



Newzulu Limited
ACN 078 661 444

REPLACEMENT PROSPECTUS

**For the offer of up to 170,000,000 Shares at an issue price of \$0.10 each
to raise up to \$17,000,000 (before costs).**

This is a replacement prospectus dated 12 January 2015. It replaces a prospectus dated 3 December 2014 relating to an offer of fully paid ordinary shares of Newzulu Limited.

It is proposed that the Offer will close at 5:00pm (WST) on 30 January 2015. The Directors reserve the right to close the Offer earlier or to extend this date without prior notice. Applications must be received before that time.

This is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the Listing Rules and to satisfy ASX's requirements for re-quotations of the Shares on the Official List following a change to the scale of the Company's activities.

The Shares offered pursuant to this Prospectus should be regarded as highly speculative. Refer to Section 8 for a summary of the key risks associated with an investment in the Company.

Lead Manager
Wentworth Global Capital Partners Pty Ltd
ACN 155 398 333
AFSL 422 477

CORPORATE DIRECTORY

Directors

Mr Alexander Hartman – Executive Chairman

Mr Peter Gunzburg – Non-Executive Director

Mr Philip Kiely – Non-Executive Director

Mr Theo Hnarakis – Non-Executive Director

Mr Mark Pitts – Non-Executive Director

Company Secretary

Mr Mark Pitts

Principal Office (Australia)

AAP News Centre
Level 6
3 Rider Boulevard
Rhodes NSW 2138

Principal Office (France)

Newzulu SAS
Etage 5
15 Rue Taitbout
75009 Paris
France

Registered Office

Suite 8
7 The Esplanade
Mount Pleasant WA 6153
Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

Lead Manager

Wentworth Global Capital Partners Pty Ltd
Suite 2
Level 8
66 Hunter Street
Sydney NSW 2000

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Auditor*

KPMG
235 St Georges Terrace
Perth WA 6000

Share Registry*

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

Telephone (within Australia): 1300 850 505
Telephone (outside Australia): +61 3 9415 4000

Lawyers (Australia)

Hardy Bowen
Level 1
28 Ord Street
West Perth WA 6005

ASX Code

NWZ

Website

www.newzululimited.com

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

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INDICATIVE TIMETABLE

Lodgement of Original Prospectus with ASIC	3 December 2014
Lodgement of Prospectus with ASIC	12 January 2015
Opening Date of the Offer	12 January 2015
General Meeting	30 January 2015
Closing Date of the Offer 5:00pm (WST)	30 January 2015
Despatch of holding statements	2 February 2015
Expected date for re-quotation of the Shares on the Official List	13 February 2015

The above dates are indicative only and may change without notice. The Company reserves the right to amend the timetable at any time.

2 **Newzulu Limited** REPLACEMENT PROSPECTUS

This is a replacement prospectus dated 12 January 2015. It replaces a prospectus dated 3 December 2014 relating to an offer of fully paid ordinary shares of Newzulu Limited.

IMPORTANT NOTICE

This replacement prospectus is dated, and was lodged with ASIC on, 12 January 2014. It replaces the prospectus issued by the Company dated 3 December 2014 and lodged with ASIC on that date (**Original Prospectus**). The expiry date of this Prospectus is 5:00pm (WST) on that date which is 13 months after the date the Original Prospectus was lodged with ASIC, being 3 December 2014. No Shares will be issued on the basis of this Prospectus after that expiry date.

Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of the Offer.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offer.

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

Change in Scale of Activities and Re-Compliance with Chapters 1 and 2 of the Listing Rules

As announced to ASX on 23 October 2014, the Company entered into the Filemobile Agreement pursuant to which it has agreed, subject to Shareholder approval and the satisfaction of certain other conditions, to acquire all of the issued and outstanding common shares in the capital of Filemobile. Refer to Section 3 for information on Filemobile and Section 7.1 for further details of the terms and conditions on which the Filemobile Acquisition is to be completed.

The Company's proposed acquisition of Filemobile and the Offer (both separately and together) will involve a significant change in the scale of the Company's activities which requires approval of Shareholders under Chapter 11 of the Listing Rules. At the General Meeting, Shareholders will be asked to consider and approve, amongst other things, the Filemobile Acquisition, the Offer and the change in scale of the Company's activities.

The Company must also comply with ASX requirements for re-quotation of the Shares on the Official List, which include re-complying with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to meet these requirements and to facilitate the Offer. The Offer under this Prospectus is conditional on the satisfaction of certain conditions. Refer to Section 1.4 for further details.

Trading in Shares will be suspended on the morning of the day of the General Meeting. If Shareholders pass Resolutions 1 to 3 (inclusive), trading in Shares on ASX will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation of the Shares on the Official List. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotation of the Shares on the Official List, then the Company will not proceed with the Offer or the Filemobile Acquisition and will repay all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.newzululimited.com. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and an Application Form (free of charge) from the Company's registered office during the period of the Offer by contacting the Company. Contact details for the Company are detailed in the Corporate Directory. The Offer constituted by this Prospectus in

Newzulu Limited REPLACEMENT PROSPECTUS 3

This is a replacement prospectus dated 12 January 2015. It replaces a prospectus dated 3 December 2014 relating to an offer of fully paid ordinary shares of Newzulu Limited.

electronic form is only available to persons receiving an electronic version of this Prospectus and the Application Form attached to, or accompanying, this Prospectus within Australia.

Applications will only be accepted on an Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.newzulu.com. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe apply Shares under the Offer should complete an Application Form. If you do not provide the information required on an Application Form, the Company may not be able to accept or process your Application.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Foreign Investors

No action has been taken to register or qualify the Shares the subject of this Prospectus, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

United States

This Prospectus may not be distributed in the United States unless it is attached to an Offering Circular for distribution solely to a limited number of "qualified institutional buyers", as defined in Rule 144A under the US Securities Act of 1933 (the **US Securities Act**). The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

No Exposure Period

The Shares are 'quoted securities' as defined in the Corporations Act. This is a prospectus for an offer of 'quoted securities' of the Company. Accordingly, no exposure period applies to this Prospectus.

Speculative Investment

The Shares offered under this Prospectus should be considered highly speculative. There is no guarantee that the Shares offered under this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered under this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 8 for details of the key risks applicable to an investment in the Company.

Using this Prospectus

Persons wishing to apply for Shares offered under this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus. If persons considering apply for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

Privacy Statement

To apply for Shares you will be required to provide certain personal information to the Company and the Share Registry. The Company and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. The Corporations Act and taxation law requires some of this personal information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this Privacy Statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's public register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to Shareholders) and compliance by the Company with its legal and regulatory requirements.

Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" 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 the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 8. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has 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.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in 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.

No Forecast Financial Information

Given that the Newzulu Business and the Filemobile Business are at an early stage of their development, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

Diagrams

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to WST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 12.

LETTER FROM THE CHAIRMAN

Dear Investors

On behalf of my fellow Directors, it is with great pleasure that I present you with the opportunity to participate in the ownership and future growth of Newzulu Limited (**Company**). The Company is one of the world's leading crowd-sourced media companies.

Since the acquisition of the Newzulu business in August 2014, the Company has refocused its resources on the global media market through long term partnerships with the world's leading news and multimedia agencies. The Company has a growing global community of freelance journalists, photographers and videographers distributing and selling their breaking news materials and we are rapidly expanding the reach of our crowd-sourced news wire and freelance journalism platform.

The Company is investing significantly in ongoing research and development to support the evolution of its mobile applications, which are fundamental to its strategy for sourcing news materials from any smart phone, any time. In addition to news materials sent to Newzulu directly via smart phones, Newzulu sources and validates contributions of news through major social media networks including YouTube, Facebook and Twitter with the hashtag #newzulu.

As part of the Company's growth strategy and expansion plan, the Company has entered into a conditional agreement to acquire the entire issued capital of Filemobile Inc. (**Filemobile**). Filemobile is a software company that provides solutions to media outlets and brands for the effective gathering, curation and publishing of user-generated content. The cornerstone of Filemobile's business is the "Media Factory" range of products that provide a highly configurable platform that supports the delivery of rich media.

The acquisition of Filemobile brings with it a roster of major white-label media clients including USA Today, Fox News, Wall Street Journal, and Hearst TV, iTV, CBC News, The Weather Network and Scientific American as well as global brands such as Cisco, Allrecipes.com, Ben & Jerry's, Thomas Cook and JC Penney.

We look forward to welcoming the key executives of Filemobile to join the Company's global executive team upon completion of the acquisition of Filemobile. The Company has established an Employee Share Trust to assist in retaining and attracting current and future employees by providing them with the opportunity to own shares in the Company.

Pursuant to this Prospectus, the Company is seeking to raise up to \$17 million to complete the acquisition of Filemobile, to launch "Newzulu Live", the Company's live validated streaming video news capability, to pursue expansion plans in the United States market and for general working capital.

This Prospectus contains detailed information about the Offer and the Filemobile business, as well as risks of investing in the Company. I encourage you to read it carefully.

On behalf of the board of the Company, I look forward to welcoming you as a shareholder in the Company.

Yours faithfully



Alexander Hartman
Executive Chairman

INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. Investors should read and consider this Prospectus in its entirety before deciding whether to apply for Shares.

Topic	Summary	Further Information
A. Company Overview		
Who is the issuer of this Prospectus?	Newzulu Limited ACN 078 661 444 (Company), an Australian public company listed on the Official List since 7 April 2000 (ASX code: NWZ).	Section 2
What does the Company do?	<p>The Company's primary business focus has been on its operations as a provider of crowd-sourced and freelance journalism platforms and the generation of revenue streams via, amongst other things, subscription and licensing revenues associated with the provision of validated content to a number of the world's leading news wire and multimedia agencies and other third parties (being the Newzulu Business).</p> <p>The Company also maintains and operates public internet access kiosks, WiFi and telephony terminals, network management systems and related services (being the Kiosk and WiFi Business).</p> <p>The Kiosk and WiFi Business was the Company's main business undertaking prior to the acquisition of the "Newzulu Limited" (now renamed "Newzulu Holdings Limited") in August 2014.</p>	Section 2
Where are the Company's operations located?	The Company is presently headquartered in Paris and has established bureaus in New York, London, Sydney, Toronto, Montreal and Los Angeles.	Section 2.7(g)
B. Filemobile Acquisition and Re-Compliance with Chapters 1 and 2 of the Listing Rules		
What is the Filemobile Acquisition?	As announced on 23 October 2014, the Company has entered into an agreement (being the Filemobile Agreement) pursuant to which it agreed to acquire all of the issued and outstanding common shares in the capital of Filemobile Inc. (Filemobile) (via its wholly owned subsidiary, Newzulu Canada Limited) (being the Filemobile Acquisition).	Sections 1.2 and 7.1
Who is Filemobile?	Filemobile is a software company that operates a social marketing platform that provides solutions to media outlets and companies and other entities with reputable and recognisable brands (being Brand Entities) for the effective gathering, organising and broadcasting of text, image and video feeds (being Content) submitted by users (being the Filemobile Business).	Section 3

Topic	Summary	Further Information
What are the key terms of the Filemobile Agreement?	<p>The key terms of the Filemobile Agreement are as follows:</p> <ul style="list-style-type: none"> the consideration payable by Newzulu Canada Limited is approximately CAD\$5,000,000; and completion is subject to a number of conditions, including the Company: <ul style="list-style-type: none"> obtaining Shareholder approval in accordance with Listing Rule 11.1.2; and receiving written confirmation from ASX that ASX will grant conditional re-quotations of the Shares on the Official List. 	Section 7.1
What is the effect of the Filemobile Acquisition on the Company?	<p>The Filemobile Acquisition will have a minimal effect on the Company's capital structure. The consideration payable in connection with the Filemobile Acquisition will consist of cash and the issue of securities in the Company to a number of key executives of Filemobile.</p> <p>The pro-forma statement of financial position of the Company (as at 30 June 2014) on the basis that the Offer and the Filemobile Acquisition is completed is included in the Investigating Accountant's Report.</p> <p>The Filemobile Acquisition and the Offer (both separately and taken together) constitute transactions which require Shareholder approval (for a change in the scale of the Company's activities.) and necessitates the Company re-complying with Chapters 1 and 2 of the Listing Rules.</p> <p>A general meeting of Shareholders has been scheduled for 30 January 2015 to consider a number of resolutions to give effect to the Filemobile Acquisition. The Shares will be suspended from Official Quotation from the commencement of trading on the date of the General Meeting and will not be reinstated until ASX approves the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.</p>	Sections 1.3, 1.10, 6, 7.1 and 7.6
C. Business Overview		
What is the Company's business model?	<p>The Company's business model in respect to the Newzulu Business will be based upon the licensing and distribution of Content and software to third parties.</p> <p>The Company is targeting the following key revenue streams:</p> <ul style="list-style-type: none"> licensing fees from global and regional news wire and multimedia agencies and associations (being News Agencies) in respect to Content; subscription and hosting fees from white-label users of the "Newzulu Platform", "Newzulu Mobile" App, the "Newzulu Live" platform and users of 	Section 2.4

