

ASX Company Announcement | Issue Date: 28 April 2017

## NEWZULU LAUNCHES FULLY UNDERWRITTEN ENTITLEMENT ISSUE

Newzulu Limited (ASX: NWZ) (**Newzulu**) is pleased to release its prospectus for the non-renounceable entitlement issue of shares to raise up to \$4,936,323, before costs (**Entitlement Issue**) and accompanying Appendix 3B. Gleneagle Securities (Aust) Pty Limited is Underwriter to the Entitlement Issue, with Seven West Media Investments Pty Limited, Tiga Trading Pty Ltd (**Thorney**), Blueroom Capital Pty Ltd and TMT Partners Pty Limited acting as sub-underwriters.

The funds raised from the Entitlement Issue are planned to be principally used to fund the expansion of the Newzulu sales team, to repay Newzulu's loan of approximately \$670,000 and for general corporate purposes. Additionally, the proceeds will be used for general working capital and to cover costs of the Entitlement Issue.

The timetable for the Entitlement Issue is as follows:

Lodgement of Prospectus with the ASIC	28 April 2017
Lodgement of Prospectus & Appendix 3B with ASX Notification sent to option holders	28 April 2017
Notice sent to Shareholders	2 May 2017
Ex date	3 May 2017
Record Date for determining Entitlements	4 May 2017
Prospectus sent out to Shareholders & Company announces this has been completed	8 May 2017
Last day to extend the Closing Date	23 May 2017
Closing Date*	26 May 2017
Shares quoted on a deferred settlement basis	29 May 2017
ASX notified of under subscriptions	30 May 2017
Issue date for Shares. Deferred settlement trading ends.	1 June 2017
Trading of Shares issued under the Offers	2 June 2017

All dates, other than the date of lodgement of the Prospectus with ASIC, are indicative only. The Company reserves the right to amend any of the important dates without prior notice but subject to the Corporations Act and the ASX Listing Rules.

- ENDS -

**For further information please contact:**

Marc Milgrom  
CEO  
E: [ceo@newzulu.com](mailto:ceo@newzulu.com)

Karen Logan  
Company Secretary  
E: [karen@newzulu.com](mailto:karen@newzulu.com)

**About Newzulu**

Newzulu is a crowd-sourced technology and media company which facilitates the use of professional and user-generated content for broadcasters, publishers and brands to create a deeper engagement with their audiences. Newzulu's Platform is a web-based and mobile software that enables businesses to gather, organize, publish and amplify user-generated content at scale. Newzulu's Creative division provides crowd-sourced, creative film and video production for the digital age. Newzulu's Content division allows anybody, anywhere, with a mobile device and a story, to share news, get published and get paid. Headquartered in New York, Newzulu operates bureaus in Toronto, London, Paris and Lyon. Newzulu operates in partnership with Associated Press (AP), Getty Images, Tribune Content Agency and Alamy in the United States, Agence France-Presse (AFP) in France, Press Association (PA) and Videoplugger in the UK & Ireland, Belga News Agency in Belgium, Canadian Press (CP) in Canada, Australian Associated Press (AAP) in Australia and other news agencies around the world.

Further information can be found on [www.newzulu.com](http://www.newzulu.com).

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

NEWZULU LIMITED

ABN

27 078 661 444

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Shares                                       |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 4,113,602,311 Shares                         |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares ( <b>Shares</b> ) |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes.</p>
<p>5 Issue price or consideration</p>	<p>\$0.0012 per Share</p>
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Funds raised from the Entitlement Issue will principally be used to fund the expansion of the Newzulu sales team, to repay Newzulu's loan and for working capital and general corporate purposes.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No.</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>Not applicable.</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Nil.</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Nil.</p>

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil.	
6f	Number of +securities issued under an exception in rule 7.2	4,113,602,311 Shares	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable.	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable.	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1: 834,699,293 Rule 7.1A: Not applicable.	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	On or around 1 June 2017	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 5,564,661,950	+Class Fully paid ordinary shares

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**Appendix 3B**  
**New issue announcement**

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	500,000	Financial advisor options exercisable at \$0.30 each on or before 30 June 2017
	24,000,000	Director options exercisable at \$0.10 each on or before 30 June 2017
	43,859,665	Options exercisable at \$0.075 each on or before 31 August 2017
	2,000,000	Director options exercisable at \$0.20 each on or before 31 October 2017.
	5,500,000	Lender options exercisable at \$0.20 each on or before 9 February 2018
	5,000,000	Executive options exercisable at \$0.20 each on or before 9 February 2018
	12,000,000	Lead Manager options exercisable at \$0.02 each on or before 14 June 2019
	72,000,000	Type A options exercisable at \$0.02 on or before 14 June 2019
	18,000,000	Type B options exercisable at \$0.03 each on or before 14 June 2019
	5,000,000	Director options exercisable at \$0.02 each on or before 15 June 2019
	12,000,000	Executive options exercisable at \$0.02 each on or before 15 June 2019
	2,000,000	Director options exercisable at \$0.02 each on or before 8 November 2019
	800,000*	Performance rights

+ See chapter 19 for defined terms.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable
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\*300,000 performance rights lapsed in accordance with their terms and conditions.

## Part 2 - Pro rata issue

11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Non-renounceable.
13	Ratio in which the +securities will be offered	17 Shares for every six Shares held.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares.
15	+Record date to determine entitlements	4 May 2017
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.
17	Policy for deciding entitlements in relation to fractions	Rounded up to the next whole number.
18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	France, United Kingdom, Guernsey, Hong Kong, Malaysia, Singapore, Thailand, United States of America. Gleneagle Securities (Aust) Pty Limited will be appointed as the nominee for shareholders in these countries.
19	Closing date for receipt of acceptances or renunciations	26 May 2017
20	Names of any underwriters	Gleneagle Securities (Aust) Pty Limited AFSL No. 337985.

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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21	Amount of any underwriting fee or commission	The underwriter will receive a fixed fee of \$100,000 and 2% of any amount sub-underwritten by the sub-underwriters which must be paid to those sub-underwriters by the underwriter in accordance with the terms of the underwriting agreement.
22	Names of any brokers to the issue	TMT Partners Pty Ltd acted as corporate adviser in relation to the Entitlement Issue.
23	Fee or commission payable to the broker to the issue	The corporate adviser will receive a fee of 1.5% of the amount raised (being up to \$74,004). If the raisings under the Entitlement Issue and the placement (announced on 19 April 2017) exceed \$5,250,000, the corporate adviser will receive a success fee of \$50,000.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable.
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	8 May 2017.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	28 April 2017
28	Date rights trading will begin (if applicable)	Not applicable.
29	Date rights trading will end (if applicable)	Not applicable.
30	How do security holders sell their entitlements <i>in full</i> through	Not applicable.

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+ See chapter 19 for defined terms.



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a broker?	<input type="text"/>
31 How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable.
32 How do security holders dispose of their entitlements (except by sale through a broker)?	Not applicable.
33 +Issue date	1 June 2017

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

Questions 35 to 37 – Not applicable.

#### Entities that have ticked box 34(b)

Questions 38 to 42 – Not applicable.

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 28 April 2017  
(Company Secretary)

Print name: Karen Logan

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	834,163,832
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate</i></li> </ul>	<p>4,339,302,096</p> <ul style="list-style-type: none"> <li>• 16,883,096 issued on 22 June 2016, exception 9(b).</li> <li>• 208,816,689 issued on 1 July 2016, exception 1.</li> <li>• 4,113,602,311 to be issued on or around 1 June 2017, exception 1</li> </ul> <p>391,196,022</p> <ul style="list-style-type: none"> <li>• 391,196,022 issued on 14 June 2016, shareholder approval under 7.1 given at EGM held on 8 June 2016.</li> </ul> <p>Nil.</p>

+ See chapter 19 for defined terms.

**Appendix 3B**  
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<i>line items</i>	
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil.
<b>“A”</b>	5,564,661,950

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	834,699,293
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil.
<b>“C”</b>	<b>Nil</b>

+ See chapter 19 for defined terms.

