

ASX Announcement

22 December 2016

**ACHIEVEMENT OF PERFORMANCE SHARES MILESTONE 4
CONVERSION OF CLASS D PERFORMANCE SHARES**

Linus Technologies Limited (ASX: LNU) (Linus or the Company) has today issued a further 50,000,000 fully paid ordinary shares on conversion of its Class D performance shares.

This conversion of the fourth and final tranche of performance shares completes the conversion of all 200,000,000 performance shares over a 9 month period. The ordinary shares issued on conversion of these performance shares are subject to escrow as follows:

70,000,000 ordinary fully paid shares are escrowed until 18 April 2017; and
130,000,000 ordinary fully paid shares are escrowed until 9 May 2018.

The successful completion of the transcoding showcase with Village Roadshow, as announced to ASX on 19 December 2016, completes the achievement of the fourth and final performance share milestone as set out in the Company's prospectus dated 3 March 2016, and conversion of 50,000,000 Class D Performance Shares into fully paid ordinary shares in Linus.

The relevant milestone is the completion of a limited deployment with a third party which demonstrates that the Linus technology removes the requirement for transcoding of an original MPEG-4 video file to play out on devices traditionally requiring differing formats and in doing so reduces storage requirements, and the issue of a report, either prepared by or verified by the third party, confirming this. The full terms and conditions of the performance shares and relevant milestones are set out in the abovementioned prospectus.

About Linus Technologies Limited

Linus Technologies Limited (ASX: LNU) is a developer of disruptive video technology. Based in Melbourne, Australia, it seeks to apply its lead product — the Linus Video Virtualization Engine™ — throughout the global digital video value chain to cut costs and boost revenues for enterprise customers.

Although potentially applicable throughout the digital video value chain, Linus is currently pursuing technology showcase partnerships with three multibillion-dollar industry segments: the transcoding, delivery and personalised advertising markets.

As showcase deployment progresses to confirm the software's capabilities, Linus will market these achievements to potential partners through the digital video value chain to fast-track commercialisation.

For more information visit www.linus.com

For more information, please contact:

Chris Richardson

Chief Executive Officer

+61 3 9607 8234

info@linus.com**Rod North**

Media Relations

+61 408 670 706

rod@boursecommunications.com.au**Capital Structure**

Shares quoted on ASX - 220.4m

Total shares on issue – 675.6m

Market Cap @ 4.6c - \$31.1m

Listed Options - 11.5m

Unlisted Options – 61.5m

Corporate Directory**Christopher Richardson**

Executive Director, CEO

Stephen McGovern

Non-Executive Director

Stephen Kerr

Executive Director, CFO

Key Definitions**Video Virtualization Engine™**

is Linus' patented software that turns existing Internet videos into virtual video files, enabling next generation TV.

Showcase Partners

are Linus channel to market partners, and assist with product development and market validation.

Digital Video Value Chain

is the suite of technologies that enable getting a "video" from the camera to the screen.

Transcoding

is the process by which video files are converted to different formats. The process helps to support low bandwidth connections and lets video conform to the unique constraints of various mobile devices.

Contact Details

Level 40, 140 William Street

Melbourne VIC 3000

Tel +61 3 9607 8234

www.linus.com