Topic	Summary	Further Information
	<p>"Newzulu Prime";</p> <ul style="list-style-type: none"> • fees for utilising the "Newzulu Live" platform to launch newscalls; • fees from broadcasters and digital publishers in respect to each exclusive broadcast of "Newzulu Live" content; • fees from Brand Entities who source or commission Content via "Newzulu Prime"; and • professional fees for providing editorial services, customisation services and technical support in respect to the "Newzulu Platform", "Newzulu Mobile" App and the "Newzulu Live" platform. <p>As at the date of this Prospectus, the Company has derived revenue from subscription and licensing arrangements in respect to the "Newzulu Platform" and the "Newzulu Mobile" App.</p>	
<p>What are the Company's plans and objectives?</p>	<p>The Company's main objectives following completion of the Offer and the Filemobile Acquisition are:</p> <ul style="list-style-type: none"> • integrating the Newzulu Business and the Filemobile Business to strengthen its presence as a global crowd-sourced media company; • progressing its research and development to support the "Newzulu Mobile" App and development of "Newzulu Social Media Reporter"; • advancing the successful launch of, "Newzulu Live", the Company's live validated streaming video news capability; and • should the Company exceed the Minimum Subscription, pursuing expansion plans into the United States market. <p>Whilst the Company will maintain its interest in the Kiosk and WiFi Business, its primary focus will be on, and its expenditures applied towards, the development and integration of the Newzulu Business and the Filemobile Business.</p>	<p>Sections 2.8 and 3.9</p>
<p>Are there any key dependencies affecting the Newzulu Business?</p>	<p>The success of the Company will be subject to the following key dependencies:</p> <ul style="list-style-type: none"> • securing licensing and distribution arrangements with global and regional news wire and multimedia agencies and associations in additional territories; • securing additional white-label agreements with media outlets; • increasing its global community of citizen and freelance journalist, photographer and videographer contributors (being the Contributors) and expanding 	<p>Sections 2.6 and 2.9</p>

Topic	Summary	Further Information
	<p>its Content database;</p> <ul style="list-style-type: none"> launching upgrades to Apps for iOS and Android (both "Newzulu Mobile" App and white-label clients' customised Apps); and launching "Newzulu Live" and "Newzulu Prime". 	
<p>What are the key strengths and advantages of the Newzulu Business?</p>	<p>Despite the key dependencies and market drivers the Company is exposed to, the Board considers that the Newzulu Business possess a number of strengths and advantages as follows:</p> <ul style="list-style-type: none"> the Company has entered into licensing and distribution arrangements with some of the world's largest and most prestigious press associations; the Company has established a growing global community of Contributors and Content database which has experienced steady growth over the last year; the Company offers verification of Content submitted by Contributors; the Newzulu Business offers its clients the choice of their preferred delivery platforms; the Company has established relatively high barriers to entry into the market of the Newzulu Business; the Company is led by an experienced and highly credentialed Board and a management team with in-depth knowledge, experience and relationships in the media and telecommunications sectors; and with established bureaus in Sydney, Paris, London, Los Angeles, Toronto and Montreal and a network of 17 regional platforms, the Company can reach consumers worldwide. 	<p>Sections 2.6, 2.7 2.9 and 7.2</p>
<p>D. Financial Information</p>		
<p>What is the Company's financial performance?</p>	<p>Given that the Newzulu Business and the Filemobile Business are at an early stage of their development, there are significant uncertainties associated with forecasting future revenues and expenses of the Company.</p> <p>The historical financial information of the Company and "Newzulu Limited" (now renamed "Newzulu Holdings Limited") and its subsidiaries is detailed in Section 5.</p> <p>The pro-forma statement of financial position of the Company (as at 30 June 2014) on the basis that the Offer and the Filemobile Acquisition is completed is included in the Investigating Accountant's Report.</p> <p>Assuming the Company achieves Minimum Subscription of \$10,000,000, the Company's pro forma financial</p>	<p>Sections 1.9, 5 and 6</p>

Topic	Summary	Further Information
	<p>position as at 30 June 2014 has net assets of \$27,662,614. This takes into account a range of subsequent events and transactions, as detailed in the Investigating Accountant's Report and is made up of \$28,949,671 of assets and liabilities of \$1,287,057.</p> <p>If the Offer is fully subscribed, the Company's pro forma financial position as at 30 June 2014 has net assets of \$34,222,614. This takes into account a range of subsequent events and transactions, as detailed in the Investigating Accountant's Report and is made up of \$35,509,671 of assets and liabilities of \$1,287,057.</p> <p>The initial funding of the Company's future activities will be generated from the Offer and the Company's existing cash reserves. Due to market conditions, the development of new opportunities or any number of other factors, actual expenditure levels may differ significantly to the estimates detailed in Section 1.9.</p>	
<p>What is the Company's dividend policy?</p>	<p>The Company does not intend to declare or pay any dividends in the immediately foreseeable future. The extent, timing and payment of any dividends declared or payable in the future will be determined by the Directors, based on a number of factors, including future earnings and the Company's financial position.</p>	<p>Section 1.26</p>
<p>E. Key Risks</p>		
<p>What are the key risks of investing in the Company?</p>	<p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 8.</p> <p>In undertaking its business activities, the Company will be exposed to risks, which include, but are not limited to:</p> <ul style="list-style-type: none"> • Filemobile Acquisition integration <p>There is no guarantee that the Company will be able to integrate Filemobile into the Company or Group successfully or that any economic benefits will be able to be realised from the Filemobile Acquisition.</p> <ul style="list-style-type: none"> • Future capital needs and additional funding <p>As detailed in Section 1.9, if the Company only achieves the Minimum Subscription, the Company will be required to raise additional funding prior to 30 June 2015 by way of equity capital raisings and/or the establishment of debt facilities. There is no assurance that additional funding will be available on acceptable terms, or at all. Inability to obtain the necessary funding could 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.</p> <ul style="list-style-type: none"> • Reliance on key employees 	<p>Section 8</p>

Topic	Summary	Further Information
	<p>Loss of key employees and any delay in their replacement could affect the Company's performance and financial position.</p> <ul style="list-style-type: none"> • Attracting traffic to websites <p>Decline in web traffic to the Company and Filemobile websites could adversely affect the Company's ability to generate new business and revenue streams.</p> <ul style="list-style-type: none"> • User generated content <p>Failure of the Company's screening and reporting mechanisms for identifying inappropriate or objectionable contributions prior to publication may, by reason of its publication, expose the Company to enforcement investigations or actions or civil disputes.</p> <ul style="list-style-type: none"> • Reliance on core information technology and other systems <p>Damage to or failure of key systems can result in disruptions to the Company's ability to operate its platforms and other services and affect the Company's performance and financial position.</p> <ul style="list-style-type: none"> • Privacy and media law <p>Foreign data protection and privacy laws and regulations are often more restrictive than those in Australia. In some cases, laws or regulations in one country may be inconsistent, or contrary to, those of another country.</p> <p>The media industry has the potential to become subject to high levels of regulation. Compliance with existing and new laws and regulations applicable to the media industry can be costly and could impede on the development of new services and products and otherwise harm the Newzulu Business or the Filemobile Business.</p> <ul style="list-style-type: none"> • Security breaches <p>Attacks on the Company's or Filemobile's encryption systems and processes or security policies and procedures may put the integrity and privacy of contributors' and clients' data and business systems used to run the Company or Filemobile (as applicable) at risk.</p> <ul style="list-style-type: none"> • Changes in the nature of the media industry <p>Changes in the media industry and the demand for different media products and services may adversely impact the Company's performance and financial position.</p>	

Topic	Summary	Further Information
F. Directors and Related Party Interests and Arrangements		
Who are the directors of the Company?	<p>The Directors (as at the date of this Prospectus) are:</p> <ul style="list-style-type: none"> • Mr Alexander Hartman – Executive Chairman • Mr Peter Gunzburg – Non-Executive Director; • Mr Theo Hnarakis – Non-Executive Director; • Mr Philip Kiely – Non-Executive Director; and • Mr Mark Pitts – Non-Executive Director. <p>Mr Pitts has advised that he intends to resign from his role as a Director immediately following the general meeting of Shareholders scheduled for 30 January 2015.</p> <p>Each other Director listed above will remain on the Board following completion of the Offer and the Filemobile Acquisition.</p>	Section 4.1
What experience do the Directors have?	The Board comprises of experienced and highly credentialed members with in-depth knowledge, experience and relationships in the media and telecommunications sectors.	Sections 2.7(f) and 4.1
What interests do the Directors have in the Securities and the Offer?	<p>The interests of the Directors are detailed in Section 10.1.</p> <p>The Shares and Options held by each Director are detailed in Section 10.2. Subject to Shareholder approval of Resolutions 1 to 5 (inclusive) being obtained at the General Meeting:</p> <ul style="list-style-type: none"> • Mr Theo Hnarakis (or his nominee) intends to participate in the Offer by subscribing for up to 2,000,000 Shares; and • Mr Phil Kiely (or his nominee) intends to participate in the Offer by subscribing for up to 1,000,000 Shares. <p>The Shares that may be issued to Mr Hnarakis or Mr Kiely (or their respective nominees) will be on the same terms as other Applicants. No other Directors or any of their associates intend to participate in the Offer.</p> <p>If the Offer is completed, Mr Alexander Hartman, Executive Chairman, will receive an additional \$95,000 per annum from the date upon which the Offer is completed as part of his base consultancy fee pursuant to the terms of his engagement with the Company.</p>	Sections 10.1, 10.2 and 7.4
G. Summary of the Offer		
What is the Offer and what are its key terms?	The Company is offering up to 170,000,000 Shares at an issue price of \$0.10 per Share to raise up to \$17,000,000 (before costs) (Offer). The Offer is subject to a minimum subscription of \$10,000,000 (being 100,000,000 Shares) (Minimum Subscription).	Sections 1.1, 1.5 and 1.6

Topic	Summary	Further Information
	There will be no oversubscriptions in respect of the Offer.	
What are the conditions of the Offer?	<p>Completion of the Offer is conditional on the Company:</p> <ul style="list-style-type: none"> • obtaining Shareholder approval for: <ul style="list-style-type: none"> ○ the change in scale of the Company's activities; ○ the Filemobile Acquisition, including the issue of the Executive Options and Executive Performance Rights to a number of key executives of Filemobile; and ○ the issue of Shares pursuant to the Offer; • receiving conditional approval for re-quotation of the Shares on the Official List; and • achieving the Minimum Subscription. <p>If above conditions are not satisfied, the Offer will not proceed, no Shares will be issued pursuant to this Prospectus and the Company will repay all Application Monies (without interest) in accordance with the provisions of the Corporations Act.</p>	Sections 1.4 and 1.5
What is the purpose of the Offer?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> • assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules; • provide the Company with sufficient funding to: <ul style="list-style-type: none"> ○ enable it to complete the Filemobile Acquisition; ○ enable it to repay an outstanding loan; ○ assist it to achieve its objectives; • provide the Company with additional working capital for its current and future expanded business. <p>The Directors are satisfied that on completion of the Offer, the Company will have sufficient funds to carry out its stated objectives in the short term. If the Company only achieves the Minimum Subscription, the Company will be required to raise additional funding prior to 30 June 2015 by way of equity capital raisings and/or the establishment of debt facilities.</p>	Sections 1.7 and 1.9
What is the proposed use of funds raised pursuant to the Offer?	The Company intends to apply its existing cash reserves and the funds raised pursuant to the Offer as detailed in the table in Section 1.9.	Section 1.9
What is the effect of	The Shares issued under the Offer (assuming	Sections 1.10