<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15  <i>Note: number must be same as shown in Step 2</i>	834,699,293
<b>Subtract “C”</b>  <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total</b> [“A” x 0.15] – “C”	834,699,293  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

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+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	Not applicable
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	Not applicable
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Not applicable
<b>“E”</b>	Not applicable

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+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	Not applicable
<p><b>Subtract “E”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	Not applicable
<p><b>Total</b> [“A” x 0.10] – “E”</p>	<p>Not applicable</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

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+ See chapter 19 for defined terms.

**NEWZULU LIMITED**  
**ACN 078 661 444**

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**PROSPECTUS**

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For a non-renounceable entitlement issue of 17 new Shares for every 6 Shares or Performance Rights held by those Shareholders and Performance Rights holders registered at the Record Date at an issue price of \$0.0012 per Share to raise up to \$4,936,323 (based on the number of Shares and Performance Rights on issue as at the date of this Prospectus) (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Gleneagle Securities (Aust) Pty Limited (ACN 136 930 526) (AFSL 337 985). Refer to Section 8.1 for details regarding the terms of the Underwriting Agreement.

This Prospectus also contains an offer of Shares to Trinity Management Pty Ltd (ACN 118 314 515) ATF Newzulu Employee Share Trust in accordance with the terms and conditions of the Employee Share Trust Plan (**Employee Offer**).

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered as speculative.



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## 1. CORPORATE DIRECTORY

### **Directors**

Charles Koones  
*Non-Executive Chairman*

James J Bodel  
*Non-Executive Director*

Clive Dickens  
*Non-Executive Director*

Royce Edrice "Ed" Wilson  
*Non-Executive Director*

### **Company Secretary**

Karen Logan

### **Registered Office**

Level 1, Office F  
1139 Hay Street  
WEST PERTH WA 6005

Telephone: + 61 8 9321 0715  
Facsimile: +61 8 9321 0721

Email: [investors@newzulu.com](mailto:investors@newzulu.com)  
Website: [www.newzululimited.com](http://www.newzululimited.com)

### **Underwriter**

Gleneagle Securities (Aust) Pty Limited  
Level 27  
25 Bligh Street  
SYDNEY NSW 2000

### **Solicitors**

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### **Auditor\***

Nexia Perth Audit Services Pty Ltd  
Level 3  
88 William Street  
PERTH WA 6000

### **Share Registry\***

Computershare Investor Services  
Level 11  
172 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 850 505

\*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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**2. TIMETABLE**

Lodgement of Prospectus with the ASIC	28 April 2017
Lodgement of Prospectus & Appendix 3B with ASX Notification sent to Option holders	28 April 2017
Notice sent to Shareholders	2 May 2017
Ex date	3 May 2017
Record Date for determining Entitlements	4 May 2017
Prospectus sent out to Shareholders & Company announces this has been completed	8 May 2017
Last day to extend the Closing Date	23 May 2017
Closing Date*	26 May 2017
Shares quoted on a deferred settlement basis	29 May 2017
ASX notified of under subscriptions	30 May 2017
Issue date for Shares. Deferred settlement trading ends. Last day to confirm information in Appendix 3B	1 June 2017
Trading of Shares issued under the Offers	2 June 2017

\* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

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### 3. IMPORTANT NOTES

This Prospectus is dated 28 April 2017 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### 3.1 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7, including (but not limited to) risks in respect of:

- (a) risks relating to the Company's ability to secure and retain clients;
- (b) risks relating to market acceptance of the Company's products;
- (c) risks relating to the Company's restructuring initiatives and management changes;
- (d) risks relating to industry competition, attracting traffic to websites and user-generated content;
- (e) risks relating to the Company's reliance on key employees;
- (f) risks relating to any future funding requirements of the Company;
- (g) risks relating to the implementation of the Company's growth strategy;
- (h) risks relating to the Company's reliance on core information technology and other systems;
- (i) risks relating to the Company's reliance on third party IT service provision;

- (j) risks relating to foreign exchange due to the Company's international operations;
- (k) dilution to existing Shareholders who do not take up their Entitlements; and
- (l) risks relating to the Company's limited operating history.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

### 3.2 Directors Interests in Securities

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement (assuming their Options are not exercised), is set out in the table below.

Director	Shares	Options	Entitlement (Shares)	\$
Charles Koonen	1,000,000	5,000,000 <sup>1</sup>	2,833,333	3,400
James J Bodel	1,250,000	-	3,541,667	4,250
Clive Dickens	-	-	-	-
Ed Wilson <sup>2</sup>	-	2,000,000 <sup>3</sup>	-	-

#### Notes

1. Unlisted Options unlisted exercisable at \$0.02 on or before 15 June 2019.
2. The Company intends on issuing 8,000,000 Shares to Mr Ed Wilson on or around 5 May 2017 pursuant to the Company's Director Fee Plan, Shareholder approval for which was obtained at the Company's 2016 Annual General Meeting (**Director Shares**).
3. Unlisted Options exercisable at \$0.02 on or before 8 November 2019.

The Directors who hold Shares have indicated their intention to take up their Entitlements to the full extent of their capacity.

### 3.3 Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Seven West Media Limited, Australian Capital Equity Pty Ltd, Seven Group Holding Limited and Subsidiaries	268,846,610	18.53
TIGA Trading Pty Ltd and its associates	156,428,472	10.78
Blueroom Capital Pty Ltd, Mr James Gerard Bodel and Ms Pia Lisbeth Rasmussen	146,378,447	10.10
Matilda Media Pty Ltd <Matilda Media Trust>	124,794,571	8.60

In the event that all Entitlements are accepted there will be no change to the substantial holders on completion of the Entitlement Offer. Notwithstanding any intentions to take up their full Entitlement under the Entitlement Offer, on the basis that the Entitlement Offer is, subject to satisfaction of certain conditions, fully underwritten, on completion of the Entitlement Offer substantial holders, will maintain their interests in the Company.

### 3.4 Effect on control of the Company

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 73.9% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders assuming no Options have been exercised is set out in the table below:

Holder	Holding as at Record date	% at Record Date	Entitlements under the Entitlement Offer	Holdings if Offer not taken Up	% post Entitlement Offer
Shareholder 1	10,000,000	0.69%	28,333,333	10,000,000	0.180%
Shareholder 2	5,000,000	0.34%	14,166,667	5,000,000	0.089%
Shareholder 3	1,500,000	0.10%	4,250,000	1,500,000	0.027%
Shareholder 4	400,000	0.028%	1,133,333	400,000	0.007%
Shareholder 5	50,000	0.003%	141,667	50,000	0.001%

The table above does not include the issue of Shares pursuant to the Tranche 1 Placement, Tranche 2 Placement the Employee Offer, Shares to be issued upon conversion of 800,000 Performance Rights or the issue of the Director Shares.

The effect on the control of the Company and in particular the sub-underwriters' shareholding in the event that Shareholders do not participate in the Entitlement Offer is further described in Section 4.9.

### 3.5 Underwriting

The Entitlement Offer is fully underwritten by Gleneagle. Refer to Section 8.1 for details of the terms of the underwriting.

### 3.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer pursuant to this Prospectus and will remain open for up to three months following the Closing Date.

The Company will allow Eligible Shareholders to apply for Shares under the Shortfall Offer subject to such applications being received by the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.0012 being the price at which Shares have been offered under the Entitlement Offer.

Allocation of the Shortfall Shares is subject to the terms of the Underwriting Agreement and sub-underwriting agreements, details of which are set out in Section 4.8. There is no guarantee that Eligible Shareholders will receive Shares applied for under the Shortfall Offer.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the

takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

### 3.7 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its quoted securities, including its Shares, are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent respective dates of those sales were:

Highest	\$0.005	9 February 2017
Lowest	\$0.002	3 March, 7 – 24 March, 4, 20 – 27 April 2017
Last	\$0.002	27 April 2017

### 3.8 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

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## 4. DETAILS OF THE OFFERS

### 4.1 The Entitlement Offer

The Entitlement Offer is being made as a non-renounceable entitlement issue of 17 Shares for every 6 Shares or Performance Rights held by Shareholders and Performance Rights holders registered at the Record Date at an issue price of \$0.0012 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) approximately 4,113,602,311 Shares will be issued pursuant to the Entitlement Offer to raise approximately \$4,936,323 (before costs of the Entitlement Offer).

