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We all know about gaming, especially if you have kids. When I was young it was Pacman and Asteroids that were popular and next Space Invaders.

Boy am I aging myself.

I just don't seem to have the time anymore for it, although I played a bit with Sim City last winter.

Whatever your expertise or experience, one thing is for certain and that is - **gaming is huge.**

In fact annual revenues for gaming surpass Hollywood and Music Industries combined.

The United States has the largest video games market in the world in terms of revenue and total industry employees. In 2004, the U.S. game industry as a whole was worth USD\$10.3 billion.

U.S. gaming revenue was estimated to be \$20.5B in 2014.

In the U.S. alone, 170 million people play video games on a daily basis

Global Video Game revenues were just over \$US101 billion in 2014 and is estimated at about \$111 billion for 2015!

I followed **Electronic Arts, NASDAQ:EA** for many years to keep a pulse on the Industry. They are an American developer, marketer, publisher and distributor of video games headquartered in Redwood City, California. They have numerous titles and one of the well known is Madden NFL as well as other sport games. The stock has jumped about 6 fold the last few years and is now worth about \$22 Billion

Activision NASDAQ:ATVI is another well know video game company that has seen a big move in their shares and is now worth about \$23 Billion and is also in California.

I could never seem to find a good micro cap gaming company, like one that could go from pennies to many dollars making a much bigger gain than 6 fold or 600%.

Until now that is. A company called **Stompy Bot Productions** out of Canada just went public on the CSE and started trading last Thursday. At under 20 cents this thing is a steal with huge potential. And interesting they have a very close tie with **Activision.**

Canada is no slouch in the gaming industry and has the third largest video game industry in terms of employment numbers. https://en.wikipedia.org/wiki/Video_game_industry

While the stock is new and cheap, the company is not. Stompy Bot Productions has been operating for many years as a private company and **their biggest game was called Heavy Gear or Mech Warrior and it did just over \$100 million in sales in the late 1990s with Activision**

Stompy Bot Productions

54,578,457 shares out

CSE:BOT

20M in escrow

Recent Price \$0.13

They are doing version 2 of the past success called **Heavy Gear Assault** and it is expected to be completed before year end. Revenue is expected to be over \$200 million on this version but it will also have recurring revenues as game players can spend small sums for upgrades to their Heavy Gear fighter so will add to the selling revenue.

Joint marketing partners will be Microsoft, Sony and Nvidia

Their next game is based on the Locke and Key story of Stephen King fame.

Paramount pictures is also doing a movie on it and they will have something like a \$40 to \$50 million budget just in advertising.

So this is huge and will get huge visibility!!!

These 2 alone will be huge, but they have 2 others coming. I seen a demo version on a smart phone. It is a mobile game called Armored Cock.

That can get the imagination running and will be a catchy controversial title LOL, but it is roosters and you buy items to outfit them anyway you want for cock fights. They figure it will go big in Asia because the history there of cock fighting.

For North America it is just downright hilarious and looks like it will be a lot of fun, so could be a good hit too.

The 4th is called Sabotage

They have strong Industry Partners and all 4 titles have a large existing audience

Management

Vince McMullin Msc., is Chairman and CEO. He is the Producer of Heavy Gear Assault and was the Producer of the Re-Release of Microsoft's MechWarrior 4 in 2010. A Technical Director at University of Saskatchewan in 2009 and Technical Director at Trinity Publishing in 2008. Previous background as LiDAR and Lansat Satellite Engineer.

James Taylor President and COO has 15 years project manager experience in the industry and is responsible for acquisitions, intellectual property and building partnerships. He is Executive Producer of Heavy Gear Assault and Armored Cock.

John Nguyen LL.B is Vice president and CMO. From 2008 to 2012 was Marketing Director from Dream Pod 9 Inc. the creator of Heavy Gear Franchise. From 2005 to 2007 a Partner with Nguyen Beauchamp Attorneys.

Michael Solomaon Director is a founding member, has 18 years gaming industry experience and runs the Day to day operations of Stompy Bot productions

Grant Larsen HBA is Marketing Adviser has 25 years marketing experience with Nikon. Novartis, Allergan, JM Schnieder and UGH Media

Heavy Gear Assault

The game is now available for Early access at <http://www.heavygear.com/>

This is where gamers can start using it and report any problems and bugs they find so the game software can be tweaked before final release.