Topic	Summary	Further Information
the Offer on the capital structure of the Company?	\$17,000,000 is raised pursuant to the Offer) will represent approximately 30.30% of the enlarged issued share capital of the Company following the Offer.	and 1.12
Who are the Substantial Shareholders?	Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus and post completion of the Offer are detailed in the table in Section 1.13.	Section 1.13
Is the Offer underwritten?	The Offer is not underwritten.	Section 1.23
Has the Company received any firm commitments or undertakings to participate in the Offer from strategic and/or cornerstone investors?	<p>As announced on 19 December 2014, the Company has engaged in discussions with potential strategic investors in respect to participating in the Offer and/or entering into other commercial arrangements with the Company. As at the date of this Prospectus, the Company has not received any commitments or undertakings from those potential investors to participate in the Offer. The Board will continue to engage in ongoing discussions with those investors in relation to potential future commercial arrangements. Prospective investors should be aware that those potential investors may not elect to participate in the Offer at all and that discussions about potential future commercial arrangements are at an early stage and are incomplete. The Board is uncertain as to whether any commercial arrangements will eventuate in the future as a result of those discussions.</p> <p>As announced on 30 December 2014, the Company has engaged in discussions with several media related entities who have expressed an interest in potentially participating in the Offer as strategic investors. As at the date of this Prospectus, the Company has not received any commitments or undertakings from those entities to participate in the Offer. Prospective investors should be aware that those entities may not elect to participate in the Offer at all.</p>	<p>Company's ASX announcement on 19 December 2014</p> <p>Company's ASX announcement on 30 December 2014</p>
What are the terms of the Shares offered pursuant to this Prospectus?	A summary of the rights and liabilities attached to the Shares offered pursuant to this Prospectus is detailed in Section 9.1.	Section 9.1
H. Applications and Other Information		
How can I apply?	<p>You may apply for Shares offered pursuant to this Prospectus by completing a valid Application Form attached to, or accompanying, this Prospectus.</p> <p>Applications must be for a minimum of \$2,000 (20,000 Shares) and thereafter in multiples of \$200 (2,000 Shares) and payment for all the Shares must be made in full at the issue price of \$0.10 per Share.</p> <p>To the extent permitted by law, a completed Application Form lodged together with a cheque for the Application</p>	Section 1.17

Topic	Summary	Further Information
	Monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form.	
What is the allocation policy?	The allotment of Shares will be determined by the Directors in their absolute discretion. The Directors reserve the right to issue Shares in full for any Application or any lesser number or to decline any Application.	Section 1.18
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Offer.	Section 1.17
What are the tax implications of investing in the Company?	The tax consequences of any investment in Shares will depend on your personal circumstances. You should obtain your own tax advice before deciding to invest.	Section 10.8
Can the Offer be withdrawn?	<p>The Offer will not proceed unless the Company:</p> <ul style="list-style-type: none"> • obtains Shareholder approval for: <ul style="list-style-type: none"> ○ the change in scale of the Company's activities; ○ the Filemobile Acquisition, including the issue of the Executive Options and Executive Performance Rights to a number of key executives of Filemobile; and ○ the issue of Shares pursuant to the Offer; • receives conditional approval for re-quotations of the Shares on the Official List; and • achieves the Minimum Subscription. <p>The Directors may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act.</p>	Sections 1.4 and 1.22
How can I obtain further information?	Further information can be obtained by reading this Prospectus and consulting your professional advisers. You can also contact the Company Secretary, Mr Mark Pitts, on +61 8 9316 9100.	Section 1.30

1. Details of Offer

1.1 The Offer

This Prospectus invites investors to apply for up to 170,000,000 Shares at an issue price of \$0.10 each to raise up to \$17,000,000 (before costs).

The Shares offered under this Prospectus will rank equally with other Shares on issue. Refer to Section 9.1 for details of the rights and liabilities attaching to Shares.

1.2 Acquisition of Filemobile

As announced on 23 October 2014, the Company and Newzulu Canada Limited (the Company's wholly owned subsidiary governed by the laws of Ontario) (**Newzulu Canada**) entered into a share purchase agreement (**Filemobile Agreement**) pursuant to which the Company (via Newzulu Canada) agreed to acquire all of the issued and outstanding common shares in the capital of Filemobile Inc., a company incorporated and governed by the laws of the province of Ontario (**Filemobile**) (the **Filemobile Acquisition**).

1.3 Re-compliance with the Listing Rules

In August 2014, the Company (previously named "PieNetworks Limited") obtained Shareholder approval at a general meeting to, amongst other things, approve the acquisition of "Newzulu Limited" (now renamed "Newzulu Holdings Limited") (**Newzulu Acquisition**).

Having regard to the Newzulu Acquisition, which was subject to Shareholders approving a change to the nature and scale of the Company's activities, ASX has advised that the Filemobile Acquisition and the Offer (both separately and taken together) constitute transactions which require Shareholder approval (pursuant to Listing Rule 11.1.2) and necessitates the Company re-complying with Chapters 1 and 2 of the Listing Rules (pursuant to Listing Rule 11.1.3).

Shareholder approval pursuant to Listing Rule 11.1.2 was obtained at the general meeting of Shareholders held on 17 December 2014. As announced on 19 December 2014, the Board resolved to change the terms of the offer the subject of the Original Prospectus. The Company is therefore required to re-obtain Shareholder approval pursuant to Listing Rule 11.1.2 and to issue this Prospectus (which replaces the Original Prospectus). Shareholder approval will be re-sought at a general meeting of Shareholders to be held on Friday, 30 January 2015 at 10:30am (WST) at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia (**General Meeting**).

This Prospectus has been prepared, in part, to assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules and to raise sufficient funding to enable it to complete the Filemobile Acquisition.

Trading in Shares will be suspended on the morning of the day of the General Meeting. If Shareholders pass Resolutions 1 to 3 (inclusive), trading in Shares on ASX will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules. It is anticipated that re-quotation of the Shares on the Official List will occur on or around 13 February 2015 (refer to the Indicative Timetable). If Shareholders do not approve Resolutions 1 to 3 (inclusive), trading in Shares on ASX will resume following the results of the General Meeting.

In the event that the Company does not receive conditional approval for re-quotations of the Shares on the Official List, it will not proceed with the Offer or the Filemobile Acquisition and it will repay all Application Monies (without interest) in accordance with the provisions of the Corporations Act. Should this occur, then the change in scale of the Company's activities, the Filemobile Acquisition and the Offer will not eventuate and the Shares may remain suspended from quotation on the Official List.

1.4 Conditional Offer

Completion of the Offer is conditional on:

- (a) Shareholders approving:
 - (i) the change in scale of the Company's activities (refer to Section 1.3);
 - (ii) the Filemobile Acquisition (refer to Section 7.1), including the issue of the Executive Options and Executive Performance Rights to a number of key executives of Filemobile (refer to Section 7.6); and
 - (iii) the issue of Shares pursuant to the Offer;
- (b) the Company receiving conditional approval for re-quotations of the Shares on the Official List; and
- (c) the Company achieving the Minimum Subscription (refer to Section 1.5).

If the above conditions are not satisfied, the Company will return to Applicants all the Application Monies (without interest) in accordance with the provisions of the Corporations Act.

Shareholder approval of the matters in Section 1.4(a) above will be sought at the General Meeting.

1.5 Minimum Subscription

The minimum total subscription under the Offer is \$10,000,000 (being 100,000,000 Shares) (**Minimum Subscription**).

The Company will not issue any Shares under the Offer until the Minimum subscription is achieved and the conditions of the Offer (refer to Section 1.4) are satisfied. Should the Minimum Subscription not be achieved within four (4) months from the date of this Prospectus, all Applications and Application Monies will be dealt with in accordance with the provisions of Corporations Act.

1.6 Oversubscription

There will be no oversubscriptions in respect of the Offer.

1.7 Purpose of the Offer

The purpose of the Offer is to:

- (a) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules; and

- (b) provide the Company with sufficient funding to:
- (i) enable it to complete the Filemobile Acquisition (refer to Sections 1.2 and 7.1); and
 - (ii) repay an outstanding loan (refer to Section 7.5(b)); and
 - (iii) assist it to achieve the objectives detailed in Section 1.8; and
- (c) provide the Company with additional working capital for its current and future expanded business.

1.8 Objectives of the Company

The Company's main objectives upon completion of the Filemobile Acquisition and the Offer are as follows:

- (a) integrating the Newzulu Business and the Filemobile Business to strengthen its presence as a global crowd-sourced media company (refer to Section 2.8(a));
- (b) advancing the successful launch of, "Newzulu Live", the Company's live validated streaming video news capability (refer to Section 2.8(b));
- (c) progressing its research and development to support the "Newzulu Mobile" App and development of "Newzulu Social Media Reporter" (refer to Section 2.8(c)); and
- (d) should the Company exceed the Minimum Subscription, pursuing expansion plans into the United States market (refer to Section 2.8(d)).

1.9 Funding Allocation

As at 30 November 2014, the Group had cash reserves of approximately \$2,337,714 (refer to Section 5).

The expected use of funds for the period following completion of the Offer until 30 June 2015 where the Minimum Subscription is raised and if the Offer is fully subscribed is as follows:

Item	Minimum Subscription (\$)	%	Offer is fully subscribed (\$)	%
Cash on hand as at 30 November 2014	2,337,714		2,337,714	
Net funds received pursuant to the Second Blueroom Loan Agreement ¹	1,410,000		1,410,000	
Funds raised from the Offer	10,000,000		17,000,000	
TOTAL FUNDS AVAILABLE	13,747,714		20,747,714	
Newzulu Business²				
• Operational, journalistic and technical costs of the Newzulu Business	5,100,000		6,785,000	
• Cost associated with pursuing	Nil		1,000,000	

Item	Minimum Subscription (\$)	%	Offer is fully subscribed (\$)	%
expansion plans in the United States market				
<ul style="list-style-type: none"> Costs associated with the development of the "Newzulu Mobile" App 	220,000		220,000	
<ul style="list-style-type: none"> Costs associated with development of the "Payzulu" system 	70,000		500,000	
<ul style="list-style-type: none"> Costs associated with the development of the Newzulu Platforms 	50,000		50,000	
<ul style="list-style-type: none"> Costs associated with marketing and development of the Newzulu Business 	125,000		600,000	
	<u>5,565,000</u>	40.48%	<u>8,725,000</u>	42.05%
Filemobile Acquisition Costs				
<ul style="list-style-type: none"> Payment of consideration payable to acquire Filemobile 	5,085,000		5,085,000	
<ul style="list-style-type: none"> Costs associated with completion of the Filemobile Acquisition 	358,761		358,761	
	<u>5,443,761</u>	39.60%	<u>5,443,761</u>	26.24%
Filemobile Business³				
<ul style="list-style-type: none"> Costs associated with operational and technical costs of the Filemobile Business 	10,000		10,000	
<ul style="list-style-type: none"> Costs associated with Filemobile product development 	100,000		500,000	
<ul style="list-style-type: none"> Costs associated with marketing and development of the Filemobile Business 	15,000		100,000	
	<u>125,000</u>	0.91%	<u>610,000</u>	2.94%
Ongoing operational and technical costs of the Kiosk and WiFi Business⁴	175,000	1.27%	175,000	0.84%
Listed Company Expenses				
<ul style="list-style-type: none"> Ongoing corporate and administrative costs of Newzulu 	620,000		620,000	
<ul style="list-style-type: none"> Costs associated with pursuing new opportunities 	Nil		500,000	
<ul style="list-style-type: none"> General working capital 	75,050		2,490,050	
	<u>695,050</u>	5.06%	<u>3,610,050</u>	17.40%
Repayment of Scarf Loan⁵	683,903	4.97%	683,903	3.30%
Expenses of the Offer⁶	1,060,000	7.71%	1,500,000	7.23%
TOTAL FUNDS ALLOCATED	13,747,714		20,747,714	

Notes:

1. Refer to Section 7.5(b) for details on the Second Blueroom Loan Agreement.
2. Refer to Sections 2.2 to 2.9 (inclusive) for details on the Newzulu Business.
3. Refer to Sections 3.2 to 3.10 (inclusive) for details on the Filemobile Business.
4. Refer to Section 2.10 for details on the Kiosk and WiFi Business.
5. Refer to Section 7.5(c) for details on the Scarf Loan.
6. Refer to Section 10.6 for details on expenses of the Offer.