As at the date of this Prospectus the Company has 201,859,665 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Entitlement Offer. Please refer to Section 5.4 for information on the exercise price and expiry date of the Options on issue.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 5.1.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6 for further information regarding the rights and liabilities attaching to the Shares.

### 4.2 The Employee Offer

The Employee Offer consists of the issue of up to 25,000,000 Shares at an issue price determined by the volume weighted average market price for Shares over the last 5 days on which sales in the Shares were recorded before the issue is made per Share up to a maximum of \$30,000 worth of Shares to Trinity Management Pty Ltd (ACN 118 314 515) ATF Newzulu Employee Share Trust (**Trustee**). The Employee Offer is made in accordance with the terms and conditions of the Employee Share Trust Plan as set out in Section 8.3. The Employee Offer will only be extended to the Trustee on invitation from the Directors. Application Forms will only be provided by the Company to the Trustee and it is intended that the issue of these Shares will take place on or around 5 May 2017.

The primary purpose of the Employee Offer is to remove any trading restrictions that may have attached to Shares issued by the Company pursuant to the Employee Share Trust Plan prior to the Closing Date (including prior to the date of this Prospectus).

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or



- (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

#### 4.3 Offers of other Shares

On 19 April 2017, the Company announced that it had received binding commitments for 750,000,000 new Shares at an issue price of \$0.0012 per Share (**Placement Shares**) to raise \$900,000 from sophisticated investors. The Shares will be issued as follows:

- (a) the placement of approximately 208,333,333 Placement Shares to raise \$250,000 will be completed on or around 4 May 2017 under the Company's available placement capacity under ASX Listing Rule 7.1 (**Tranche 1 Placement**); and
- (b) the placement of approximately 541,666,667 Shares to raise \$650,000, will be completed following completion of the Offer and prior to the Closing Date under the Company's available placement capacity at that time under ASX Listing Rule 7.1 (**Tranche 2 Placement**).

The Company also intends on issuing 8,000,000 Shares to Mr Ed Wilson on or around 5 May 2017 pursuant to the Company's Director Fee Plan, Shareholder approval for which was obtained at the Company's 2016 Annual General Meeting (**Director Shares**).

800,000 Performance Rights which the Company currently has on issue have vested and will convert into Shares on or around 5 May 2017.

An additional purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date. A summary of section 708A(11) of the Corporations Act is set out in Section 4.2 above.

#### 4.4 Minimum subscription

As the Entitlement Offer is fully underwritten, the minimum subscription under the Entitlement Offer is \$4,936,323.

#### 4.5 Acceptance

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and

- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you wish to accept your **full Entitlement and apply for Shares under the Shortfall Offer** (refer to Section 3.6 for further details):
  - (i) complete the appropriate section of the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.0012 per Share); or
- (c) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.0012 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

#### **4.6 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "NWZ NRRRI 2017" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm AEST on the Closing Date.

#### **4.7 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Entitlement Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

#### 4.8 Underwriting and Sub-Underwriting

The Offer is fully underwritten by Gleneagle Securities (Aust) Pty Limited. Refer to Section 8.1 for a summary of the terms of the underwriting.

The Underwriter has entered into sub-underwriting agreements for 100% of the Underwritten Securities with Seven West, Thorney, Blueroom Capital and TMT Partners pursuant to which Seven West will sub-underwrite up to 2,083,333,333 Shares, Thorney will sub-underwrite up to 1,041,666,666 Shares, Blueroom Capital will sub-underwrite up to 708,333,333 Shares and TMT Partners will sub-underwrite up to 278,001,666 Shares. To the extent each Sub-Underwriter currently holds Shares in the Company, each Sub-Underwriter agrees to take up their Entitlement.

Under the terms of the underwriting the shortfall will be allocated as follows:

- (a) the Underwriter will have a priority allocation of up to 595,833,333 Shares (representing a cash amount of \$715,000) to be allocated to the Sub-Underwriters in proportion to their respective sub-underwritten amounts (**Priority Underwriting Shares**).
- (b) Shortfall Shares exceeding the Priority Underwriting Shares may be subscribed for by Eligible Shareholders subject to such applications being received prior to the Closing Date. The allocation of the Shortfall Shares will be at the discretion of the Board and the Underwriter.
- (c) In the event that there are any Shortfall Shares remaining after the allocation referred to in Section 4.8(b) above, any remaining Shortfall Shares will be allocated to the Sub-Underwriters in proportion to their respective sub-underwritten amounts, being.

The Company will pay to the Underwriter an underwriting fee of \$100,000 and 2% of the sub-underwritten amount. The Underwriter will pay each of Sub-Underwriters a fee of 2% of the sub underwritten amount (being up to \$50,000 for Seven West, up to \$25,000 for Thorney, up to \$17,000 for Blueroom Capital and up to \$6,672 for TMT Partners) in consideration for sub-underwriting.

#### 4.9 Effect on control of the Company

##### (a) Sub-Underwriting by Seven West

The table below sets out Seven West's voting power in the Company as at the Record Date and the potential increase to its voting power under several scenarios relating to the percentage acceptance of Entitlements under the Entitlement Offer.

Event	Number of Shares held by Seven West	Voting power of Seven West
As at the Record Date	268,846,610	18.53%
75% take up from Eligible Shareholders (including Shortfall)	1,572,868,063	28.09%
50% take up from Eligible Shareholders (including Shortfall)	1,813,189,120	32.22%

25% take up from Eligible Shareholders (including Shortfall)	2,053,510,178	36.36%
0% take up from Eligible Shareholders (including Shortfall) <sup>1</sup>	2,352,179,943	42.27%

1. The Company considers this to be an unlikely outcome on the basis that the Directors have indicated their intention to take up their Entitlements to the full extent of their capacity (refer to Section 3.2) and each Sub-Underwriter that currently holds Shares has agreed to take up their Entitlement.
2. Assumes no Options are exercised.
3. This table shows the potential effects on Seven West's voting power in the Company as a result of the Entitlement Offer only. The exercise of Options and/or the issue of the Shares the subject of the Tranche 1 Placement, Tranche 2 Placement and Employee Offer as well as the issue of the Director Shares and Shares issued on conversion of Performance Rights will have a dilutive effect on the voting power set out above.

The number of Shares held by Seven West and its voting power in the table above show the potential effect of Seven West sub-underwriting the Entitlement Offer. The sub-underwriting obligation and therefore voting power of Seven West will reduce for the amount of Entitlements accepted under the Entitlement Offer and Shortfall Shares allocated to Eligible Shareholders.

Notwithstanding the potential control effect of Seven West sub-underwriting the Entitlement Offer the Company understands that, other than as disclosed in this Prospectus and previously announced by the Company, Seven West has no present intention of making any significant changes to the business or management of the Company.

These intentions are based on information concerning the Company, its business and the business environment which is known to Seven West at the date of this Prospectus.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

Seven West has agreed to advance \$250,000 to the Company to be applied against its payment obligations under its sub-underwriting agreement, when read in conjunction with the Underwriting Agreement.

(b) **Sub-Underwriting by Thorney**

Thorney currently holds 184,285,715 Shares. Assuming that Thorney is required to sub-underwrite the maximum number of Shares (being 1,041,666,666 Shares) Thorney may accordingly acquire a maximum voting power of up to approximately 22.03% assuming the issue of all Shares contemplated by the Entitlement Offer.

Notwithstanding the potential control effect of Thorney sub-underwriting the Entitlement Offer, the Company understands that Thorney has no present intention of making any significant changes to the business or management of the Company.

(c) **Sub-Underwriting by Blueroom Capital**

Blueroom Capital currently holds 146,378,447 Shares. Assuming that Blueroom Capital is required to sub-underwrite the maximum number of Shares (being 708,333,333 Shares) Blueroom Capital will acquire a maximum voting power of approximately 15.36% assuming the issue of all Shares contemplated by the Entitlement Offer.

Blueroom Capital has agreed to advance \$85,000 to the Company to be applied against its payment obligations under its sub-underwriting agreement, when read in conjunction with the Underwriting Agreement.

(d) **Sub-Underwriting by TMT Partners**

TMT Partners does not currently hold any Shares. Assuming that TMT Partners is required to sub-underwrite the maximum number of Shares (being 278,001,666 Shares) TMT Partners will acquire a maximum voting power of approximately 5.00% assuming the issue of all Shares contemplated by the Entitlement Offer.