The setting is also known through the PC-game incarnations published by Activision in 1997 and 1999, developed after Activision lost the rights to the Battletech/MechWarrior series. It also spawned a 40-episodes, 3D-animated TV series in 2001. Dream Pod 9 got the licensed franchise from Activision, but it laid dormant until a deal was struck with Stompy Bot in 2012.



There are over ten different stock Gears that players can choose from, and every piece from shoulders to torsos to lower legs are interchangeable, resulting in hundreds of thousands of different combinations. Layer dozens of weapons into the mix that range from lasers, sniper rifles, and automatics and you have **a recipe for complete and utter madness**. Each Gear can also be equipped with jet packs, grenades and other features, but defense will also be important as each individual part can be damaged, so a leg or arm may be rendered useless quickly in battle.

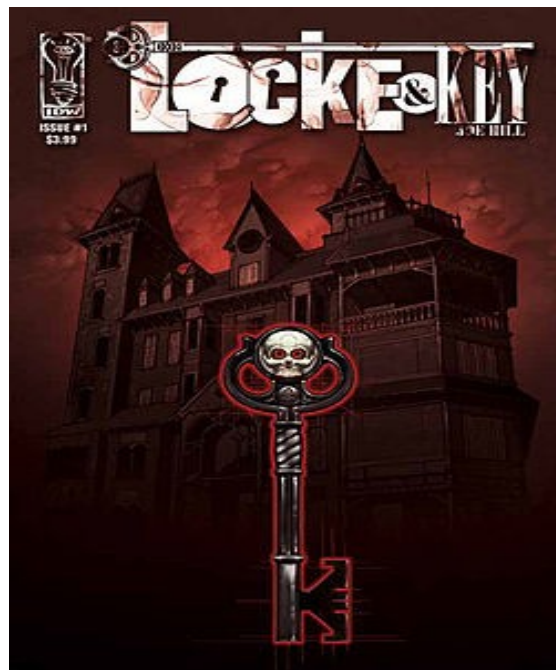


Locke and Key

Is based on a [comic book series](#) by Joe Hill. Hill chose to use an abbreviated form of his given name (a reference to executed labor leader [Joe Hill](#), for whom he was named) in 1997, out of a desire to succeed based solely on his own merits rather than as the son of Stephen King. After some independent success, Hill publicly confirmed his identity in 2007 after an article the previous year in [Variety](#) broke his cover.

[Locke & Key](#), The first issue, released on Feb. 20, [2008](#), sold out of its initial publication run in one day.. A collection of the series in limited form from Subterranean Press sold out within 24 hours.

Joe Hill is a past recipient of the [Ray Bradbury](#) Fellowship. He has also received the William L. Crawford award for best new fantasy writer in 2006, the A. E. Coppard Long Fiction Prize in 1999 for "Better Than Home" and the 2006 [World Fantasy Award for Best Novella](#) for "Voluntary Committal". [NOS4A2](#), his third novel, was published on April 30, 2013. The novel peaked at number five on the [New York Times](#) bestseller list and is the best selling novel of his career to date.



The Locke and Key game will be for PC, NVidia Shield, Xbox One and PS4

The idea is to introduce a brand new audience to Keyhouse Manor and unravel its mysterious back story while unleashing classic references and new reveals to the millions of existing Locke & Key readers

Unlocking Echoes is an episodic experience focused heavily on interactive cinematic game play. What sets this title apart beyond its unique story and setting, is the fact that your character's perception of reality shifts dynamically as you play and the longer you stay exposed to the supernatural. In the interactive storytelling experience, the story branches based on decisions you make. This includes everything from actions to conversations with other characters, and each has a memory.

Unlocking Echoes is split into episodes, each being roughly 2-2.5 hours of game play. Each episode will be set in a different year and tell the story of Keyhouse and the involvement of the Locke family. There will be 5 episodes per season, at which point the entire narrative setting can be altered to something new

Each episode will also focus on one or more keys and the unique places and abilities they unlock. Keys will be drawn from the known keys, and new keys can be introduced at the Author's discretion.