The Board believes its current cash reserves (including the funds received pursuant to the Second Blueroom Loan Agreement) and the net proceeds of the Offer will be adequate to fund its business development activities, business plan and other Company objectives detailed in this Prospectus (refer to Section 1.8). If the Company only achieves the Minimum Subscription, the Company will be required to raise additional funding prior to 30 June 2015 by way of equity capital raisings and/or the establishment of debt facilities. Changes to operational requirements, market conditions and business opportunities may mean further funding is required by the Company, the Group and/ or a business unit at an earlier stage than is currently anticipated. There is a risk that such further funding will not be available to the Company on favourable terms, or at all (refer to Section 8.1(b)). The Company's failure to obtain sufficient funds if and when needed could delay or suspend the Company's business development activities, business plan and other Company objectives and could 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.

The above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained on the Company's activities. Due to market conditions, the development of new opportunities or any number of other factors (including the risk factors outlined in Section 8), actual expenditure levels may differ significantly to the above estimates. The Company also intends to capitalise on other opportunities as they arise which may result in costs being incurred that are not included in the above estimates.

1.10 Capital Structure

On the basis that the Company completes the Filemobile Acquisition and the Offer on the terms in this Prospectus, the Company's capital structure will be as follows:

	Number of Shares	Number of Options	Number of Performance Rights
Balance as at the date of this Prospectus	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 the First Blueroom Loan Agreement ⁴	37,500,000	3,500,000	-
To be issued pursuant to the Second Blueroom Loan Agreement ⁵	16,071,429	2,000,000	-
To be issued under the Offer	170,000,000 ⁶	-	-
Total	560,967,896⁷	38,253,326⁸	550,000

Notes:

1. 178,230,977 Shares issued to shareholders of Newzulu Holdings Limited in consideration for the Newzulu Acquisition are subject to escrow for 12 months from the date of issue, being 13 August 2014.
2. The existing Options comprise the following:
 - (a) 24,000,000 Options with an exercise price of \$0.10 each and expiring on 30 June 2017;

- (b) 666,666 Options with an exercise price of \$0.90 each and expiring on 30 November 2015;
 - (c) 586,660 Options with an exercise price of \$0.30 each and expiring on 30 June 2015;
 - (d) 500,000 Options with an exercise price of \$0.30 each and expiring on 30 June 2017; and
 - (e) 2,000,000 Options with an exercise price of \$0.20 each and expiring on 31 October 2017.
3. The issue of these Executive Options and Executive Performance Rights is subject to Shareholder approval (which will be sought at the General Meeting).
 4. Refer to Section 7.5(a) for details on the First Blueroom Loan Agreement.
 5. Refer to Section 7.5(b) for details on the Second Blueroom Loan Agreement. 1,071,429 Shares and 2,000,000 Options will be issued under the Company's placement capacity under Chapter 7 of the Listing Rules. The issue of 15,000,000 Shares (upon the exercise of the Company's option to convert the Second Blueroom Loan into Shares) is subject to Shareholder approval (which will be sought at the General Meeting).
 6. Assuming the Offer is fully subscribed and that no Options are exercised between the date of this Prospectus and the Closing Date. Assuming the Offer is fully subscribed, the Shares issued under the Offer will represent approximately 30.30% of the enlarged issued share capital of the Company following the Offer.
 7. Assuming no Options are exercised between the date of this Prospectus and the Closing Date.
 8. Assuming no Options are exercised between the date of this Prospectus and the Closing Date.

1.11 Employee Share Trust

The Company has established the Newzulu employee share trust (**Employee Share Trust**) and will be administered pursuant to the employee share trust plan detailed in the notice of Annual General Meeting dated 24 October 2014.

The Company may issue up to 5% of the issued capital of the Company under the Employee Share Trust.

As at the date of this Prospectus:

- (a) the Company has not issued any Shares under the Employee Share Trust; and
- (b) during the 12 month period following completion of the Offer, the Directors intend to issue between 500,000 and 666,666 Shares under the Employee Share Trust. Assuming the Offer is fully subscribed, the Shares issued under the Employee Share Trust will represent up to approximately 0.12% of the enlarged issued share capital of the Company following the Offer.

1.12 Effect on Control

The effect on control of the Offer depends upon the take-up of the Shares issued pursuant to the Offer. As at the date of this Prospectus, Mr Alexander Hartman, Mr Peter Scarf and their associates have a relevant interest in 46.01% of Shares on issue (refer to Section 1.13). Neither Mr Hartman nor Mr Scarf nor any of their associates intend to participate in the Offer.

The Directors will allocate Shares so that the issue of Shares pursuant to this Prospectus will not result in any Shareholder or Applicant increasing its voting power in the Company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

1.13 Substantial Shareholders

As at the date of this Prospectus, Shareholders holding a relevant interest in 5% or more of the Shares on issue are as follows:

	As at the date of this Prospectus		Post completion of the Filemobile Acquisition and the Offer	
	Shares	%	Shares	%
Total Shares on issue	337,396,467	100%	560,967,896 ²	100%
Mr Alexander Hartman, Mr Peter Scarf and their associates ¹	155,228,686	46.01%	155,228,686	27.67%

Notes:

- The associated entities of Mr Hartman and Mr Scarf are:
 - Matilda Media Pty Ltd ACN 133 591 250 (**Matilda Media**) atf the Matilda Media Trust, the registered holder of 55,517,482 Shares (16.48%);
 - Wyuna Group Pty Ltd ACN 133 589 769 atf the Wyuna Group Trust, the registered holder of 44,643,574 Shares (13.23%) and a shareholder of Matilda Media; and
 - Gandalf Holding (NSW) Pty Limited ACN 087 674 637 atf the Gandalf Trust, the registered holder of 35,643,743 Shares (10.56%) and a shareholder of Matilda Media.
 Mr Hartman is the registered holder of 9,514,807 Shares (2.82%) and a beneficiary of the Matilda Media Trust. Mr Scarf is the registered holder of 9,809,080 Shares (2.91%) and a beneficiary of the Matilda Media Trust.
- Assuming:
 - the Offer is fully subscribed;
 - no Options are exercised between the date of this Prospectus and the Closing Date;
 - 37,500,000 Shares are issued to Blueroom Capital pursuant to the First Blueroom Loan Agreement; and
 - 16,071,429 Shares are issued to Blueroom Capital pursuant to the Second Blueroom Loan Agreement.
 Refer to Sections 1.10, 7.5(a) and 7.5(b) for further details.

1.14 Forecasts

Given that the Newzulu Business and the Filemobile Business are at an early stage of their development, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

Refer to Sections 1.8, 2.8 and 3.9 for further details in respect to the Company's proposed activities following completion of the Offer and the Filemobile Acquisition.

1.15 Market Price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three (3) months immediately preceding the date of this Prospectus and the respective dates of those sales were:

Highest: \$0.215 per Share on 27 October 2014

Lowest: \$0.11 per Share on 21 October 2014

1.16 Restricted Securities

The Company does not envisage that any Shares on issue following completion of the Offer and the Filemobile Acquisition will be classified by ASX as restricted securities, save for the Shares issued to shareholders of Newzulu Holdings Limited in consideration for the Newzulu Acquisition (refer to Section 1.10). However, ASX may determine that certain Shares on issue prior to the Offer may be classified as restricted securities and may be required to be held in escrow from the date ASX grants re-quotations of the Shares on the Official List.

During the period in which these Shares (if any) are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares (if any) required to be held in escrow prior to ASX granting re-quotation of the Shares on the Official List and the Shares re-commencing trading on ASX.

None of the Shares issued pursuant to the Offer are expected to be restricted securities.

1.17 How to Apply

If you wish to apply for Shares under the Offer, complete the Application Form attached to, or accompanying, this Prospectus. Alternatively complete a paper copy of the electronic Application Form which accompanies the electronic version of this Prospectus which can be found and downloaded from www.newzululimited.com. Completed Application Forms should be returned to and received by the Company, together with the Application Monies in full, prior to 5:00pm (WST) on the Closing Date.

Applications must be for a minimum of \$2,000 (20,000 Shares) and thereafter in multiples of \$200 (2,000 Shares) and payment for all the Shares must be made in full at the issue price of \$0.10 per Share.

No brokerage, commission or stamp duty is payable by Applicants on subscription or issue of Shares pursuant to the Offer.

Completed Application Forms and Application Monies should be returned to the Company as follows:

By Post To:	Or Delivered To:
Newzulu Limited Suite 8, 7 The Esplanade Mount Pleasant WA 6153	Newzulu Limited Suite 8, 7 The Esplanade Mount Pleasant WA 6153

Refer to the instructions on the back of the Application Form when completing your Application. Cheques must be made payable to "**Newzulu Limited**" and crossed "**Not Negotiable**". All cheques must be in Australian dollars.

An original completed and lodged Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Directors reserve the right to close the Offer early without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

1.18 Issue and Allocation of Shares

The Directors will determine the allocation of all the Shares in their absolute discretion. The Directors reserve the right to issue Shares in full for any Application or to issue any lesser number or to decline any Application provided that no Shareholder or Applicant increases its voting power in the Company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Where the number of Shares issued is less than the number applied for, or where no Issue is made, the surplus Application Monies will be returned by cheque to the Applicant within seven (7) days of the issue date.

Subject to the conditions to the Offer being satisfied (refer to Section 1.4), Shares issued pursuant to the Offer will be issued as soon as practicable after the Closing Date.

Pending the issue of the Shares or refund of Application Monies pursuant to this Prospectus, all Application Monies shall be held by the Company on trust.

The Company will be entitled to retain all interest that accrues on the Application Monies and each Applicant waives the right to claim any part of such interest.

1.19 **CHESS**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers means that the Company will not issue certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship. Electronic sub-registers also mean ownership of Shares or Options can be transferred without having to rely on paper documentation.

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. Security holders may request a holding statement at any other time; however there may be a charge for such additional statements.

1.20 **ASX Listing and Official Quotation**

Trading in Shares will be suspended on the morning of the day of the General Meeting. If Shareholders pass Resolutions 1 to 3 (inclusive), trading in Shares on ASX will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules. It is anticipated that re-quotation of the Shares on the Official List will occur on or around 13 February 2015 (refer to the Indicative Timetable). If Shareholders do not approve Resolutions 1 to 3 (inclusive), trading in Shares on ASX will resume following the results of the General Meeting.

Within seven (7) days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered under this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If approval for Official Quotation of the Shares issued pursuant to the Offer is not granted within three (3) months after the date of this Prospectus, the Company will not allot or

issue any Shares, and will refund all Application Monies (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.21 ASX Waivers

Listing Rule 2.1 Condition 2 provides that the issue price or sale price of all securities for which an entity seeks quotation (except options) must be at least \$0.20. ASX has granted the Company a waiver from Listing Rule 2.1 Condition 2 to the extent necessary not to require the issue price of the Shares the subject of the Offer to be at least \$0.20, on the condition that the issue price is not less than \$0.10 each and Shareholders approve the issue price. Shareholder approval of the issue of the Shares the subject of the Offer will be sought at the General Meeting.

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 Guidance Note 12 provides that if an entity is required to re-comply with Chapters 1 and 2 of the Listing Rules, ASX will not apply Listing Rule 1.1 Condition 11 in respect of the entity's existing options. The Company will not have to restructure its existing Options (refer to Section 1.10) to increase their exercise price to at least \$0.20.

The Company will therefore be able to re-comply with Chapters 1 and 2 of the Listing Rules and complete the Filemobile Acquisition and Offer without consolidating its capital.

ASX has also 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. Shareholder approval of the issue of the Executive Performance Rights to the Filemobile Executives will be sought at the General Meeting.

1.22 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offer, in which case, the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

1.23 Underwriting

The Offer is not underwritten.

1.24 Lead Manager

The Company has appointed Wentworth Global Capital Partners Pty Ltd ACN 155 398 333 (**Wentworth**) as the lead manager to the Offer on the terms and conditions of a mandate agreement dated 12 September 2014 (**Lead Manager Mandate**). Refer to Section 7.2 for further details on the Lead Manager Mandate.

