

ASX Company Announcement | Issue Date: 3 December 2014

ADDENDUM TO NOTICE OF GENERAL MEETING

Newzulu Limited (ASX: NWZ) advises that it has made a minor change to Resolution 3 as set out in the Notice of General Meeting sent to shareholders and released on 17 November 2014.

The Addendum to the Notice is attached for immediate release.

- ENDS -

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NEWZULU LIMITED

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ADDENDUM TO NOTICE OF GENERAL MEETING

Newzulu Limited hereby gives notice that it replaces "Resolution 3 – Approval of Issue of Executive Options and Executive Performance Rights to Filemobile Executives" in the Notice of General Meeting dated 17 November 2014 (**Notice**) in respect to a general meeting of shareholders to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 17 December 2014 at 10:30am (WST) with the Resolution detailed in this Addendum.

Terms and abbreviations used in this Addendum and the accompanying Explanatory Memorandum are defined in Schedule 1.

Resolution 3 – Approval of Issue of Executive Options and Executive Performance Rights to Filemobile Executives

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to Resolutions 1 and 2 being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, the Company be authorised to issue an aggregate of:

- (a) 5,000,000 Executive Options; and
- (b) 550,000 Executive Performance Rights,

to the Filemobile Executives on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Filemobile Executives or any of their associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Mark Pitts
Non-Executive Director and Company Secretary

Dated: 3 December 2014

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 17 December 2014 at 10:30am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the Addendum, the Notice and the accompanying explanatory memorandum released on 17 November 2014 (the **November Explanatory Memorandum**). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

Section 2 below replaces section 6 of the November Explanatory Memorandum. In deciding whether or not to pass Resolution 3, Shareholders should read and consider Section 2 below and disregard section 6 of the November Explanatory Memorandum.

2. Resolution 3 – Approval of Issue of Executive Options and Executive Performance Rights to Filemobile Executives

2.1 General

Resolution 3 seeks Shareholder approval for the issue of an aggregate of 5,000,000 Executive Options and 550,000 Executive Performance Rights to the Filemobile Executives as part of the Filemobile Acquisition. Refer to Section 2.3 for the allocation of the securities between the Filemobile Executives.

In the Company's present circumstances, the Directors consider that the grant of the Executive Options and Executive Performance Rights to the Filemobile Executives would be a cost effective and efficient reward for the Company to make to appropriately incentivise that performance, and is consistent with the Company's strategic goals and targets.

Refer to Schedule 2 for the terms and conditions of the Executive Options and to Schedule 3 for the terms and conditions of the Executive Performance Rights. Schedules 2 and 3 are identical to schedules 8 and 9 to the November Explanatory Memorandum.

Resolution 3 is an ordinary resolution. Resolution 3 is subject to the approval of Resolutions 1 and 2.

The Chairperson will cast all available proxies in favour of Resolution 3.

2.2 Listing Rule 7.1

As detailed in Section 3.1, Listing Rule 7.1 provides, subject to certain exceptions, that shareholder approval is required for any issue of equity securities by a listed company, where the equity securities proposed to be issued represent more than 15% of the Company's ordinary securities then on issue.

The effect of approving Resolution 3 will be to allow the Company to grant the Executive Options and Executive Performance Rights to the Filemobile Executives during the three month period after the Meeting (or a longer period, if allowed by ASX), without utilising the Company's 15% placement capacity under Listing Rule 7.1.

2.3 Specific information required by Listing Rule 7.3

For the purposes of Shareholder approval of the issue of the Executive Options and the Executive Performance Rights and the requirements of Listing Rule 7.3, information is provided as follows:

- (a) A maximum of 5,000,000 Executive Options and 550,000 Executive Performance Rights will be issued.
- (b) The Executive Options and the Executive Performance Rights will be issued no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (c) The Executive Options and the Executive Performance Rights will each be issued with an issue price of nil.
- (d) The Executive Options and the Executive Performance Rights will be issued to the Filemobile Executives as follows:
 - (i) 5,000,000 Executive Options and 250,000 Executive Performance Rights to Mr Marc Milgrom;
 - (ii) 150,000 to Executive Performance Rights to Mr Stephen Hulford; and
 - (iii) 150,000 to Executive Performance Rights to Mr David Minogue,none of whom are related parties or associates of related parties of the Company.
- (e) The Executive Options will have an exercise price of \$0.20 each and expire three years after the issue date and otherwise will be granted on the terms and conditions detailed in Schedule 2.
- (f) Each Executive Performance Right entitles the holder to subscribe for one Share. The Executive Performance Rights will be granted on the terms and conditions detailed in Schedule 3.
- (g) No funds will be raised by the grant of the Executive Options or the Executive Performance Rights as the Company will grant them for nil cash consideration.
- (h) A voting exclusion statement is included in the Addendum.