(e) **Underwriting by Gleneagle**

The Underwriter currently holds 5,450,098 Shares. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

The Underwriter has entered into sub-underwriting agreements for the majority of the Entitlement Offer. Assuming that the Underwriter is required to underwrite the Shares for which it has not entered into sub-underwriting arrangements (being 2,266,667 Shares) the Underwriter will acquire a maximum voting power of approximately 0.42% assuming the issue of all Shares contemplated by the Entitlement Offer.

#### **4.10 ASX quotation**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, or such period as varied by the 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.

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 the Shares now offered for subscription.

#### **4.11 Issue of Shares**

Shares issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Shares issued under the Offers will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

#### **4.12 Overseas Shareholders**

This document is only intended to be distributed and made available to existing Shareholders of the Company and is personal to each Shareholder to whom it has been delivered. These Offers do not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offers are being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares the subject of this Prospectus or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia and New Zealand.

If you are outside Australia and New Zealand it is your responsibility to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

#### **4.13 Appointment of Nominee**

Pursuant to section 615 of the Corporations Act, the Company will appoint Gleneagle Securities (Aust) Pty Limited as the nominee for the Shares to which Ineligible Shareholders who accept the Entitlement Offer are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Shares will be sold and the manner of any such sale. The Company will obtain ASIC approval for the appointment of the nominee, as required by section 615 of the Corporations Act.

Any interest earned on the proceeds of the sale of these Shares will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Shares will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Shares (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee must sell Shares, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the nominee will not be required to sell Ineligible Shareholders' Shares at a particular price.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **4.14 Enquiries**

Any questions concerning the Offers should be directed to Ms Karen Logan, Company Secretary on +61 8 9321 0715.

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## 5. PURPOSE AND EFFECT OF THE OFFERS

### 5.1 Purpose of the Offers

The purpose of the Entitlement Offer is to raise up to approximately \$4,936,323.

The purpose of the Employee Offer is assist in attracting, retaining and motivating key employees of the Company. In accordance with the terms and conditions of the Employee Share Trust Plan, no funds will be raised under the Employee Offer.

This Prospectus has also been prepared for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

The funds raised from the Entitlement Offer are planned to be used in accordance with the table set out below:

Activity	Full Subscription (\$)	%
Sales and marketing	1,200,000	24
Product development costs and customer maintenance	1,800,000	36
Repayment of loan	670,000	14
General working capital	916,323	19
Expenses of the Offers <sup>1</sup>	350,000	7
<b>Total</b>	<b>4,936,423</b>	<b>100</b>

**Notes:**

1. Refer to Section 9.6 for further details relating to the estimated expenses of the Offers.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 5.2 Effect of the Offers

The principal effect of the Offers, assuming all Shares offered under the Prospectus are issued, will be to:

- (a) increase the cash reserves by \$5,426,323 (after deducting the estimated expenses of the Offers and the Tranche 1 Placement and Tranche 2 Placement) immediately after completion of the Offers and the Tranche 1 Placement and Tranche 2 Placement; and
- (b) increase the number of Shares on issue from 1,451,059,639 as at the date of this Prospectus to approximately 6,348,461,950 Shares following completion of the Offers, the Tranche 1 Placement and the Tranche 2 Placement, conversion of the 800,000 Performance Rights and issue of the Director Shares.



### 5.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 March 2017 and the unaudited pro-forma balance sheet as at 31 March 2017 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Unaudited 31 March 2017	Unaudited with material post- balance date adjustments <sup>1</sup> 31 March 2017	Pro-forma <sup>2</sup> 31 March 2017
<i>In AUD</i>			
<b>Current Assets</b>			
Cash and cash equivalents	1,047,265	1,887,265	6,473,588
Restricted cash	-	-	-
Trade and other receivables	663,088	663,088	663,088
Other current assets	182,966	182,966	182,966
<b>Total current assets</b>	<b>1,893,319</b>	<b>2,733,319</b>	<b>7,319,642</b>
<b>Non-current assets</b>			
Property, plant and equipment	294,979	294,979	294,979
Other non-current assets	41,085	41,085	41,085
Intangible assets	3,856,102	3,856,102	3,856,102
<b>Total non-current assets</b>	<b>4,192,166</b>	<b>4,192,166</b>	<b>4,192,166</b>
<b>Total assets</b>	<b>6,085,485</b>	<b>6,925,485</b>	<b>11,511,808</b>
<b>Current Liabilities</b>			
Trade and other payables	897,891	897,891	897,891
Loans and borrowings from related parties	621,933	621,933	621,933
Employee benefits	463,631	463,631	463,631
Other current liabilities	351,911	351,911	351,911
<b>Total Current liabilities</b>	<b>2,335,366</b>	<b>2,335,366</b>	<b>2,335,366</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	197,650	197,650	197,650
Employee benefits	630	630	630
<b>Total non-current liabilities</b>	<b>198,280</b>	<b>198,280</b>	<b>198,280</b>
<b>Total liabilities</b>	<b>2,533,646</b>	<b>2,533,646</b>	<b>2,533,646</b>
<b>Net assets</b>	<b>3,551,839</b>	<b>4,391,839</b>	<b>8,978,162</b>
<b>Equity</b>			
Share capital	51,570,089	52,410,089	56,996,412
Reserves	2,958,762	2,958,762	2,958,762
Accumulated losses	(50,977,012)	(50,977,012)	(50,977,012)

<b>Total equity</b>	<b>3,551,839</b>	<b>4,391,839</b>	<b>8,978,162</b>
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**Notes:**

1. The unaudited balance sheet has been adjusted assuming completion of the Tranche 1 Placement and Tranche 2 Placement.
2. The pro-forma balance sheet assumes completion of the Entitlement Offer.

#### 5.4 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Shares offered under the Prospectus are issued and no Options are exercised, is set out below.

##### Shares – Completion of Entitlement Offer

Following completion of the Entitlement Offer, the Company will have the following Shares on issue:

	<b>Number</b>
Shares currently on issue	1,451,059,639
Shares offered pursuant to the Entitlement Offer	4,113,602,311
<b>Total Shares on issue after completion of the Entitlement Offer<sup>2</sup></b>	<b>5,564,661,950</b>

##### Shares – Completion of the Entitlement Offer, Employee Offer, Tranche 1 Placement, Tranche 2 Placement conversion of Performance Rights and issue of Director Shares

Following completion of the Entitlement Offer Employee Offer, Tranche 1 Placement, Tranche 2 Placement conversion of Performance Rights and issue of Director Shares, the Company will have the following Shares on issue:

	<b>Number</b>
Shares on issue after completion of the Entitlement Offer	5,564,661,950
Shares offered pursuant to the Employee Offer <sup>1</sup>	25,000,000
Shares to be issued under the Tranche 1 Placement	208,333,333
Shares to be issued upon conversion of Performance Rights	800,000
Director Shares to be issued	8,000,000
Shares to be issued pursuant to the Tranche 2 Placement	541,666,667
<b>Total Shares on issue after completion of the Entitlement Offer, Employee Offer, Tranche 1 Placement, Tranche 2 Placement conversion of Performance Rights and issue of Director Shares</b>	<b>6,348,461,950</b>

## Options

	Number
Options currently on issue (all unlisted):	
Exercisable at \$0.30 on or before 30 June 2017	500,000
Exercisable at \$0.10 on or before 30 June 2017	24,000,000
Exercisable at \$0.075 on or before 31 August 2017	43,859,665
Exercisable at \$0.20 on or before 31 October 2017	2,000,000
Exercisable at \$0.20 on or before 9 February 2018	5,500,000
Exercisable at \$0.20 on or before 9 February 2018	5,000,000
Exercisable at \$0.02 on or before 14 June 2019	12,000,000
Exercisable at \$0.02 on or before 14 June 2019	72,000,000
Exercisable at \$0.03 on or before 14 June 2019	18,000,000
Exercisable at \$0.02 on or before 15 June 2019	5,000,000
Exercisable at \$0.02 on or before 15 June 2019	12,000,000
Exercisable at \$0.02 on or before 8 November 2019	2,000,000
Options offered pursuant to the Offers	Nil
<b>Total Options on issue after completion of the Offers<sup>2</sup></b>	<b>201,859,665</b>

## Performance Rights

	Number
Performance Rights on issue at date of Prospectus	800,000
Performance Rights offered pursuant to the Offers	Nil
<b>Performance Rights on issue after completion of the Offers<sup>3</sup></b>	<b>Nil</b>

## Notes

1. As the number of Shares to be issued under the Employee Offer is based on a volume weighted average share price at the time of issue (refer to Section 4.2 for further details), this number may be less than the number stated.
2. Assuming no Options are exercised.
3. 800,000 Performance Rights have vested and 800,000 Shares will be issued to Performance Rights holders on or around 5 May 2017. The terms of the Performance Rights provide that, subject to the Corporations Act and the Listing Rules, if during the term of any Performance Right, the Company makes a pro rata issue of securities to Shareholders by way of a rights issue, the holder will be entitled to participate in the rights issue on the same terms as the Shareholders as if the holder held that number of Shares as is equal to the number of Shares issuable to the holder if all of the holder's Performance Rights were vested and converted into Shares prior to the record date for determining entitlement under the pro rata issue.