1.25 Commission

The Company reserves its right to pay a commission of up to 6% of amounts subscribed through any Australian financial services licensee in respect of any Applications lodged

and accepted by the Company and bearing the stamp of the Australian financial services licensee, including pursuant to the Lead Manager Mandate (refer to Section 7.2). Payment will be made subject to the receipt of a proper tax invoice from the Australian financial services licensee.

1.26 Dividend Policy

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

1.27 Overseas Investors

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons into whose possession this Prospectus comes should observe all applicable restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus. In particular, any securities described in this Prospectus have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements under the US Securities Act and applicable US state securities laws. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. This Prospectus may not be distributed to any person in the United States unless it is attached to an international Offering Circular and may only be distributed in the United States to a limited number of "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act).

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to its Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

1.28 Risks

As with any securities investment, there are risks associated with investing in the Company. Key risk factors that could affect the financial and market performance of the Company are detailed in Section 8. The Shares offered under this Prospectus should be considered highly speculative. Before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

1.29 Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" 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 the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 8. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has 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.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in 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.

1.30 Enquiries in relation to the Offer

This Prospectus provides information for prospective investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Enquiries in relation to the Offer should be directed to the Company Secretary on +61 8 9316 9100.

2. Company Overview

2.1 Company and Business Segment Overview

The Company is an Australian public company which has been listed on the Official List since 7 April 2000 (current ASX code: NWZ).

As detailed in Section 1.3, in August 2014 the Company (previously named "PieNetworks Limited") obtained Shareholder approval at a general meeting to, amongst other things, undertake the Newzulu Acquisition and change the Company's name to reflect its new operational focus.

Following completion of the Newzulu Acquisition, the Company's primary business focus has been on its operations as a provider of crowd-sourced and freelance journalism platforms and the generation of revenue streams via, amongst other things, subscription and licensing revenues associated with the provision of validated content to a number of the world's leading news wire and multimedia agencies and other third parties (the **Newzulu Business**).

Since completion of the Newzulu Acquisition, the Company has progressed the growth of the Newzulu Business by:

- (a) entering into a long-term strategic licensing and distribution arrangement with The Press Association (the national multimedia news agency of the United Kingdom and Ireland) in respect of video content;
- (b) establishing its mobile media services division, "Newzulu Mobile", which will extend the current white-label product offering of the Company to include the licensing of the "Newzulu Mobile" App and mobile services to third party clients;
- (c) launching local editions of the "Newzulu" platform and "Newzulu Mobile" App in Switzerland, Belgium and Spain;
- (d) establishing local bureaus (i.e. local representative offices) in New York, Los Angeles, Toronto and Montreal consisting of local editorial staff to support and collaborate with local contributors and press agencies; and
- (e) advancing preparations to launch the Company's live validated streaming video news capability, "Newzulu Live".

Refer to Sections 2.2 to 2.9 (inclusive) for details of the Newzulu Business.

The Company has also actively sought to progress its growth strategies, and further enhance its operational capabilities and jurisdictional presence, by investigating complementary business acquisition opportunities. Consistent with its growth strategies, the Company is proposing to undertake the Filemobile Acquisition. Refer to Section 3 for details of Filemobile and the Filemobile Business.

Prior to completion of the Newzulu Acquisition, the Company's primary business focus was on the provision of public internet access kiosks, WiFi and telephony terminals, network management systems and related services (the **Kiosk and WiFi Business**). Refer to Section 2.10 for details of the Kiosk and WiFi Business.

Following completion of the Filemobile Acquisition and the Offer, the Company intends to primarily focus on the development of the Newzulu Business and the Filemobile Business.

Whilst the Company will continue to operate and maintain the Kiosk and WiFi Business, only a minor portion of the funds raised under the Offer will be applied towards it and it will not form part of the Company's broader growth strategy. Refer to Section 1.9 for details of the use of funds raised under the Offer.

2.2 Newzulu Business Overview

The primary function of the Newzulu Business is the provision of text, image and video feeds (**Content**) on a wholesale basis to publishers and broadcasters via strategic licensing and distribution arrangements with global and regional news wire and multimedia agencies and associations (**News Agencies**). The Company has established a wide network of citizen and freelance journalist, photographer and videographer contributors (**Contributors**) across the globe who provide Content to the Company's various websites and other social media platforms which the Company then validates and reviews before licensing to its News Agency partners and other third parties.

All Content submitted by a Contributor to the Company remains the property of the Contributor. Upon submission of Content, the Contributor grants to the Company a perpetual licence to access, use, display, promote, distribute, edit and reproduce that Content (including licensing and distributing that Content to the Company's News Agency partners and other third parties). The licence is exclusive for a period of 30 days from the date the Content is submitted to the Company. After the expiration of the 30 days, the licence will be non-exclusive.

The Newzulu Business also involves the Company being a publisher of validated Content on its own account through:

- (a) its flagship platforms in "Newzulu" (www.newzulu.com) and "Citizenside" (www.citizenside.com); and
- (b) an additional 17 regional platforms,

(together the **Newzulu Platforms**) along with their accompanying mobile and Facebook editions, all of which promote the establishment of local communities of Contributors.

2.3 Newzulu Platforms and Product Offerings

The key Newzulu Platforms and product offerings are as follows:

- (a) **White-Label Cloud Based Platforms – "Newzulu" and "Citizenside"**

As detailed above, the Company operates, on its own account, the "Newzulu" (English) and "Citizenside" (French) cloud-based platforms.

Each of the "Newzulu" and "Citizenside" platforms, with their sophisticated Content validation systems, are also licensed on a customised (white-label) basis to media outlets (including television and radio broadcasters). This allows media outlets to source Content from their own community of Contributors and break news as it occurs on their own customised platforms. Additional Content submitted to the Company's white-label clients (via their customised platforms) is uploaded into the Company's database of Content and is accessible, and may be sub-licensed and distributed, by the Company's News Agency partners and other third parties.

(b) **White-Label App – "Newzulu Mobile"**

The Company operates, on its own account, various regional versions, of the "Newzulu Mobile" App, which are available for smartphone and tablet devices.

The "Newzulu Mobile" App provides a highly customised and intuitive interface for users, customising the display of Content according to each user's personal preferences and geographic location. The "Newzulu Mobile" App offers users instant access to current events, important ideas and opinions circulating the world and provides users with the ability to be Contributors by submitting Content to the Company via the "Newzulu Mobile" App.

The "Newzulu Mobile" App is also licensed to media outlets on a customised (white-label) basis. Additional Content submitted to the Company's white-label clients (via their own customised Apps) is uploaded into the Company's database of Content and is accessible, and may be sub-licensed and distributed, by the Company's News Agency partners and other third parties.

(c) **Live Stream Video News Platform – "Newzulu Live"**

The Company is advancing preparations to launch the Company's live validated streaming video news capability, "Newzulu Live". The "Newzulu Live" platform will offer media outlets the opportunity to access and broadcast verified, pre-produced and secure live stream Content submitted by Contributors worldwide. Media outlets will be able to utilise "Newzulu Live" to deliver live streams via their own customised platforms, Apps or other means of broadcast. The Company may also offer "Newzulu Live" on a customised (white-label) basis.

The "Newzulu Live" platform will also offer media outlets the opportunity to launch newscalls to seek and obtain from prospective Contributors, Content for coverage of specific events.

The "Newzulu Live" platform will utilise advanced suppression systems which screen and censor unseemly visuals and offensive sounds before obscene Content is broadcast to viewing or listening audiences.

(d) **Newzulu Social Media Reporter**

The Company is developing "Newzulu Social Media Reporter", which will source Content submitted by Contributors through the Company's proprietary "Social Media Reporter" (**SMR**) technology. SMR will operate as an automated system for sourcing contributions of Content from Contributors' social networking sites and accounts including Twitter, Facebook and Instagram (which Content will then form part of the Company's database of Content). Such Content will be accessible, and may be sub-licensed and distributed, by the Company's News Agency partners and other third parties.

The development of "Newzulu Social Media Reporter" is supported by a Google grant for Media Innovation (refer to the Company's ASX announcement dated 11 August 2014).

(e) **"Newzulu Prime"**

The Company recognises that today, companies and other entities with reputable and recognisable brands (**Brand Entities**) have shifted away from the traditional

model of promoting Brand Entities and have themselves become publishers, broadcasters and storytellers.

The Company is developing and preparing to launch "Newzulu Prime". "Newzulu Prime" will enable the Company (on behalf of Brand Entities and digital publishers) to source and commission Content in the form of consumer-engaging brand stories, including but not limited to, long-form videos, documentary shorts, animated website series and live action advertisements (**Brand Stories**) from filmmakers, video producers and screenwriters.

"Newzulu Prime" will provide Brand Entities and digital publishers with access to a global pool of filmmakers, video producers and screenwriters and a more cost-effective way to source, commission, manage and produce their Brand Stories.

Following completion of the Offer and the Filemobile Acquisition, the Company intends to develop "Payzulu", a system for processing client invoices and Contributor payments and reporting in respect to the Newzulu Platforms, the "Newzulu Live" platform and "Newzulu Prime". With multi-currency and multi-lingual capabilities, the "Payzulu" system is primarily intended to facilitate efficient and cost-effective payments for clients globally.

The "Payzulu" system will operate as an option for making and receiving payments on a default basis for the Newzulu Platforms, the "Newzulu Live" platform, "Newzulu Prime" and platforms operated by the Company's clients and other third parties who wish to use the "Payzulu" system on a fee-per-transaction basis.

The Company's clients and other third parties will be able to establish member accounts on the "Payzulu" system, which will offer a full range of payment options. The Company envisages that payment options will include wire transfer, credit card, Western Union and integration with payment partners such as PayPal, Google Wallet and Intuit.

Contributors and other third parties who receive payments from the Company will be required to establish accounts on "Payzulu" system to support the reporting functionality and ensure integrity of the "Payzulu" system.

The Company intends to develop and release the "Payzulu" system in three (3) phases, with an aim to have the "Payzulu" system fully operational by December 2015.

2.4 Newzulu Business Model

The Company's business model in respect to the Newzulu Business is based upon the licensing and distribution of Content and software to third parties, including but not limited to, the Company's News Agency partners and white-label clients. The Company is targeting the following key revenue streams:

(a) Licensing Revenue

The Company will charge variable licensing fees to its News Agency partners in respect to each item of Content (submitted to the Company whether via the Newzulu Platforms, the "Newzulu Mobile" App, the "Newzulu Live" platform, SMR or otherwise) that the News Agency sub-licenses and distributes to media outlets. In accordance with the terms and conditions of engagement between the Company and the Contributor in respect to sub-licensed and distributed Content, the Company will pay the applicable Contributor 50% of the licensing fee it receives from the applicable News Agency partners.

The Company will also maintain its own direct licensing capability and will charge variable licensing fees to media outlets or other third parties who engage with the Company directly in respect of each item of Content that is sub-licensed and distributed by media outlets and other third parties.

(b) **Subscription and Hosting Revenue**

The Company intends to derive:

- (i) annual, quarterly or monthly subscription fees for:
 - (A) for white-label use of the Newzulu Platforms, the "Newzulu Mobile" App or the "Newzulu Live" platform; and
 - (B) use of "Newzulu Prime";
- (ii) variable monthly hosting fees from white-label users of the Newzulu Platforms, the "Newzulu Mobile" App or the "Newzulu Live" platform, based on actual usage of bandwidth and storage;
- (iii) fees for utilising the "Newzulu Live" platform to launch newscalls;
- (iv) fees from broadcasters and digital publishers in respect to each exclusive broadcast of "Newzulu Live" Content; and
- (v) fees from Brand Entities who utilise Content or Brand Stories sourced or commissioned via "Newzulu Prime".

(c) **Professional Services**

The Company also intends to derive revenue from:

- (i) customisation and implementation services and technical support and training in respect to the Newzulu Platforms, the "Newzulu Mobile" App and the "Newzulu Live" platform;
- (ii) providing editorial services, such as back-up validation, to white-label clients via the Newzulu Platforms, the "Newzulu Mobile" App and the "Newzulu Live" platform; and
- (iii) project management services associated with the sourcing and commissioning of Brand Stories on behalf of Brand Entities via "Newzulu Prime". The Company will pay to the Contributor who submitted the Brand Story utilised by a Brand Entity, 50% of the professional services fee received from that Brand Entity.