2.4 Listing Rule Waiver

Listing Rule 1.1 Condition 11 provides that if an entity has options on issue, the exercise price for each underlying security must be at least \$0.20. ASX has granted the Company a waiver of Listing Rule 1.1 Condition 11 to the extent necessary to permit the exercise price of the Executive Performance Rights not to be at least \$0.20, on the condition that Shareholders approve the issue of the Executive Performance Rights (as contemplated by Resolution 3).

3. Pro-Forma Capital Structure

Having regard to the amendment to Resolution 3 detailed above, the Company replaces section 3.7 of the November Explanatory Memorandum with the following:

If all Resolutions are passed, upon completion of the Filemobile Acquisition and the Capital Raising, the proposed capital structure of the Company is as follows:

	Number of Shares	Number of Options	Number of Performance Rights
Balance as at the date of the Meeting	337,396,467 ¹	27,753,326 ²	-
To be issued to Filemobile Executives ³	-	5,000,000	550,000
To be issued pursuant to Blueroom Loan Agreement ⁴	31,666,667	3,500,000	-
To be issued under the Offer	113,333,333 ⁵	-	-
Total	482,396,467	36,253,326⁶	550,000

Notes:

- 178,230,977 Shares issued to shareholders of Newzulu Holdings Limited in consideration for the acquisition of Newzulu Holdings Limited are subject to escrow for 12 months from the date of issue, being 13 August 2014.
- The existing Options comprise the following:
 - 24,000,000 Options with an exercise price of \$0.10 each and expiring on 30 June 2017;
 - 666,666 Options with an exercise price of \$0.90 each and expiring on 30 November 2015;
 - 586,660 Options with an exercise price of \$0.30 each and expiring on 30 June 2015;
 - 500,000 Options with an exercise price of \$0.30 each and expiring on 30 June 2017; and
 - 2,000,000 Options exercisable at \$0.20 and expiring on 31 October 2017.
- Refer to Section 2.
- Refer to section 3.16 of the November Explanatory Memorandum for details on the Blueroom Loan Agreement.
- Assuming that no existing Options are exercised and that 113,333,333 Shares are issued under the Prospectus (i.e. full subscription).
- Assuming that no existing Options are exercised.

Schedule 1 – Definitions and Interpretation

In the Addendum and this Explanatory Memorandum, unless the context otherwise requires:

Addendum means the addendum to the Notice accompanying this Explanatory Memorandum.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the Australian Securities Exchange operated by ASX Limited.

Blueroom Loan Agreement has the meaning given in section 3.16 of the November Explanatory Memorandum

Board means the board of Directors from time to time.

Capital Raising has the meaning given in section 3.5 of the November Explanatory Memorandum.

Chairperson means the person appointed to chair the Meeting.

Company means Newzulu Limited ACN 078 661 444.

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

Director means any director of the Company and **Directors** means all of them.

Executive Options means the Options, the subject of Resolution 3, the terms and conditions of which are in Schedule 2.

Executive Performance Rights means the rights to subscribe for a Share, the subject of Resolution 3, the term and conditions of which are in Schedule 3.

Explanatory Memorandum means this explanatory memorandum accompanying the Addendum.

Filemobile Acquisition has the meaning give in section 3.2 of the November Explanatory Memorandum.

Filemobile Executives has the meaning given in section 3.6 of the November Explanatory Memorandum.

Listing Rules means the official listing rules of ASX.

Meeting means the general meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 17 December 2014, at 10.30am (WST).

Newzulu Canada means Newzulu Canada Limited, a corporation governed by the laws of Ontario.

November Explanatory Memorandum has the meaning given in Section 1.

Notice has the meaning given in the introductory paragraph of the Addendum.

Option means an option to acquire a Share.

