

24 December 2013

**Blue Star Capital plc**  
**("Blue Star" or the "Company")**

**New investment, share subscription, loan conversion and issue of warrants**

Further to the announcement on 18 December 2013, Blue Star is pleased to announce that it has made an investment in Oak Media Limited ("OAK"). OAK is an early stage gaming technology aggregator which intends to supply solutions to mainstream brands and broadcast operators.

This is the Company's first investment in the gaming sector and follows the change in the Company's investing policy ("Investing Policy") announced in November 2013. The board believes that the Company's investment in OAK represents an excellent opportunity to create value for the Company's shareholders.

**Subscription**

The Company also announces that it has raised GBP 200,000 before expenses by way of a subscription (the Subscription") of 40,000,000 New Ordinary Shares at a price of 0.5p per share (the "Subscription Shares"). The Company intends to use the net proceeds of the Subscription to fund its investment in OAK on the terms described below and for general working capital purposes including, potentially, a further redemption of the shareholder loan ("the Loan") entered into on 28 April 2011 and thereafter subsequently extended to the end of January 2014. In addition, Blue Star has agreed a further partial conversion of the Loan.

**Investment in OAK**

OAK has been formed in order to take advantage of the global growth in gaming for entertainment amid a fast changing regulatory environment.

OAK intends to become an aggregator of the best gaming technologies and to provide the best available gaming solutions, so it can enter the lucrative gaming market with modest investment and make rapid returns.

OAK believes that over the next five years, leading brands and broadcast TV will play an increasingly larger role in gaming growth and player recruitment, as the following market forces emerge:

- relaxation in regulatory rules worldwide – particularly in the USA;
- the need for brands to migrate to other strong revenue lines;
- gaming for entertainment providing low cost and compelling mass market programming;
- the trust of mainstream TV amongst a large population demographic aiding player recruitment;
- the growth in interactive TV in other areas of viewing; and
- consolidation in the market due to niche one country gaming companies needing mainstream and international distribution.

OAK aims to position itself as the supplier of choice to mainstream brands and broadcast TV operations, especially those with international reach, to create a global broadcast gaming solution with selected partners.

The Company has agreed to invest £100,000 in OAK in return for 90 per cent. of the issued share capital of OAK. Under the terms of the Company's investment, in order to incentivise OAK's

management team, upon OAK achieving various milestones in the development of the business, the Company's shareholding in OAK would reduce to a minimum of 50 per cent of OAK's issued share capital. As part of the investment, the directors of OAK, Andrew Middleton and Adrian Finn (the "OAK Directors") have received a total of three million new warrants each ("OAK Warrants"). The OAK Warrants granted to the OAK Directors have the same terms as those issued to the Loan Holders and are exercisable at a price of 0.6p until 6 October 2016.

### **Loan conversion**

Certain loan holders (the "Loan Holders") have agreed to convert £61,070 of the Loan (the "Conversion") at a price of 0.5p per share into 12,214,000 new ordinary shares in the capital of the Company ("Loan Conversion Shares").

Following the Conversion, the amount outstanding under the Loan (including interest and repayment premium already accrued) will be £207,292 ("Revised Principal"). To preserve Company cash and aid the implementation of the Company's investing policy, the Loan Holders have previously agreed to waive interest on the Loan until end January 2014, being the final redemption date for the Loan.

Application has been made for the Loan Conversion Shares and the Subscription Shares to be admitted to trading on AIM ("Admission") and it is expected that Admission will take place on or around 31 December 2013.

Following Admission, the Company will have 385,500,441 ordinary shares in issue. This figure may be used by shareholders in Blue Star as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

### **Related Party Transaction**

Anthony Fabrizi, Chief Executive Officer of the Company, is amongst those that provided the Loan and is a related party for the purposes of AIM Rule 13. Graham Parr, the independent director of the Company considers, having consulted with the Company's nominated adviser Daniel Stewart & Company plc ("Daniel Stewart"), that the terms of the conversion of the Loan are fair and reasonable insofar as the Company's shareholders are concerned.

### **Issue of warrants**

Further to the announcement on 2 January 2013, the Company confirms the exercise date of the warrants already issued to the Loan Holders has been extended to 6 October 2016. In addition to OAK Warrants issue, a third party has received three million new warrants as an introduction fee to the OAK investment. The warrants granted to the third party have the same terms as those issued to the Loan Holders and are exercisable at a price of 0.6p until 6 October 2016.

Graham Parr, Chairman of Blue Star, commented:

"The investment in OAK represents our first investment since amending the Investing Policy of the Company in November 2013. We see the efficient aggregation of gaming technology for well-

known brands and broadcasters as a fast growing, emerging market in which we can become a serious operator of choice.”

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