

NEWZULU LIMITED
ACN 078 661 444
SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the replacement prospectus dated 2 May 2017 (**Prospectus**) issued by Newzulu Limited (ACN 078 661 444) (**Company**).

This Supplementary Prospectus is dated 10 May 2017 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at <http://www.newzululimited.com>.

1. REASONS FOR SUPPLEMENTARY PROSPECTUS

The purpose of this Supplementary Prospectus is to:

- (a) amend the terms of the Shortfall Offer and provide additional disclosure on the underwriting and sub-underwriting arrangements in relation to the Entitlement Offer; and
- (b) provide additional disclosure to clarify the terms of advances made by Seven West and Blueroom Capital to the Company.

The Company does not consider the amendments to the Prospectus to be materially adverse to Shareholders.

2. AMENDMENTS TO THE PROSPECTUS

The prospectus is amended as follows:

- (a) **Section 3.6 – Shortfall Offer**

Section 3.6 is deleted in its entirety and replaced with the following:

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

Eligible Shareholders may apply for Shares under the Shortfall Offer in addition to their Entitlements 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 \$0.001 being the price at which Shares have been offered under the Entitlement Offer.

The allocation of the Shortfall Shares will be at the discretion of the Board in conjunction with the Underwriter and otherwise in accordance with the terms of the Underwriting Agreement. If the number of Shortfall Shares applied for

exceeds the Shortfall, Shortfall will be allocated among applying Shareholders in accordance with their proportionate shareholdings in the Company.

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.

(b) **Section 4.16 – Underwriting and Sub-Underwriting**

Section 4.16 is deleted in its entirety and replaced with the following:

The Entitlement 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 the majority of the Underwritten Securities with Seven West, Thorney, Blueroom Capital and TMT Partners pursuant to which Seven West will sub-underwrite up to 2,500,000,000 Shares, Thorney will sub-underwrite up to 1,250,000,000 Shares, Blueroom Capital will sub-underwrite up to 850,000,000 Shares and TMT Partners will sub-underwrite up to 333,601,999 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) Shortfall 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. If the number of Shortfall Shares applied for exceeds the Shortfall, Shortfall will be allocated among applying Shareholders in accordance with their proportionate shareholdings in the Company.
- (b) In the event there are Shortfall Shares remaining after the allocation referred to in Section 4.16(a) above, any remaining Shortfall Shares will be allocated to the Sub-Underwriters in proportion to their respective sub-underwritten amounts.

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 the sub-underwriting commitments.

(c) **Section 4.17 – Effect on control of the Company**

Section 4.17 is deleted in its entirety and replaced with the following:

(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)	1,549,846,257	24.26%
50% take up from Eligible Shareholders (including Shortfall)	1,916,767,430	30.01%
25% take up from Eligible Shareholders (including Shortfall)	2,283,688,603	35.75%
0% take up from Eligible Shareholders (including Shortfall) ¹	2,768,846,610	43.35%

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 subscription obligations for its Entitlement as required under Seven West's sub-underwriting agreement with the Underwriter.

(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 1,250,000,000 Shares) Thorney may accordingly acquire a maximum

voting power of up to approximately 22.45% 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 850,000,000 Shares) Blueroom Capital will acquire a maximum voting power of approximately 15.60% 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 subscription obligations for its Entitlement as required under Blueroom Capital's sub-underwriting agreement with the Underwriter.

(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 333,601,999 Shares) TMT Partners will acquire a maximum voting power of approximately 5.22% 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 2,720,775 Shares) the Underwriter will acquire a maximum voting power of approximately 0.13% assuming the issue of all Shares contemplated by the Entitlement Offer.

3. DIRECTORS' AUTHORISATION

This Supplementary 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 Supplementary Prospectus with the ASIC.



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