As at the date of this Prospectus, the Company has commenced deriving revenue from subscription and licencing arrangements in respect to the Newzulu Platforms and the "Newzulu Mobile" App (including on a customised (white-label) basis).

The Company considers that the Newzulu Platforms and the "Newzulu Mobile" Apps may be capable of generating advertising revenue streams. The Company is likely to, in the future, seek to capitalise on these opportunities. However, the Company does not intend to seek revenue from advertising activities in the short term.

2.5 Newzulu Business Current Licensees, Distributors and Clients

The Company is actively targeting the following types of entities as clients (i.e. licensees and/or subscribers) in respect to the Newzulu Platforms and product offerings detailed in Section 2.3:

- (a) News Agencies;
- (b) media outlets;
- (c) broadcasters (including television and radio stations); and
- (d) digital publishers.

As at the date of this Prospectus, the Company:

- (a) has established licensing and distribution arrangements with Agence France Presse (**AFP**), The Canadian Press (**CP**), The Press Association (**PA**), Australian Associated Press (**AAP**) (refer to Section 7.2);
- (b) has four (4) white-label clients in respect to the Newzulu Platforms and product offerings, being La Parisien, BFM TV, Metro France and Archant; and
- (c) is having the Newzulu Platforms and product offerings trialled by numerous additional News Agencies.

2.6 Newzulu Business Key Drivers

The Company considers that the following key drivers and milestones are essential for the Company to advance its operations and establish and grow its revenue streams over the 18 month period following completion of the Offer and the Filemobile Acquisition:

- (a) securing News Agency licensing and distribution arrangements in additional territories;
- (b) securing additional white-label agreements with media outlets;
- (c) increasing the number of Contributors and expanding its Content database;
- (d) launching upgrades to Apps for iOS and Android (both "Newzulu Mobile" App and white-label clients' customised Apps); and
- (e) launching image, video and live video stream sales via "Newzulu Live".

2.7 Newzulu Business Key Strengths and Advantages

The Board considers that the Company, in respect to the Newzulu Business, possesses a number of strengths and advantages as follows:

- (a) **Licensing and distribution arrangements with the world's leading newswires**

The Company has entered into licensing and distribution arrangements with the some of the world's largest and most prestigious press associations, including AFP, AAP, CP and PA (refer to Section 7.2).

(b) **Growing community of Contributors and Content database**

The Company has established a growing global community of Contributors and Content database which has experienced steady growth over the last year as follows:

Community statistics	as at 30 Sep 2013	as at 31 Mar 2014	as at 30 Sep 2014
Number of Contributors	101,091	110,285	149,428
Number of photos in Content database	998,894	1,175,830	1,395,303
Number of videos in Content database	35,448	41,006	44,712
Number of unique visitors to Newzulu Platforms and white-label clients' customised platforms	285,000	1,345,000	1,827,000

(c) **Verified and Validated Content**

The Company offers verification of Content submitted by Contributors. The Company's team of editors (numbering 22 as at the date of this Prospectus) verify Contributors and validate each Content submission to the highest journalistic standards. As detailed in Section 2.3(c), the "Newzulu Live" platform will utilise advanced suppression systems to ensure live streams are screened and censored to seamlessly eliminate the possibility of costly Content violations.

(d) **Cross-Platform**

The Newzulu Business offers its clients (being media outlets, News Agencies and digital publishers) the choice of their preferred delivery platforms – including their own website, App or other broadcast method.

(e) **Strong Competitive Position**

In building a global community of Contributors and securing strategic licensing and distribution arrangements with News Agencies, the Company has established relatively high barriers to entry into the market of the Newzulu Business including marketplace network effects, lock-in, early mover advantage, competitor lock-out and proprietary intellectual property.

The Company's verification and validation system provides a significant barrier to entry for new competitors. Media outlets and News Agency partners are far more likely to purchase and/or licence Content for their publications if the Contributor of that Content has been validated and the Content has been verified.

(f) **Highly Credentialed and Experienced Management**

The Company is led by an experienced and highly credentialed Board and a management team with in-depth knowledge, experience and relationships in the media and telecommunications sectors. Refer to Section 4.1 for further details.

(g) **Global Reach**

The Company has established bureaus in Sydney, Paris, London, Los Angeles, Toronto and Montreal each of which consist of local editorial staff to support and collaborate with local Contributors and News Agencies. The Company also has a network of 17 regional platforms.

2.8 Newzulu Business Plans and Objectives

Following completion of the Filemobile Acquisition and the Offer, the Company aims to strengthen its global presence and reach and secure its position as the world's leading crowd-sourced media company. The Company, in conjunction with its News Agency partners and white-label clients, will continue to seek to deliver Content to consumers in new and innovative ways via different platforms, networks and devices.

The objectives of the Company in respect of the Newzulu Business, following the completion of the Filemobile Acquisition and the Offer, are as follows:

(a) **Integration of the Filemobile Business**

The Directors have identified a number of synergies between the Newzulu Business and the Filemobile Business and initiatives to capitalise on these synergies include:

- (i) merging Filemobile's and the Company's development expertise in platform development, cloud computing and client deployment speed;
- (ii) upgrading the Company's existing core platform, App and backend with well-documented technology (developer tools, APIs and software development kits);
- (iii) licensing the Newzulu Platforms and "Newzulu Mobile" App at scale and to Brand Entities;
- (iv) harnessing Filemobile's specialised technology resources and expertise to expedite the launch of "Newzulu Live";
- (v) utilising Filemobile's technologies to strengthen the Newzulu Platforms; and
- (vi) utilising Filemobile's website to increase the level of web traffic to the Newzulu Platforms and increase the number of Contributors to the Newzulu Platforms.

(b) **Progress and Development of "Newzulu Live"**

The Company intends to advance the development, and launch, of "Newzulu Live".

(c) **Research and Development**

The Company also intends to invest significantly in ongoing research and development:

- (i) to support the evolution of the "Newzulu Mobile" App, which is fundamental to its strategy for sourcing news materials from "any smartphone at any time"; and
- (ii) of "Newzulu Social Media Reporter".

(d) **Entrance into the United States Market**

Should the Company exceed Minimum Subscription, the Company will seek to pursue expansion plans in the United States market, leveraging off Filemobile’s extensive network and major media client roster. The Company has identified North America and South America (the **Americas**) as being regions with the highest levels of internet usage and global mobile traffic and will seek to capitalise on that market given the potential access opportunities that the Filemobile Acquisition presents.

2.9 Newzulu Business Market Operating Environment

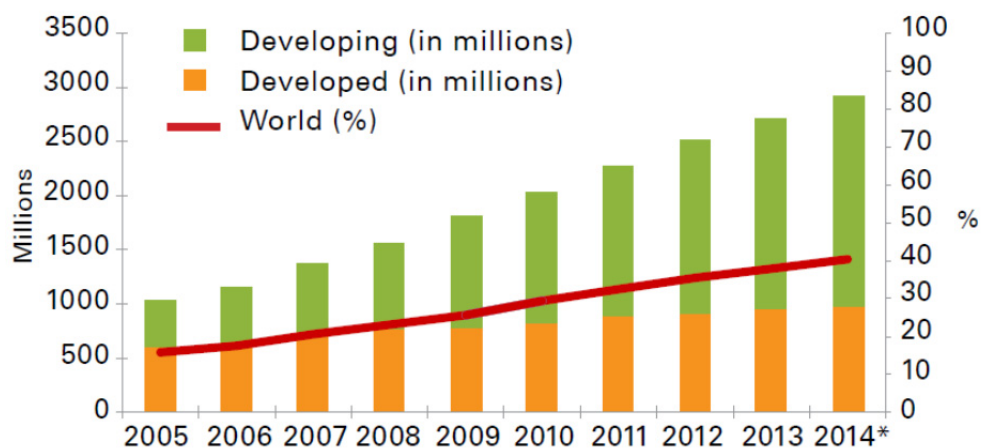
As a crowd-sourced media company, in addition to matters detailed in Section 2.5, the Company is also exposed to and relies on a number of key market drivers as follows:

(a) **The Internet and Connectivity**

The World Wide Web turned 25 on 12 March 2014. It is one of the key and most frequented parts of the network of computer networks that make up the internet and yet approximately 55% of the world’s population, or 4 billion people, are yet to connect the internet, with more than 90% of these people yet to connect from the developing world.

The International Telecommunications Union predicts that the number of internet users globally will reach almost 3 billion by the end of 2014, up from 2.7 billion in 2013.

Figure 1: Individuals using the internet, total and percentage, 2005-2014*

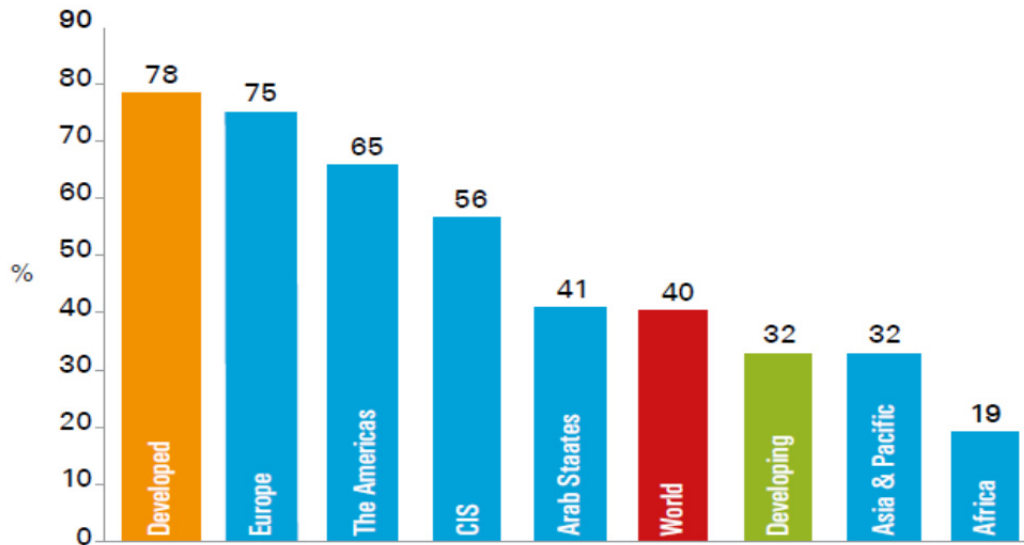


Note: * Estimate

Source: ITU World Telecommunication/ICT Indicators database

Regionally, Europe and the Americas have the highest internet usage, reaching 75% and 65% of its populations respectively.

Figure 2: Percentage of individuals using the internet, by region, 2014*



Note: * Estimate

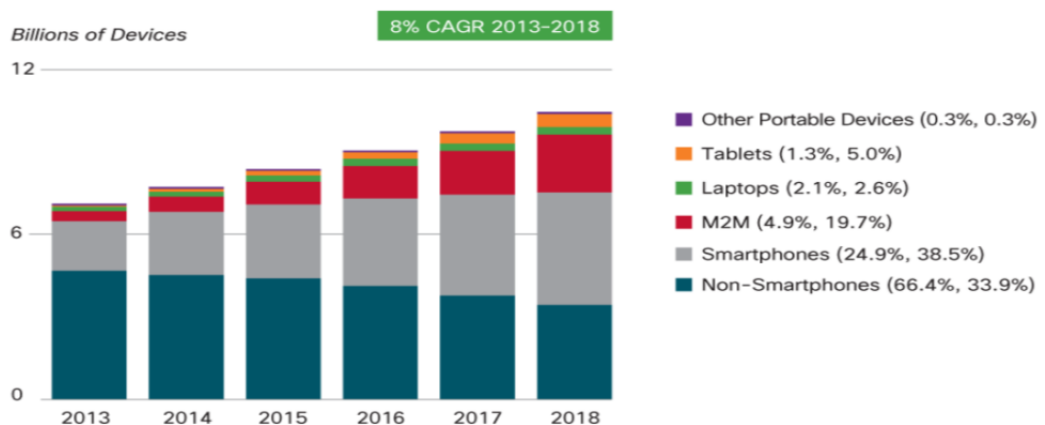
Source: ITU World Telecommunication/ICT Indicators database

(b) **Device Ownership and the Mobile Network**

The increasing number of devices with ever-increasing capabilities, capacities and intelligence available at appropriate price points to consumers are drivers of growth in device ownership.

