

Whetstone Capital Group Plc

Suspension of Trading on Britdaq pending announcement

The Directors of Whetstone Capital Group plc ("Whetstone" or "the Company") have noted the recent rise in the price of Whetstone shares traded on Britdaq. Trading in the shares was suspended at the request of the Directors on 20th December pending an announcement which we are now able to make. The Directors are aware of rumours that the Company's shares are to be admitted to trading on a Recognised Investment Exchange. Whilst the Directors continue to consider the merits of such a listing this is unlikely to be in the immediate future. Following this announcement, the Company has requested that Britdaq lift the suspension of matched trading in Whetstone shares.

Whetstone Capital Group Plc

Agreement to acquire substantial stake in Massively Multiplayer Online (MMO) game project

Whetstone Capital Group plc ("Whetstone" or "the Company") has agreed to acquire a substantial interest in NARC Limited, the developer of a new MMO game being produced by one of the founders and key architect of Eve Online ("Eve"), the highly successful MMO that was sold for \$425 million in September of this year.

At the moment MMOs played by millions of players have to operate through hundreds and thousands of separate identical duplicates of a limited size game map. The founders of this new game have developed the means to have One Global Map played by millions of players in the same place, rather than in thousands of duplicate subsections. Literally, everyone plays against everyone else in the world in one place.

The game itself, which has been in planning and development for over 10 years, is called "Beyond Ever After" ("BEA") and is set in a post apocalyptic world where the survivors have to build the new world from scratch. However, this game will be targeted at the over 18 market and utilises real money trading ("RMT"). However, the game is also different in so far as it will not be possible to simply buy advancement from the game owners as is common in other MMO games. All money generated for players has to be from within the game itself and from trading with other players: the owners of the game

(NARC) will merely facilitate those trades, and earn a commission on each trade. So to generate money players need to mine gold or raise cattle or build houses or any of the multitude of different ways of generating money that can be employed in the real world; or alternately participate in raids on other communities of players in order to obtain wealth from conquest, etc. The 18+ level (or danger level) of the game involves real fear, real emotion, real betrayal, real joy and real communities. It creates online all the best and worst aspects of human nature in one massive game. As players emerge into the post apocalyptic world, they need to form into communities, make alliances defend their villages from attack, build cities etc; and heroes and leaders will emerge who will build empires and generate real wealth which can be translated into cash in the real world. As players build real wealth within the online game, the shock and drama of being killed and losing that actual wealth will cause great heartache for defeated players as well as great elation for the victors whose conquests gain real wealth. And betrayals by other players who switch sides causing the betrayed player(s) to lose will cause real feelings of outrage. Conversely, loyal players who form into loyal communities may gain more advantage and have a greater sense of happiness and community. People who feel marginalised in the real world, can become heroes in the game world and advance into real money wealth and success. However, this is a game of tactics and does not rely on the dexterity of a player's fingers – which would give an unfair advantage to younger Xbox generation players. Instead players make the decision to click on what they want their character to do and the game will then carry out that function in a preprogrammed, predictable and consistent fashion so that it is entirely fair. A player's character will also age at the rate of seven online days for every one real day. So as a player's character ages, the player's way of playing the game will need to evolve. For example, it would not be sensible to lead raids on other communities if a player's character is 95 and barely able to walk.

As regards the profitability of this game for the game owners, the global resources within the game economy, if millions of players do play the game, could ultimately in the long term amount to tens or possibly even hundreds of billions of real money value. But, God doesn't sell gold to his creation; the gold is simply in the ground waiting to be found. Similarly, as game owners, NARC will not sell the gold to the players, they have to find it, mine it and then sell it to other players. However, the means of exchange is real cash, but the price of each item is determined by supply and demand within the game. As game owners, NARC will also need to control inflation within the game by restricting or easing the availability of new resources to match the number of players.

But, as the number of players reaches into the millions, the scale of commission from each trade as the underlying assets reach into the tens or hundreds of billions could be very great indeed. The plan is to start at a commission of 10% which can be increased or reduced in the future.

Remarkably, this game also has the potential to merge peoples real and online lives into one: why commute to work in an office and earn £40,000 per annum when you can develop your business or empire online and generate many times that figure? Also, in a world of artificial intelligence, where real-world jobs are seen as being under threat in the future, together with how people will spend their time and whether they have to be paid by the government to amuse themselves in ways that don't involve civil disobedience, this game also has the potential to address that looming issue. In essence real world jobs that are lost can be found online, blurring and then merging into one the real and virtual worlds.

Terms of Investment

The Company has agreed to invest €681,500 at €29.00 per NARC share for 10.04% of the fully diluted share capital of NARC and has a six month option to subscribe for an additional 1.12% of the fully diluted share capital of NARC at the same price and a two month option to acquire 1.36% of NARC from some of the existing shareholders at €20.00 per share. The Company also has the right, but not the obligation, to invest a further €1,980,000 on or before 30th September 2019 for an additional 12.54% shareholding, also on a fully diluted basis. Conditional on the Company making this additional investment, the Company also has the right but not the obligation to subscribe for half of the planned September 2020 fund raise and half of the planned September 2021 fund raise. The price payable by the Company shall be the lower of the price which values the entire issued share capital of NARC (prior to such issue) at €65m and the price that any other investor subscribes for new shares in that funding round; and the price per share offered to the Investor in the September 2021 funding round shall be the lower of the price which values the entire issued share capital of NARC (prior to such issue) at €150m and the price that any other investor subscribes for new shares in that funding round. Other than these funding rounds, NARC has agreed with the Company that there will be no additional share issues without the express written consent of the Company.

Commenting on this Investment, Allan Biggar said ““This is a tremendous opportunity to partner with a highly successful team in a fast growing sector, and the vision that the NARC team have of the future, where real and virtual lives merge together, is truly inspirational”

Other developments

The Company is also in advanced negotiations in relation to two other material investments and will update shareholders again in due course.

For enquires and further information please contact the Company at info@whetstone.com