Prospectus has the meaning given in section 3.5 of the November Explanatory Memorandum.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution in the Notice as amended pursuant to the Addendum.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Shareholder means a registered holder of a Share.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Terms and Conditions of Executive Options

The Executive Options entitle the holder to acquire Shares on the following terms and conditions:

1. Each Executive Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. The exercise price of each Executive Option is \$0.20 (**Exercise Price**).
3. The Executive Options will expire on the date that is three years from their date of issue (**Expiry Date**).
4. The Executive Options are exercisable at any time prior to the Expiry Date.
5. The Executive Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Executive Option being exercised.
6. Subject to compliance with the Corporations Act (including but not limited to section 707(3) of the Corporations Act), the Executive Options are freely transferable in whole or in part at any time prior to the Expiry Date.
7. All Shares issued upon exercise of the Executive Options will rank equally in all respects with all previously issued Shares at the time being on issue.
8. The Company will apply to the ASX for quotation of all Shares issued upon exercise of the Executive Options, within the period required by ASX, if the Shares are then quoted on the ASX.
9. If there is any reconstruction of the issued share capital of the Company, the rights of the holder of the Executive Options will be varied in accordance with the Listing Rules.
10. There are no participation rights or entitlements inherent in the Executive Options and holders will not be entitled to participate in new issues of capital offered to existing Shareholders during the currency of the Executive Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of Executive Options the opportunity to exercise their Executive Options prior to the date for determining entitlements to participate in any such issue.
11. If the Company makes a bonus issue of Shares or other securities to Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Executive Option will be increased by the number of Shares which the holder would have received if the holder of the Executive Options had exercised the Executive Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.
12. If the Company makes an issue of Shares pro rata to Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price will be reduced according to the following formula:

$$\text{New Exercise Price} = \frac{O - E [P - (S + D)]}{N+1}$$

O = the old Exercise Price.

- E = the number of underlying Shares into which one Executive Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
13. Reminder notices will be forwarded to the Executive Option holders prior to the expiry of the Executive Options. Executive Options not exercised before the Expiry Date.
 14. The Executive Options will be recorded on the Company's register of securities maintained at the share registry. The register will be open for inspection by an Executive Option holder free of charge. Shares to be allotted on exercise of Executive Options will be recorded on the Company's share register.
 15. The Executive Options will not be quoted on the ASX.
 16. The Executive Option holder, if appearing on the Company's register of securities at the relevant date, will be entitled to receive and will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings.
 17. Notwithstanding any other provision contained in these terms and conditions, as a condition to the exercise of an Executive Option, the Company shall require the Executive Option holder to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, state or local law relating to the withholding of tax or other required deductions (**Applicable Withholdings and Deductions**) relating to the exercise of an Executive Option. In addition, the Company shall be entitled to withhold from any amount payable to the Executive Option holder, either under these terms and condition or otherwise, such amount as may be necessary so as to ensure that the Company is in compliance with Applicable Withholdings and Deductions relating to the exercise of the holder's Executive Options.

In the above terms and conditions, unless the context otherwise requires, terms defined in the Corporations Act or the Listing Rules and not otherwise defined in these terms and conditions are deemed to have the meanings ascribed to them in the Corporations Act or Listing Rules (as applicable).

Schedule 3 – Terms and Conditions of Executive Performance Rights

The Executive Performance Rights entitle the holder to be issued Shares on the following terms and conditions:

18. Each Executive Performance Right will automatically convert into one Share on the date two years after completion of the Filemobile Acquisition (**Milestone Date**).
19. The Company is not permitted to extend the Milestone Date without approval by the Shareholders.
20. The Executive Performance Rights will be subject to the condition that the holder continues to be employed by Newzulu Canada, other than for any of the following reasons:
 - (a) death;
 - (b) total and permanent disability;
 - (c) bona fide redundancy;
 - (d) Newzulu Canada terminates the holder's employment without cause;
 - (e) bona fide retirement; or
 - (f) any other circumstances approved by the Board,**(Performance Condition)**.
21. If the holder ceases to be employed by Newzulu Canada for any of the reasons described in the Performance Condition, the holder will be considered a "Good Leaver".
22. The Board will (in its sole discretion) determine if the Performance Condition has been satisfied.
23. If the Board determines that the Performance Condition has been satisfied, then:
 - (a) the Company will notify the holder in writing that the Executive Performance Right has vested; and
 - (b) the Executive Performance Rights will be converted and the holder will be issued with one Share per Executive Performance Right in respect of which the Performance Condition is satisfied.
24. If the Board determines that the Performance Condition has not been satisfied, then the Company will notify the holder that the Executive Performance Right lapsed.
25. If the holder (other than a Good Leaver) ceases to be an employee of Newzulu Canada all Executive Performance Rights held by the holder will be deemed to have automatically lapsed upon the cessation of the holder's employment.
26. If the holder is Good Leaver, the Board may (in its absolute discretion) determine that any number of Executive Performance Rights held by that holder vest and convert into Shares upon cessation of that holder's employment.
27. All Shares issued upon conversion of an Executive Performance Right will rank equally in all respects with all previously issued Shares at the time being on issue.