According to Cisco, over half a billion mobile devices and connections were added in 2013, up to 8 billion from 6.5 billion worldwide in 2012. Cisco predicts global mobile devices and connections to grow to 10.2 billion by 2018 at a compound annual growth rate (CAGR) of 8%.

Figure 3: Choice or Connections share between 2013 and 2018 at a CAGR of 8%



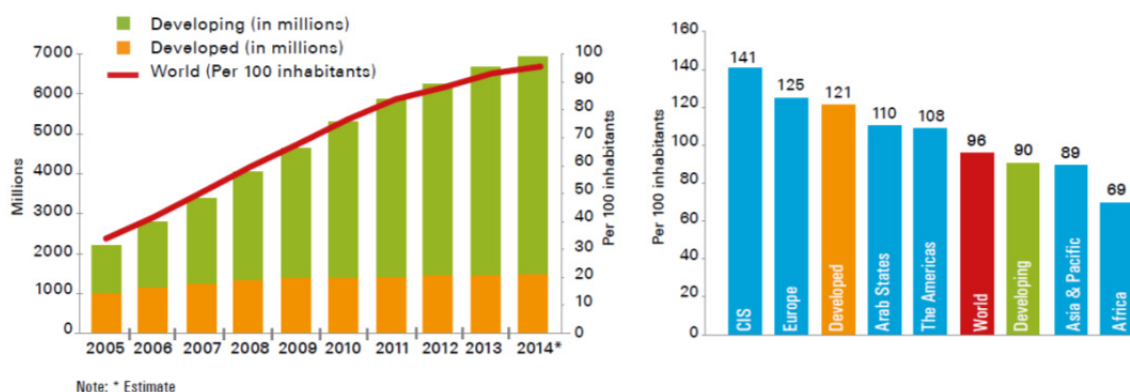
Figures in parentheses refer to device or connections share in 2013, 2018.

Source: Cisco VNI Mobile, 2014

The International Telecommunications Union reports that the number of mobile-cellular subscriptions worldwide is approaching the population of people on earth,

predicted to reach almost 7 billion by the end of 2014 and corresponding to a penetration rate of 96%.

Figure 4: Mobile-cellular subscriptions, total and per 100 inhabitants, 2005-2104* and by region, 2014*

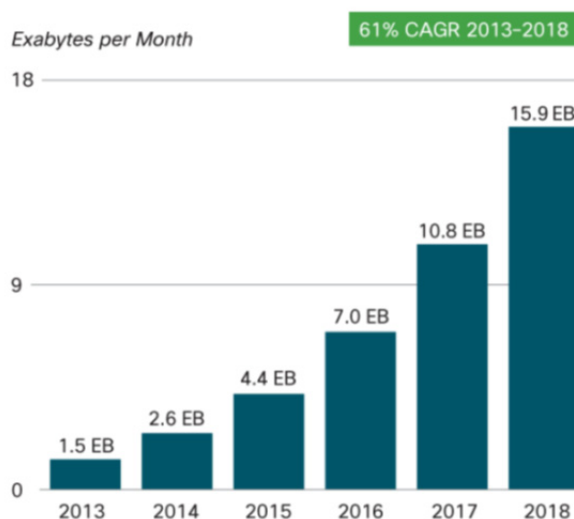


Source: ITU World Telecommunication/ICT Indicators database

Cisco also reported:

- (i) a 2.2 fold increase in the number of mobile-connected tablets in 2013 to 92 million, with each tablet generating 2.6 times more traffic than the average smartphone; and
- (ii) a total of 149 million laptops on the mobile network in 2013, with each laptop generating 4.6 times more traffic than the average smartphone.

Figure 5: Forecast of mobile data traffic, 2013-2018



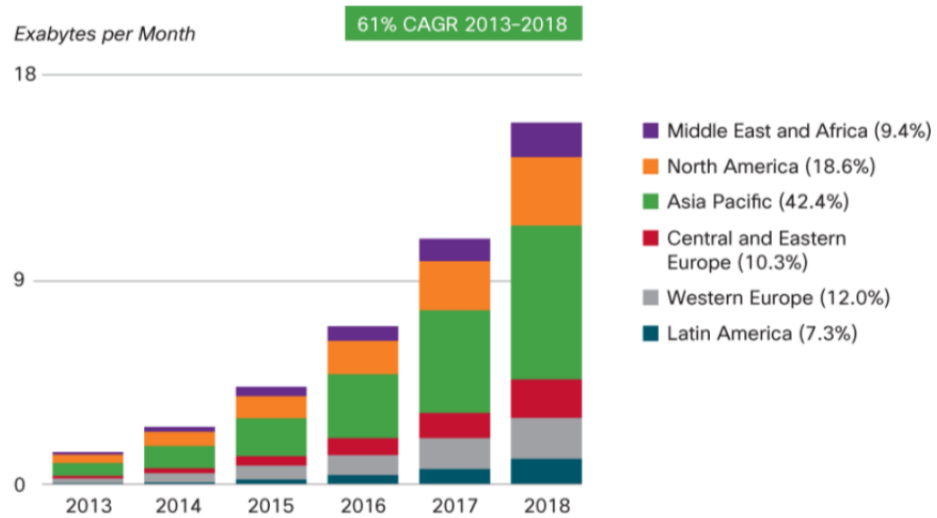
Source: Cisco VNI Mobile, 2014

Cisco predicts that global mobile data traffic will reach the following milestones within the next five (5) years:

- (i) overall global mobile data traffic will surpass 15 exabytes per month by 2018, nearly an 11-fold increase over 2013;

- (ii) the Asia-Pacific and North American regions will account for almost two-thirds of global mobile traffic by 2018;
- (iii) the average mobile connection speed will surpass 2 Mbps by 2016;
- (iv) due to increased usage on smartphones, smartphones will reach 66% of mobile data traffic by 2018.

Figure 6: Global mobile data traffic forecast by region



Figures in parentheses refer to regional share in 2018.

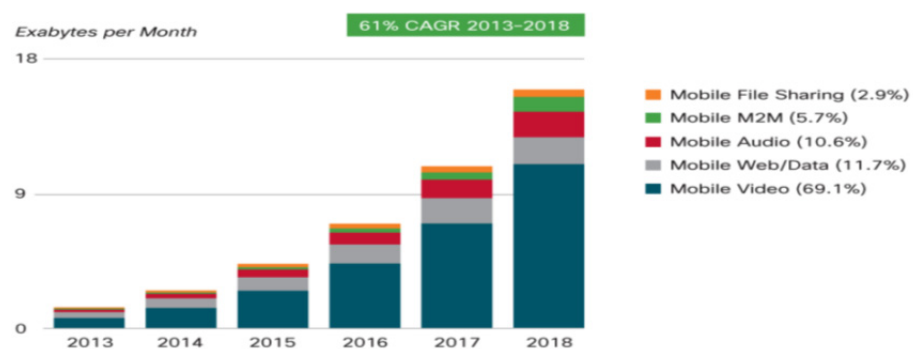
Source: Cisco VNI Mobile, 2014

(c) **The "Digital Living Room"**

Technological innovation, increased device ownership and evolutions in the media distribution landscape have changed the way that consumers access media. Technology has enabled the delivery and consumption of Content through competing platforms, networks and devices. Consumers also have more choices for how and when they access content via their devices.

According to Cisco, mobile video traffic exceeded 50% of mobile traffic data by content for the first time in 2012, validating the demand for mobile video content in the current market.

Figure 7: Mobile traffic data by content

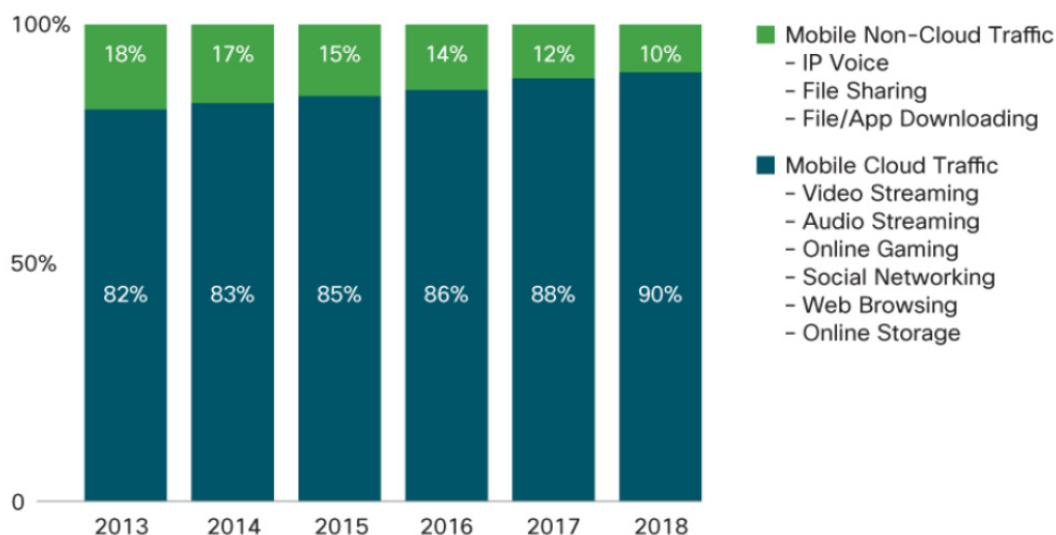


Figures in parentheses refer to traffic share in 2018.

Source: Cisco VNI Mobile, 2014

Cloud applications and services such as Netflix, YouTube and Spotify allow mobile users to overcome the memory capacity limitations of mobile devices and, as a result, Cisco predicts that cloud applications will account for 90% of total mobile data traffic by 2018.

Figure 8: Mobile data traffic: Non-Cloud vs Cloud



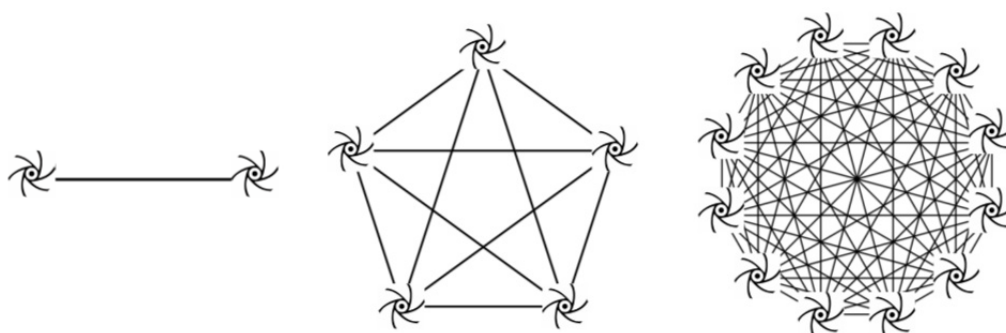
Source: Cisco VNI Mobile, 2014

This represents a unique opportunity for video producers, TV networks, studios and digital video players to leverage different platforms to deliver their content.

(d) **Online Marketplace and the "Network Effect"**

The network effect describes the effect that one user of a service has on the value of that service to other users. When a network effect is present, the value of a service is dependent on the number of other users.

Figure 9: The Network Effect



Source: Newzulu Limited

If strong network effects are present in an online marketplace, it can be difficult for a late-mover in the space to create network value once that market has been established. This creates the potential for a competitive environment of lock-out for new entrants and lock-in for existing users.

By way of example, the benefit to a user from a social networking site is directly related to the number of people who use the site. The network effect can be observed in social networking sites such as Facebook, Instagram and Twitter, each of which has a strong following of users.

(e) **Media Climate**

There are a handful of major News Agencies that deliver coverage to consumers around the world.

The media landscape has evolved from analogue to digital which has created significant opportunities for intermediaries to link savvy digital consumers with media outlets to source content. The current challenge facing the traditional media model is providing quality news coverage in a cost effective manner.