As you play Locke & Key: Unlocking Echoes, the characters you control will come in contact with the supernatural. The more time you spend in contact with them, the more your character's sanity leeches away. As your character's grasp on reality diminishes, the game will dramatically change its look and some of its game play options.

At the end of every chapter you are shown the choices you made and how they lined up with those of the larger community of players. The information here does not spoil anything in the story and will typically incentivize players to replay the episode and see how making different choices changes the results.

Armored Cock

There is not much info available on this but I did see a demo on a phone. Basically you pay small amounts for items to outfit your Rooster (Cock) for a fight. Everyone that sees this just basically falls down on the floor laughing, it should be a fun and popular game.

It is under development by Troll-Inc. in Ireland. Their previous titles include [Grand Theft Seagull](#), [Graffiti Grinder](#), Jellyflug Micro Adventures and Star Troll

There is family friendly graphics with adult innuendo humour. The release date is Q1 2016 and there is interest from Asian partners to localize content.

Sabotage

This is the 4th one under development and is an espionage thriller on a cruise liner in the Atlantic. The game is based on [bestseller book by Matt Cook](#)

Financial

Financials are a little tight but they are now generating revenue on the Early Access and only about 2 months away from the final release of Heavy Gear Assault. That said I would not rule out the possibility of a small financing.

Summary

They launched Early Access (where they iron out bugs) to Heavy Gear Assault on August 7th. I went to the Heavy Gear forums on this Early Access and there are literally 10s of millions of views and thousands of posts. There is a very big following of this games and it has been **ranked in the Top 10 most anticipated games for 2015!**

I have no doubt this will fly off the shelf big time the day it is announced. One million followers would probably equate to \$40 million plus in sales on day 1.

Their estimation is over \$200 million in revenues over 3 years and I see no reason why that cannot be met

Heavy Gear Game Packages	\$39.95 (Competitor), \$59.95 (Veteran) and \$99.95 (Ace)
Gear/weapon bundles	\$8.95 to \$14.95
Thousands of parts and cosmetics	\$0.45 to \$499.00

Another very important aspect of Heavy Gear is **Organized Gaming Tournaments (ESports) are BIG business.**

<http://www.latimes.com/business/la-fi-turner-img-esports-20150924-story.html>

“SuperData estimates that eSports is now a \$612-million global market with 134 million fans and growing fast.” ... “Several other networks are eying eSports, including NBC Sports Group, which said it's monitoring "this emerging category."

In Forbes Sept. 25/15 “*Esports is one of the fastest growing entertainment genres among young adults around the world,*” says Lenny Daniels of Turner Sports in a recent press release. **The worldwide audience is already 200 million, according to Newzoo.**

Where the stock might go? we could assume \$50 million in revenue for 2016, even \$100 million.

Stocks can typically sell for 5 to 10 times revenue.

At 5 times on \$50 million would be a \$250 million valuation. If we assume some more shares out for financing, say 75 million we have a **valuation of \$3.33 per share.**

At \$100 million revenue - valuation would be **twice that at \$6.66 per share**

The margins on video games is very high because once developed it cost very little to download or create a DVD. Costs are basically salaries to game developers that in many cases work from home.

Some comparable games would be [World of Tanks](#) that cost about \$1 million to develop and has revenue of US\$10 to US\$20 million per month with YTD at about \$372 million

Another is [Titanfall](#) that cost about \$3 million to develop with revenue so far of US\$125 million

I think my revenue projections are probably quite conservative. Some advantages Heavy Gear has going for it is a rebirth of a classic franchise that has a large following and was **rated “Best in Play” 2013 Game Developers Conference.**

It has an online system for player matchmaking putting them in different skill brackets.

It will spur demand with community generated content and revenue sharing along with organized tournaments and events.

Armored Cock is to start selling in Q1 2016 and I have not considered any revenue that might bring in.

There is no sense of a stock chart as it has only been trading for 3 days. It is hard to know how much and at what price stock may come out for sellers, but based on the potential here anything under 20 cents will probably be a real steal.

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I currently own 131,000 shares

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