28. The Company will apply to the ASX for quotation of all Shares issued upon conversion of an Executive Performance Right, within the period required by ASX, if the Shares are then quoted on the ASX.
29. Unless the Board otherwise determines, no amount is payable by a holder on the vesting of an Executive Performance Right.
30. An Executive Performance Right will not confer upon the holder the right to dividends or to vote as a Shareholder until the Executive Performance Rights have vested and are converted into Shares.
31. The issue of Shares to a holder following the vesting and conversion of an Executive Performance Rights is subject to such issue not contravening the Corporations Act, the Listing Rules, or any other applicable law.
32. Unless the Board resolves otherwise, where, in the Board's opinion, a holder at any time:
- (a) acts or has acted fraudulently or dishonestly; or
 - (b) is in breach or has breached any of his or her obligations to the Company,
- the Board may take any one or more of the following actions:
- (c) deem any unvested Executive Performance Rights of the holder to have immediately lapsed; or
 - (d) deem all or any Shares issued to the holder (following the vesting and conversion of an Executive Performance Right) to be forfeited, in which event the holder will be deemed to either have:
 - (i) agreed to sell such Shares to the Company pursuant to a share scheme buy-back for no consideration; or
 - (ii) appointed an officer of the Company as his or her agent to sell such Shares,and where any such Shares have been sold by the holder, require the holder to pay all or part of the net proceeds of that sale to the Company.
33. Subject to the Corporations Act and the Listing Rules, if during the term of any Executive Performance Right, the Company makes a pro rata issue of securities to the 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.
34. A holder will not be entitled to any adjustment to the number of Shares that holder is entitled to, or adjustment to any Performance Condition which is based, in whole or in part, upon the Share price, as a result of the Company undertaking a rights issue.
35. If during the term of any Executive Performance Right, securities are issued pro rata to the Shareholders generally (otherwise than pursuant to any incentive scheme) by way of bonus issue, the number of Shares each holder is then entitled, will be increased by that number of securities which the holder would have been issued if the Executive Performance Rights then held by that holder had vested and converted into Shares immediately prior to the record date for the bonus issue.

36. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company (not being a reconstruction referred paragraphs 33 and 35 above), the number of Executive Performance Rights will be reconstructed (as appropriate) in accordance with the Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on a holder which is not conferred on holders of Shares generally, but in all other respects these terms and conditions will remain unchanged.
37. Paragraphs 33, 35 and 36 are cumulative and shall apply (without duplication) to successive issues, subdivisions, combinations, consolidations, distributions and any other events that require adjustment of the number of Shares or the number or kind of securities that can be acquired upon the vesting and conversion of Executive Performance Rights.
38. If, during the life of any Executive Performance Right, securities of any other corporation are offered or otherwise made available to the Shareholders generally, the Company will use its reasonable endeavors to ensure that each holder is given an opportunity to participate on the same basis as if the Executive Performance Rights then held by the holder had vested and converted into Shares.
39. Executive Performance Rights which have not lapsed in accordance with these terms and conditions will automatically vest and be deemed to immediately become vested Executive Performance Rights where:
- (a) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the Shareholders approve the proposed compromise or arrangement at such meeting;
 - (b) a takeover bid:
 - (i) is announced;
 - (ii) has become unconditional; and
 - (iii) the person making the takeover bid has a relevant interest in 50% or more of the Shares; or
 - (c) any person acquires a relevant interest in 50.1% or more of the Shares by any other means.
40. The Executive Performance Rights will not be quoted on the ASX.
41. Subject to paragraph 42, a holder must not transfer, assign or novate an Executive Performance Right without the prior approval of the Board. An Executive Performance Right which is transferred, assigned or novated without prior approval of the Board will immediately lapse.
42. Paragraph 41 does not apply to the transmission of Executive Performance Rights to a legal personal representative of a holder following that holder's death.
43. Notwithstanding any other provision contained in these terms and conditions, as a condition to the conversion of an Executive Performance Right, the Company shall require the holder to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, state or local law relating to the withholding of tax or other required deductions (**Applicable Withholdings and Deductions**) relating to the exercise of an Executive Performance

Right. In addition, the Company shall be entitled to withhold from any amount payable to the holder, either under these terms and condition or otherwise, such amount as may be necessary so as to ensure that the Company is in compliance with Applicable Withholdings and Deductions relating to the conversion of the holder's Executive Performance Rights.

In the above terms and conditions, unless the context otherwise requires, terms defined in the Corporations Act or the Listing Rules and not otherwise defined in these terms and conditions are deemed to have the meanings ascribed to them in the Corporations Act or Listing Rules (as applicable).