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## **6. RIGHTS AND LIABILITIES ATTACHING TO SHARES**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **6.1 General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

### **6.2 Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

### **6.3 Dividend Rights**

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a Share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any

dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

#### **6.4 Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

#### **6.5 Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements that the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer does not breach the Corporations Act and the ASX Listing Rules.

#### **6.6 Future Increase in Capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **6.7 Variation of Rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class

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## **7. RISK FACTORS**

### **7.1 Introduction**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.2 Company specific**

#### **(a) Potential for Significant Dilution**

Upon implementation of the Offers, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 1,451,059,639 currently on issue to approximately 6,348,461,950. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.002 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offers.

#### **(b) Limited Operating History**

The Company, in respect to the business segment acquired from "Newzulu Limited" (now named "Newzulu Holdings Pty Ltd") in August 2014, has a limited operating history and the potential of its business model is continuing to evolve and develop. No assurances can be given that the Company will achieve commercial viability through the successful implementation of its business plans.

In addition, there is the risk that the Company's technical platforms may not function as intended, including with respect to scalability and coping with increasing numbers of users or client numbers. This may lead to the Company's reputation suffering amongst users, contributors and its partners.

#### **(c) Future Capital Needs and Additional Funding**

The future capital requirements of the Company will depend on many factors including its business development activities and the successful

completion of client trials. The Board continues to assess the Company's current cash reserves and the net proceeds of the Entitlement Offer, Tranche 1 Placement and Tranche 2 Placement will provide funds for its business development activities, business plan and other Company objectives in the short term. Additional development costs to meet client needs, unanticipated costs relating to the Company's expansion strategy, market conditions and business opportunities may mean further funding is required by the Company, the group and/ or a business unit.

There can be no assurance that additional funds will be available on acceptable terms, or at all. The Company's failure to obtain sufficient funds if and when needed could:

- (i) delay or suspend the Company's business development activities, business plan and other Company objectives; or
- (ii) have a material adverse effect on the Company's business and its financial condition and performance and the Company's ability to continue as a going concern.

Further funding may be required to meet the Company's objectives and working capital costs in the medium to long term. The Company may be required to undertake additional capital raisings and/or establish additional debt facilities to develop its business development activities and meet its objectives and working capital costs in the medium to long term.

(d) **Reliance on Key Employees**

The Company's ability to effectively execute its growth strategies depends upon the performance and expertise of key employees, including those with valuable technological skills and specialist knowledge of the Company's business model and markets. The departure of certain key employees, including Mr Marc Milgrom, and any delay in their replacement or indeed any failure to adequately replace them, is likely to hinder the Company's ability to achieve its strategic growth objectives and financial performance goals. In addition, in order for the Company to achieve its growth objectives it will likely be required to engage the services of additional key management personnel with appropriate experience and technological skills. There is no guarantee that the Company will be able to attract and retain appropriately qualified personnel in these areas. Any failure to do so is likely to also hinder the Company's ability to achieve its strategic growth objectives.

(e) **Failure to Deal with Growth**

The Directors will continue to seek to grow the Company both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could have a material adverse effect on the Company.

There is a risk that management of the Company will not be able to implement the Company's growth strategy. The capacity of the management team to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

The Company's business has the potential to grow rapidly. If that occurs and the Company fails to properly manage that growth, then that failure could harm its business. Any failure to meet user and contributor demand properly could adversely affect the business, including demand for Newzulu's products, services, revenue collection, user and contributor satisfaction and public perception.

(f) **Industry Competition**

The Company's future performance may be affected by the level of competition in the crowd-sourced news market in which it operates. Whilst the Company is an early mover in the industry, new or existing competitors may be successful in offering alternative or preferred crowd-sourced news platforms for citizen and freelance journalists and photographers and may enter into strategic partnerships with recognised press associations which enhance their business at the expense of the Company.

The Company's future performance may also be affected by the level of competition in the media and branding markets in which it operates. Whilst the Company has enjoyed success in these industries to date, new or existing competitors may be successful in offering alternatives for media outlets, brands, agencies, enterprises and content producers to the Newzulu platform and Newzulu creative services.

(g) **Attracting Traffic to Websites and Mobile Applications**

The Company's growth strategy and future revenues depend on, amongst other things, attracting sufficient web traffic to its websites and mobile applications. The level of web traffic to the Company's websites is likely to directly influence the number of contributors to its platforms, the ability of the Company to enter into further agreements or arrangements with clients and its ability to generate revenue from its platforms and advertising. Various factors can affect web traffic arriving at the Company's websites and mobile applications including, but not limited to:

- (i) marketing – if the Company's marketing and promotional efforts are not effective, a lack of web traffic is likely to result;
- (ii) brand damage – if the Company suffers from reputational damage (refer to other risks in this Section 7), the level of web traffic may be adversely impacted; and
- (iii) search engine traffic – search engines direct significant traffic to the Company's websites. Should any of the major search engines make changes to their algorithms and procedures that direct this traffic, the Company may experience a reduction in web traffic.

A decline in web traffic to the Company's websites could adversely impact the Company's ability to generate new business and revenue streams and result in it failing to achieve its strategic growth objectives.

(h) **Ability to Secure and Retain Clients**

The Company's ability to generate revenue is highly dependent on successful completion of client trials and, in turn, entry into agreements



with its clients and renewal of those agreements. The Company continues to pursue potential client opportunities, however factors such as delays in client signings, lost client opportunities and not securing long term revenue prospects may have an adverse impact on the Company's expansion strategy and financial performance.

(i) **Market Acceptance**

The global marketplace for many products is ever changing due to new technologies, new products, changes in consumer preferences and other factors influencing market acceptance and regulation. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns.

Accordingly, there is a risk that the Company may experience delays in product development schedules, client and subscriber usage which could adversely impact the Company's operations.

(j) **Restructuring Initiatives and Costs**

As the Company continues to pursue its strategic growth objectives and business development activities, its corporate and management structure may face increasing pressures. Furthermore, any delays in the implementation of previously announced corporate and management restructure initiatives could lead to decreased productivity. Whilst the Company continues to consider all reasonable implications of restructuring initiatives, any variations to estimated restructuring costs, including redundancy and termination provisions, may have a material impact on the financial and operating performance of the Company.

(k) **User-Generated Content**

The Company's business is based upon the contributions of citizen and freelance journalists and photographers to its platforms. The Company has screening and reporting mechanisms in place for identifying inappropriate or objectionable contributions. If these mechanisms fail to adequately identify any such contributions prior to publication, the Company may, by reason of its publication of the user-generated content, be implicated in objectionable or illegal activity which exposes it to law enforcement investigation or action, or a civil dispute. Any such occurrence may cause the Company to suffer financial loss and may lead to the Company's reputation suffering amongst users, contributors and its partners.

The Company's business also involves the licencing of its user-generated content publishing platform to its clients. The Company has moderation tools for use by client personnel to identify and moderate inappropriate or objectionable content. If these tools fail to adequately handle content upon human approval or denial actions, the Company may, by reason of its software enabling the publication of the user-generated content, be implicated in objectionable or illegal activity which exposes it to law enforcement investigation or action, or a civil dispute. Any such occurrence may cause the Company to suffer financial loss and may lead to the Company's reputation suffering amongst its clients.

