STIRFIRE LIMITED – SHARE OFFER ACCOUNT" in Australian currency, crossed "NOT NEGOTIABLE" and drawn on an Australian branch of a financial institution. Please complete your cheque with the details overleaf and ensure that you submit the correct amount, as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your Application will be rejected.

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

10 Declaration

Before completing the Application Form the Applicant(s) should read the Prospectus in full. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of the Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section 1 that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign this Application Form.

HOW TO LODGE YOUR APPLICATION FORM

Mail or deliver your completed Application Form with your cheque to the following address.

Mailing Address

Stirfire Limited

PO Box 510 Subiaco WA 6904

Hand Delivery (Please do not use this address for mailing purposes)

Stirfire Limited

Unit 5, Ground Floor, 1 Centro Avenue Subiaco WA 6008

To make an application and electronic funds transfer, please email investment@stirfire.net



Stirfire Pty. Ltd. T/A Stirfire Studios
Unit 5, 1 Centro Avenue Subiaco WA 6008

PO Box 510 Subiaco WA 6904

ABN: 99-147-245-234