(l) **Reputational Risks**

The Company operates in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled users posting negative comments about the businesses in public forums may have a disproportionate effect on the Company's reputation and its ability to earn revenues and profits. Additionally, complaints by such users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory enquiries. This could negatively impact upon the Company's profitability

(m) **Reliance on Core Information Technology and Other Systems**

The operation of the Company's platforms is dependent upon the performance, reliability and availability of its information technology and communication systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war or a breakdown in utilities such as electricity and fibre optic cabling. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. The Company's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that the Company suffers as a result of a system failure.

Any damage to, or failure of, the Company's key systems can result in disruptions in the Company's ability to operate its various crowd-sourced news platforms and other services. Such disruptions have the potential to reduce the Company's ability to generate revenue, impact consumer service levels and damage the Company's brands. This could adversely affect the Company's ability to generate new business and cause it to suffer financial loss.

The media and communications industry is also subject to rapid and significant changes in technology and the impact of these changes on the Company and its businesses cannot be predicted. The costs associated with implementing emerging and future technology changes could be significant.

(n) **Reliance on Third Party IT Service Provision**

The Company utilises equipment, software, hosting and other services provided by third parties to maintain and deliver its Software as a Service platforms. Significant or extended disruption of the Company's platforms caused by supplied equipment, software or service failure may reduce the Company's ability to generate revenue, impact client and consumer service levels and may damage the Company's brands. This could adversely affect the Company's ability to generate new business and cause it to suffer financial loss. Any mitigation of this loss via redress from third party suppliers may not be immediately available, if at all.

(o) **Intellectual Property**

The Company has developed a system architecture, specialised technology and algorithms for its business. In particular, the Company has developed methodologies for validating content ownership and credibility, live video streaming and integration between its different

platforms. The Company has also sought and received protection of certain of its intellectual property, namely trademarks which have been registered in Australia, Canada, the United States and Europe.

The laws relating to intellectual property assist to protect the Company's proprietary rights in the intellectual property relevant to the Company's businesses. However, trade mark registration, although an indicator of valid intellectual property ownership, is not indefeasible as any errors in the registration process can lead to registration being challenged or revoked. Accordingly, the Company cannot be certain that the validity, ownership or authorised use of intellectual property relevant to the Company's businesses will not be successfully challenged by third parties. In addition, there can be no guarantee that unauthorised use or copying of the Company's software, data, specialised technology or algorithms will be prevented.

(p) **Privacy and Media Law**

The environment in which the Company operates is subject to complex and evolving Australian and foreign policies, laws and regulations regarding privacy, data protection, defamation, obscene material, content regulation, intellectual property (see further above), competition, distribution of electronic contracts and other communications, protection of minors, consumer protection, taxation, online payment services and advertising and marketing standards.

Foreign data protection, privacy, and other laws and regulations are often more restrictive than those in Australia. In some cases, laws or regulations in one country may be inconsistent with, or contrary to, those of another country. In particular, the European Union (**EU**) and its member states have traditionally taken a broader view as to types of data that are subject to privacy and data protection, and have imposed greater legal obligations on companies in this regard. Data protection has been under review in the EU in recent years, with the European Privacy Directive 95/46/EC expected to be replaced in 2015 by new legislation known as the EU General Data Protection Regulation. The proposed new EU data protection regime extends the scope of the EU data protection law to all foreign companies processing data of EU residents. It provides for harmonisation of data protection regulations throughout the EU, but imposes a strict data protection compliance regime and provides for strict penalties. Privacy laws in France are particularly restrictive and make it an offence to take, record or transmit a recording or picture of a person taken without their consent (which is presumed when a recording or picture is taken openly and publicly).

The media industry in Australia, the EU and other places around the world has the potential to become subject to even higher levels of regulation by government. It is likely applicable laws and regulations will continue to change in an effort to keep up with the rapidly evolving industry. Due to their evolving nature, many of these laws and regulations are subject to uncertain interpretation. It is difficult to predict how existing and new laws and regulations will be applied to the Company or their respective businesses. It is possible that they may be interpreted and applied in a manner that is inconsistent with current practices or detrimental to the Company.

Existing and new laws and regulations applicable to the media industry can be costly to comply with, delay or impede the development of new

products and services, require changes to business practices, result in negative publicity, lead to declines in user growth or engagement, require significant time and attention of management and technical personnel and subject the Company to inquiries or investigations, claims or other remedies, including monetary penalties, or otherwise harm the Company's business.

(q) **Security Breaches**

The Company collects, stores and processes highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company in the media and communications industry.

Whilst the Company follows best practice in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise risks, there is no guarantee that the implementation of such precautions will be sufficient to prevent data security breaches and information being compromised or misused.

A malicious attack on the Company's systems, processes or people from external or internal sources could put the integrity and privacy of contributors' and client data and business systems used to run the Company at risk. The impact of loss or leakage of contributor, client or business data could include potential service disruption, litigation, liability to third parties, penalties imposed by government agencies under applicable laws and brand damage resulting in reduced or falling revenues. These potential losses or liabilities will be different for each jurisdiction in which the Company operates.

There is also currently an increased exposure to organisations that process personal information in the course of their commercial activities, in particular, relating to liability arising from security incidents. Although the Company is relatively small, vulnerabilities in the information security governance will require remediation in the near future.

(r) **Changes in the Nature of the Media Industry**

The Company's businesses may be affected by changes in the nature of the media industry, for example, changes to demand for different media products and services. As the Company's businesses include the publication and circulation of media in different forms, these changes may, depending on their nature and the business model at the relevant time, impact the demand for the Company's services and products and their financial performance.

(s) **Overseas Operations and Expansion**

The Company is presently headquartered in New York and has established bureaus (i.e. local representative offices) in London, Toronto and Paris.

Should the Company seek to expand into additional overseas markets, it may require a physical presence in those countries and an associated increase in overheads and development and marketing costs. There is the risk that the costs of doing business in that market, including the costs of establishing a new base in-country, overseas regulatory compliance

and the potential duplication of running costs for the business, are such that the Company's available working capital may be adversely impacted.

(t) **Large Shareholders**

The Company has a number of shareholders with relatively large shareholdings. An expectation by the market that one or more of those shareholders may sell all or a substantial portion of its shareholding, or the actual sale of such a shareholding, could have a negative effect on the price of the Shares.

(u) **Potential Acquisitions**

As part of its overall business strategy, the Company may from time to time make acquisitions of or significant investments in companies, products or technologies. Any such future transaction would be accompanied by the risks commonly encountered in making acquisitions of companies, products or technologies.

### 7.3 **General Risks**

General economic conditions, movements in commodity prices, interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

(a) **Security Investments**

There are risks associated with any securities investment. The prices at which the Shares trade on the Official List may fluctuate in response to a number of factors including:

- (i) the recruitment or departure of key personnel;
- (ii) actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- (iii) variations in the Company's financial results or those of companies that are perceived to be similar to the Company including changes caused by changes in financial accounting standards or practices or taxation rules or practices;
- (iv) announcements regarding litigation or other proceedings that involve the Company;
- (v) war or acts of terrorism or catastrophic disasters that disrupt world trade or adversely affect confidence in financial markets;
- (vi) other general economic, industry and market conditions; and
- (vii) other factors described in this Section 7.

(b) **Share Market Conditions**

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in

general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Liquidity Risk**

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market for the Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

(d) **Economic Risk**

Factors such as inflation, currency fluctuations, interest rates and supply and demand of capital have an impact on business costs and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors which are beyond the control of the Company.

(e) **Foreign Exchange Risk**

The Company operates internationally and, presently, in five (5) major currencies. Accordingly, fluctuations in prevailing exchange rates affect the Company's profitability and financial position. For example, the Company pays a website hosting provider in US dollars. If the Australian dollar falls relative to the US dollar, those costs increase in Australian dollar terms, potentially reducing the Company's profitability.

Currently, most of the Company's revenues are in Canadian dollars and Euros and most of its costs are in Euros, Canadian dollars and Australian dollars.

However, the mix of currencies in which the Company pays its costs and earns its revenues is changing over time. As that mix changes, there may be a greater impact on profitability in Australian dollar terms.

The Company's financial statements are prepared and presented in Australian dollars, and any appreciation in the Australian dollar against other currencies in which the Company transacts may adversely affect its financial performance and position.

(f) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some business risks by procuring relevant insurance coverage. However, such insurance coverage may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance coverage.

(g) **Third Party Risks**

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual noncompliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(h) **Policies and Legislation**

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions in the countries in which the Company could conduct business, could materially affect the Company's prospects. Political changes, such as changes in both monetary and fiscal policies, expropriation, methods and rates of taxation and currency exchange controls may impact the performance of the Group as a whole.

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## 8. MATERIAL CONTRACTS

### 8.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to fully underwrite the Entitlement Offer for 4,113,602,311 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of \$100,000 and 2% of any amount sub-underwritten by the Sub-Underwriters which must be paid to those sub-underwriters by the Underwriter in accordance with the terms of the Underwriting Agreement.

The obligation of the Underwriter to underwrite the Entitlement Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **(Indices fall)**: the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement; or
- (b) **(Prospectus)**: the Company does not lodge the Prospectus on the lodgement date or the Prospectus or the Entitlement Offer is withdrawn by the Company; or
- (c) **(Supplementary prospectus)**:
  - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an adverse change, forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary prospectus in such form and content and within such time as the Underwriter may reasonably require; or
  - (ii) the Company lodges a supplementary prospectus without the prior written agreement of the Underwriter; or
- (d) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the Underwritten Securities; or
- (e) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to



mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or

- (f) **(proceedings)**: ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Entitlement Offer or the Prospectus, or publicly foreshadows that it may do so;
- (g) **(Unable to Issue Securities)**: the Company is prevented from issuing the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (h) **(future matters)**: any statement or estimate in the Prospectus which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (i) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **(No Quotation Approval)**: the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the lodgement date; or
- (k) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice deadline date has arrived, and that application has not been dismissed or withdrawn; or
- (l) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (m) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a Material Adverse Effect; or
- (n) **(Authorisation)**: any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably; or
- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (p) **(Termination Events)**: subject always to, in the reasonable opinion of the Underwriter reached in good faith, any of the events listed below having or being likely to have, or those events together having, or could reasonably be expected to have, a Material Adverse Effect or could give

rise to a liability of the Underwriter under the Corporations Act, any of the following events occurs:

- (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by section 8.1(a) above;
- (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (iv) **(Contravention of constitution or Act)**: a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of a Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (vi) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was, misleading or deceptive, materially false or that there was a material omission from them;
- (vii) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (viii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Entitlement Offer or the Prospectus other than a statement the Company is required to make in order to comply with its disclosure obligations under the Listing Rules and/or the Corporations Act;
- (ix) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of a Relevant

Company is or becomes misleading or deceptive or likely to mislead or deceive;

- (x) **(Official Quotation qualified)**: the official quotation is qualified or conditional other than as set out in the Underwriting Agreement;
- (xi) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;
- (xii) **(Prescribed Occurrence)**: a Prescribed Occurrence (as that term is defined in the Underwriting Agreement) occurs, other than as disclosed in the Prospectus;
- (xiii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiv) **(Event of Insolvency)**: an Event of Insolvency (as that term is defined in the Underwriting Agreement) occurs in respect of a Relevant Company;
- (xv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$100,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xvi) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any Subsidiary except as disclosed in the Prospectus;
- (xvii) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xviii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any Subsidiary (other than as a result of the Entitlement Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xix) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 2 Business Days;
- (xx) **(Force Majeure)**: a Force Majeure (as that term is defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs;

- (xxi) **(Certain resolutions passed)**: the Company or any Subsidiary passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxii) **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of the Underwriting Agreement;
- (xxiii) **(Breach of Material Contracts)**: any material contract is terminated or substantially modified; or
- (xxiv) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

## 8.2 Mandate with TMT Partners

On 13 December 2016, the Company entered into an advisory mandate with TMT Partners (Mandate). Pursuant to the Mandate, TMT is currently acting as exclusive financial adviser to the Company in relation to corporate strategy and other matters.

TMT will be paid a management fee of 1.5% of the total amount raised under the Entitlement Offer (less the capital contributed by Seven West and Thorney) and a placement fee of 4.5% for the Tranche 1 Placement and Tranche 2 Placement. If the raisings under the Entitlement Offer and Tranche 1 Placement and Tranche 2 Placement exceed \$5,250,000, the Company and TMT have agreed that the Company will pay TMT a success fee of \$50,000.

## 8.3 Employee Share Trust Plan

The key terms and conditions of the Employee Share Trust Plan are as follows:

- (a) **Eligibility**: Eligibility under the Employee Share Trust Plan is restricted to Eligible Employees;
- (b) **Operation**: If an Eligible Employee accepts an invitation to participate in the Employee Share Trust Plan, he or she is entitled to apply for Share Units in the Employee Share Trust.

An Eligible Employee may then apply for a non-recourse loan from the Trustee for an amount equal to the total issue of the Share Units together with a direction to the Trustee to apply the loan moneys to acquire the Share Units. The minimum subscription that the Trustee will accept is \$1,000 per annum.

Moneys received and accepted by the Trustee from an Eligible Employee, including any loan moneys, will be used exclusively to acquire Shares for that Eligible Employee's benefit.

Shares will then be allocated to the Share Units issued to the Eligible Employee on a one-for-one basis.

- (c) **Acquisition of Shares:** The Trustee will acquire Shares for Eligible Employees either from new issues or from existing Shareholders, using contributions from the Company. The Shares will be registered in the name of the Employee Share Trust. The Shares will be held by the Trustee on behalf of the Eligible Employee and allocated to Share Units issued by the Employee Share Trust.

Any dividends in respect of Shares will be distributed by the Trustee to Eligible Employees based on their Share Unit holding.

- (d) **Issue Price:** Share Units will be issued at the prevailing market value of the Shares.

- (e) **Funding Arrangements:** Share Units will be financed by way of a loan from the Employee Share Trust. For each Eligible Employee, the Trustee will only accept applications for Share Units at least \$1,000 per annum.

An application for a loan shall be approved at the absolute discretion of the Trustee after consultation with the Company.

The loan may, at the discretion of the Trustee in consultation with the Company bear interest or be interest free.

The loan will not be required to be repaid until the cancellation of the Share Units acquired with the loan.

- (f) **Vesting Conditions:** Subject to the discretion of the Board, the Share Units may be subject to vesting conditions.

- (g) **Entitlements:** An Eligible Employee is entitled to:

- (i) receive any dividend income from Shares as declared by the Company from time to time in respect of the Shares allocated to his or her Share Units;
- (ii) receive benefits from the capital value attributed to the Shares allocated to his or her Share Units;
- (iii) receive a distribution of income received by the Employee Share Trust for each accounting period;
- (iv) elect to cancel a minimum amount of \$5,000 Share Units (or if the holding is less than \$5,000, the remaining balance) and on such cancellation be distributed either the Shares allocated to that Share Unit holdings or a cash payment equal to the market value of those allocated Shares; and
- (v) direct the Trustee how voting rights attached to the Shares held by the Trustee for his or her benefit shall be exercised.

(h) **Voting Rights:** An Eligible Employee may direct the exercise of any voting rights attaching to Shares held by the Trustee for his or her benefit by directing the Trustee to vote these Shares at any general meeting of the Company in relation to any resolution on which voting occurs by way of poll.

(i) **Permitted use of Share Units:** An Eligible Employee cannot transfer or assign or otherwise deal with his or her Share Units in favour of any person.

An Eligible Employee cannot create any equitable, contingent, future or partial interest or other security interest in a Share Unit.

(j) **Impact of termination of employment:** If an Eligible Employee's employment is terminated or an Eligible Employee is made redundant and his or her Share Units are not subject to any vesting conditions, the Trustee will cancel some or all of the Share Units and subject to repayment of any outstanding loan in respect of those Shares Units, the Trustee will distribute to the Eligible Employee:

(i) the Shares allocated to those Share Units or a payment in cash equal to the market value of those Shares; and

(ii) income received by the Employee Share Trust for each accounting period prior to the cancellation.

(k) **Withdrawing from the Employee Share Trust:** An Eligible Employee may request that the Trustee:

(i) sell all or some of his or her Shares held by the Employee Share Trust; or

(ii) cash out of his or her Share Units.

An Eligible Employee may sell at least \$5,000 worth of Share Units (or if the holding is less than \$5,000, the remaining balance). The Eligible Employee must repay the loan in respect of those Share Units. The Trustee will set off the amount of the outstanding loan against the distributions the Eligible Employee is entitled to upon cancellation of those Share Units.

The Trustee will also distribute income received by the Employee Share Trust for each accounting period prior to the cancellation.

(l) **Administrative Costs:** The Company will meet all administrative costs and expenses to the extent that these are not met by the Employee Share Trust.

(m) **Liability:** An Eligible Employee will not be personally liable to the Trustee or any other person in respect of any loss, damage, outgoing or liability accruing as a result of any transaction, dealing or investment made by the Trustee or any business or course of action carried on or carried out by the Trustee or otherwise accruing in the administration of the Employee Share Trust.

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## **9. ADDITIONAL INFORMATION**

### **9.1 Litigation**

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.

### **9.2 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

<b>Date</b>	<b>Description of Announcement</b>
28/04/2017	Business Update and Appendix 4C – Mar 2017 Quarterly Report
26/04/2017	Newzulu announces new sales wins
19/04/2017	Newzulu Investor Presentation – April 2017 - Corrected
19/04/2017	Newzulu Investor Presentation – April 2017
19/04/2017	Newzulu underwritten rights issue and placement
13/04/2017	Trading Halt
28/02/2017	Appendix 4D and Interim Financial Report
31/01/2017	Business Update and Appendix 4C – Dec 2016 Quarterly Report
19/01/2017	Change of auditor
06/01/2017	Newzulu signs multi-year multi-platform deal with RTL
21/12/2016	Newzulu adds functionality to its all-in-one UGC solution
08/11/2016	Change of Director's Interest Notice
08/11/2016	Appendix 3B
04/11/2016	New Constitution
04/11/2016	Results of Meeting
04/11/2016	AGM Presentation
04/11/2016	Chairman's AGM Address
04/11/2016	Newzulu signs multi-product deal with Seven West Media
02/11/2016	Investor Presentation
28/10/2016	Business Update and Appendix 4C -Sep 2016 Quarterly Report
04/10/2016	Notice of Annual General Meeting/Proxy Form
30/09/2016	Change in substantial holding
30/09/2016	Change in substantial holding



Date	Description of Announcement
28/09/2016	Corporate Governance Statement and Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at [www.newzululimited.com](http://www.newzululimited.com).

### 9.3 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offers.

#### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in Section 3.2.

#### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the

other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the annual remuneration paid to both executive and non-executive Directors inclusive of superannuation for the past financial year and the proposed remuneration for financial year 2017.

	Financial Year 2017 (\$)	Financial Year 2016 (\$)
Charles Koonen <sup>1</sup>	132,083	84,556
James J Bodel	43,800	43,800
Clive Dickens <sup>2</sup>	40,000	Nil
Ed Wilson <sup>3</sup>	50,523	Nil
<b>TOTAL</b>	<b>266,406</b>	<b>128,356</b>

**Notes:**

1. Appointed on 12 February 2016.
2. Appointed on 29 June 2016.
3. Appointed on 31 August 2016. Mr Wilson will receive the Directors Shares in lieu of cash payment of a portion of this remuneration.

#### **9.4 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

Gleneagle Securities (Aust) Pty Limited will be paid an underwriting fee of approximately \$100,000.

Gleneagle Securities (Aust) Pty Limited will also be appointed as the Company's nominee pursuant to section 615 of the Corporations Act. Gleneagle Securities (Aust) Pty Limited will be paid for this service on standard industry terms and conditions.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$30,000 (excluding GST and disbursements) for these services.

## **9.5 Consents**

Each of the parties referred to in this Section 9.5:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Gleneagle Securities (Aust) Pty Limited has given its written consent to being named as underwriter to the Entitlement Offer in this Prospectus, in the form and context in which it is named. Gleneagle Securities (Aust) Pty Limited has also given its written consent to be named as the Company's nominee pursuant to section 615 of the Corporations Act. Gleneagle Securities (Aust) Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 9.6 Expenses of the Offers

In the event that all Entitlements are accepted, the total expenses of the Entitlement Offer are estimated to be approximately \$350,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,983
ASX fees	11,917
Underwriting fees	100,000
Sub-underwriting fees	98,726
Management fee	17,795
Success fee	50,000
Legal fees	30,000
Share registry fees	7,500
Printing and distribution	12,500
Miscellaneous	18,579
<b>Total</b>	<b><u>350,000</u></b>

## 9.7 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 8 9321 0715 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.newzululimited.com](http://www.newzululimited.com).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## 9.8 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. 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 forecast or projection.

## 9.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **9.10 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**10. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Charles Koones**  
**Non-Executive Chairman**  
**For and on behalf of**  
**NEWZULU LIMITED**

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## 11. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**AEST** means Eastern Standard Time as observed in Sydney, New South Wales.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer.

**Application** means an application to subscribe for Shares under this Prospectus.

**Application Form** means an Entitlement and Acceptance Form.

**Application Monies** means money submitted by Applicants in respect of Applications.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Blueroom Capital** means Blueroom Capital Pty Ltd (ACN 162 559 882).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Newzulu Limited (ACN 078 661 444).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director Fee Plan** means the Company's director fee plan a summary of which is contained in the Company's Notice of Annual General Meeting for 2016.

**Director Shares** has the meaning given in Section 4.3.

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Employee** means employees consultants, directors, officers of the Company or other persons deemed by the Trustee to be an employee for the

purposes of the Employee Share Trust Plan, selected by the Company and invited to participate in the Employee Share Trust Plan.

**Employee Offer** means the offer of up to 25,000,000 Shares to the Trustee on the terms and conditions set out in Section 4.2.

**Employee Share Trust** means the Newzulu Employee Share Trust.

**Employee Share Trust Deed** means the deed executed by the Company on 13 October 2014 for the establishment of the Employee Share Trust.

**Employee Share Trust Plan** means the plan established by the Company on 13 October 2014 to assist in attracting, retaining and motivating key employees of the Company.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement Offer** means the non-renounceable entitlement issue of 17 new Shares for every 6 Shares held by those Shareholders and Performance Rights holders registered at the Record Date at an issue price of \$0.0012 per Share on the terms and conditions set out in Section 4.1.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Gleneagle** or **Underwriter** means Gleneagle Securities (Aust) Pty Limited (ACN 136 930 526) (AFSL 337 985).

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Offers** means the Entitlement Offer and the Employee Offer.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Material Adverse Effect** means:

- (a) a material adverse effect on the outcome of the Entitlement Offer or on the subsequent market for the Underwritten Securities (including, without limitation, a material adverse effect on a decision of an investor to invest in Underwritten Securities); or
- (b) a material adverse effect on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries taken as a whole.

**Performance Right** means the performance rights issued to Marc Milgrom and David Minogue on the terms and conditions approved at a general meeting of Shareholders on 30 January 2015 and 2 March 2016.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.



**Relevant Company** means the Company and each Subsidiary.

**Section** means a section of this Prospectus.

**Seven West** means Seven West Media Investments Pty Limited (ACN 149 356 007).

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Units** means a share unit created pursuant to the Employee Share Trust.

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Entitlement Offer (if any).

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 3.6.

**Shortfall Shares** means those Shares issued pursuant to the Shortfall.

**Subsidiary** means each company which is now, or before the issue of all the Underwritten Securities becomes, a subsidiary of the Company as that term is defined in the Corporations Act.

**Sub-Underwriters** means Seven West, Thorney, Blueroom Capital and TMT Partners.

**Thorney** means Tiga Trading Pty. Ltd. (ACN 118 961 210).

**TMT Partners** means TMT Partners Pty Limited (ACN 096 929 083).

**Tranche 1 Placement** has the meaning given in Section 4.3(a).

**Tranche 2 Placement** has the meaning given in Section 4.3(b).

**Underwriting Agreement** means the underwriting agreement between the Company and Gleneagle.

**Underwritten Securities** has the definition given in Section 8.1.