With the dramatic rise on online and mobile media, the mass media industry is experiencing the greatest contraction in history. This is represented by mass redundancies across publishing and broadcasting. In 2013, in Australia alone, more than 1,000 journalists were made redundant representing more than 15% of the total journalist workforce nationally. It has been speculated that redundancies will continue to increase in the coming years.

2.10 Kiosk and WiFi Business

The Company has two (2) major "Webphone" networks in place, which it services and maintains monitored fault coverage on, as follows:

- (a) a 50 device network which it manages on behalf of Telstra Corporation Limited; and
- (b) a small company owned network in shopping centers and airports in New Zealand.

These "Webphone" networks provide public telephony and internet access and are potential WiFi hotspot devices. During the financial year ended 30 June 2013, the Company resolved not to continue with the development of its "Webphone" networks, given its inability to secure a contract to build and deploy significantly larger numbers.

The Company also maintains a legacy kiosk and internet access terminal service pursuant to a number of licence agreements.

As detailed in Section 2.1, the Company will continue to support its existing kiosk customers and its "Webphone" networks. However, following completion of the Offer and the Filemobile Acquisition, the Company's primary focus will be on, and its expenditures applied towards, the development of the Newzulu Business and Filemobile Business.

2.11 Newzulu Group of Companies

The key entities which form part of the Group are as follows:

Entity name	Country of incorporation	Nature of business
Newzulu Limited	Australia	ASX listed entity and owns the Kiosk and WiFi Business.
Newzulu Holdings Limited	Australia	Holding entity for the Newzulu Business.
Newzulu Australia Pty Ltd	Australia	Operating entity in Australia.
Newzulu SAS	France	Operating entity in France.
Newzulu Limited	United Kingdom	Operating entity in the United Kingdom.
Newzulu Canada Limited	Canada	Operating entity in Canada.
Newzulu USA Inc	United States of America	Operating entity in the United States of America.
Newzulu Limited	United Kingdom	Owns substantially all the Group's intellectual property rights.
Livezulu Limited	United Kingdom	Owns the intellectual property rights for "Newzulu Live" in the United Kingdom.
Mobizulu Limited	United Kingdom	Owns the intellectual property rights for "Newzulu Mobile" in the United Kingdom.
Payzulu Limited	United Kingdom	Owns the intellectual property rights for the "Payzulu" system in the United Kingdom.

Each of the above entities is a wholly owned subsidiary of the Company.

In addition to the above entities, the Group also includes a number of entities located in various jurisdictions which only undertake limited operations or are holding companies. Following the Filemobile Acquisition, Filemobile (refer to Section 3) will form part of the Group.

3. Filemobile Overview

3.1 Filemobile Background

Filemobile is a software company that operates a social marketing platform that provides solutions to media outlets and Brand Entities for the effective gathering, organising and broadcasting of Content submitted by users to Filemobile via websites, mobile, webcam, email and social media networks such as Facebook and Instagram (the **Filemobile Business**).

Filemobile was founded in 2006 and is headquartered in Toronto, Canada.

3.2 Filemobile Business Overview

The primary function of the Filemobile Business is the provision of a fully hosted software-as-a service (**SaaS**). This means that clients do not need any infrastructure, software or hardware installation to access Filemobile's product offerings. Clients are able to access Filemobile's product offerings through the internet.

Filemobile's product offerings (refer to Section 3.3) utilise leading technology and standard industry software and services. They are designed to serve Filemobile's clients in a number of ways as follows:

- (a) white-label applications: Filemobile's standard range of product offerings are pre-built with the ability to brand and customise the user's experience;
- (b) application programming interface (**API**): Filemobile's APIs allow its clients to build a custom website using the "Media Factory" tools (refer to Section 3.3(a)); and
- (c) mobile software development kit (**SDK**): clients have the ability to build custom mobile applications using the SDK.

Using Filemobile's product offerings, clients are able to easily obtain Content from a variety of sources, including their audience's desktop, mobile, and social networks and deploy projects such as online communities, contests or user-generated news initiatives to encourage engagement and interaction with visitors to their websites.

Some of the world's most reputable media outlets and Brand Entities utilise Filemobile's product offerings to boost their Content inventory and broadcast reach.

3.3 Filemobile Platform and Product Offerings

Filemobile's key platform and product offerings are as follows:

(a) **"Media Factory"**

The core element of Filemobile's product offerings is "Media Factory", a highly configurable platform that supports the delivery of rich media. "Media Factory" enables Filemobile's clients to:

- (i) gather and upload Content from various sources such as websites, mobile, webcam and email and by using a unique hashtag (#) on Instagram;

- (ii) convert the uploaded Content into multiple files via transcoding. Different files are created based on the client's needs for different file sizes and quality and for viewing on different devices (desktop, mobile and tablet);
- (iii) moderate the Content (i.e. have the ability to approve or deny it);
- (iv) show Content on the client's website as soon as it is uploaded or have it deferred until after it is approved;
- (v) curate the Content, (i.e. have the ability to organise the Content into different folders for displaying it, for example by geography, product, event);
- (vi) publish the Content on:
 - (A) its website;
 - (B) applications such as the client's content management system, digital asset management system or broadcast system; and
 - (C) social media networks such as YouTube;
- (vii) search Content and other clients;
- (viii) engage with audiences by amplifying broadcasting reach through extending interactions to multiple channels, including Facebook and Twitter;
- (ix) store the metadata of the Content, including geographic information included in the Content or provided by the user on upload which can then be displayed on a map; and
- (x) maintain user information entered in a registration and login system.

Other features of "Media Factory" include:

- (xi) the ability to vote, rate and comment on Content;
- (xii) multilingual capabilities, for example to have French and English websites;
- (xiii) notify users by email when their Content has been approved or denied; and
- (xiv) send geographic based notifications or newscalls to users through a mobile device.

Figure 10: Filemobile's "Media Factory"



Source: Filemobile Inc.

(b) **"Widget Suite"**

The "Widget Suite" is an all-in-one social media marketing product that allows a user-generated content campaign to be quickly and easily deployed onto a Filemobile client's website. Filemobile's "widgets" include:

- (i) an uploader: for users to register, login and upload Content. There is an upload form that can be customised to gather information about the upload such as "Title", "Description", "Location";
- (ii) a gallery: to display Content in a gallery format; this can be customised to have a main image or video and different rows of Content;
- (iii) a slideshow: to display a single image or video, with the ability to scroll through the Content, together with small thumbnails below it; and
- (iv) a live feed: to display a constantly updating stream of Content that automatically refreshes itself when users upload Content or comments. This is usually used beside a live video of an event (such as a weather storm), where the public (users) can participate by commenting and uploading their own Content related to the event.

With user-friendly features and no technical integration required, marketers can start collecting and displaying social Content quickly and without the help of a designer or developer.

(c) **"User-Generated News" platform**

The Filemobile "User-Generated News" platform offers a turnkey, integrated solution which enables a client to encourage their audience to participate in newscalls. When a news opportunity arises, clients can locate their audience on a map and deploy geo-specific mobile alerts motivating participants to capture Content of the subject matter or event. It is designed with the newsroom workflow in mind to capture, curate and publish user-generated Content quickly and efficiently to the client's TV broadcast systems, websites, print, and more.

Filemobile's "User-Generated News" platform is used by renowned news organisations, such as Gannett, Fox News, Morris Communications, CTV, and more.

(d) **"Rich Media Workflow"**

"Rich Media Workflow" is a new product directed towards media and press clients that makes it easy to gather Content from their employees and contributors, such as journalists and freelancers. Content goes from employees in the field onto the "Media Factory" platform from which it can automatically flow into the client's other downstream systems (such as YouTube). Content can be uploaded from mobile devices or a desktop whilst maintaining the custom metadata.

"Rich Media Workflow" is used by organisations such as Cisco, iTV and Wall Street Journal.

(e) **"Filemobile Contests"**

"Filemobile Contests" offers a flexible platform for running a photo or video contest to build social awareness, establish brand affinity and promote viral sharing. Using "Filemobile Contests", a client can create and deploy social contests that enable participants to upload photos and videos, view galleries, share Content, comment, like, and vote on Content (all as part of an immersive contest experience).

"Filemobile Contests" can live on microsites, Facebook, Apps, or a combination of these and can be customised with a client's branding, logos, sponsorship and advertising.

(f) **"Community"**

"Community" is a pre-built site for users to join usually around a particular brand, product or area of interest. It includes the ability to register and become a member of the "Community", upload Content, rate and comment on Content. Content can be organised and displayed many ways, including by "Most Recent", "Most Popular", "Most Commented", as well as by category, such as geographic area, event, product. Users also have "Profile" pages that display information about the user, the Content uploaded by the user, and comments left on the site by the user.

Filemobile continues to add to its comprehensive line of interactive, SaaS products and continuously develops its "Media Factory" platform.

3.4 Key Statistics for Filemobile Product Offerings

Key statistics in relation to Filemobile's product offerings are as follows:

- (a) 50+ million unique visitors per month;
- (b) 160+ million API calls per month;
- (c) 40 million media views per month;
- (d) 150,000 photo and video uploads per month;
- (e) over 8,000,000 registered users; and
- (f) 10+ million media items uploaded.

3.5 Filemobile Business Model

The Filemobile Business model is based upon the licence, subscription and hosting of Content derived from the "Media Factory" platform and Filemobile's product offerings.

Filemobile has established the following revenue streams:

(a) **Licensing Revenue**

Users of the "Media Factory" platform and/or related product offerings pay Filemobile an initial licensing and establishment fee in respect to the "Media Factory" platform and/or related product offerings and set up of an account.

(b) **Subscription Revenue**

Users of the "Media Factory" platform and/or related product offerings pay Filemobile an annual, quarterly or monthly fee for ongoing access to the "Media Factory" platform and/or related product offerings.

(c) **Hosting Revenue**

Filemobile charges users of the "Media Factory" platform or related product offerings hosting fees based on actual usage of bandwidth, storage and API calls each month.

(d) **Professional Services**

Filemobile also derives revenue from customisation and implementation services in respect to the "Media Factory" platform and related product offerings.

As at the date of this Prospectus, the Filemobile Business generates the majority of its revenues from subscription and hosting arrangements.

3.6 Filemobile Clients

Some of the world's most reputable Brand Entities and companies (including Fox News, USA Today, The Wall Street Journal, CBC, Cisco, Lincoln Financial Group, JC Penney and Ben & Jerry's) utilise Filemobile's products offerings.

Filemobile's clients comprise of:

(a) **Media Companies**

Media companies are seeking to utilise a platform that can be leveraged across their properties and tools that enable them to engage their audiences, such as contests, and programs that a sales team can sell against advertisement and Content inventories. The programs are often integrated into a single sign-on system, and white-label products are crucial to resemble the look and feel of the media company. Filemobile has focussed the majority of its marketing resources on targeting media companies.

(b) **Brands Entities**

Social engagement is the key to successful branding. Brand Entities are looking for ways to capture inexpensive Content that they can utilise in their Content marketing plans. They desire a custom solution that will engage and grow their audiences directly on their own sites as well as through social networks.

(c) **Brand Agencies**

Brand agencies want tools to simplify their work. Speed to market and customisation are the keys to making an agency sale.

(d) **Corporate**

Companies are turning their internal communications focus to rich media portals, for uses such as management communication, product information, functional area and industry information and training. Filemobile offers solutions for Content acquisition and integration with down-stream systems.

(e) **Education**

Media Factory's integrated social media tool for academia has generated interest in that it allows a "closed" environment for students and teachers to create Content and collaborate with one another. Filemobile intends to target resources to the education community with a view to grow this client base.

3.7 Filemobile Business Key Strengths and Advantages

The Board considers that Filemobile, in respect to the Filemobile Business, possesses a number of strengths and advantages as follows:

(a) **Reputable Client Base**

Some of the world's most reputable Brand Entities and other companies have used Filemobile's product offerings, including Fox News, USA Today, The Wall Street Journal, CBC, Cisco, Lincoln Financial Group, JC Penney and Ben & Jerry's.

(b) **Scalable Business Model**

The Filemobile Business is highly scalable, with relatively low capital expenditure requirements and product offerings that can be customised for clients.

(c) **Strong Competitive Position**

The Company considers that the Filemobile Business product offerings are broader than most of its competitors.

Filemobile offers multiple methods for registration and login, including basic template registration, social login through public social network username and login (such as Facebook, Twitter), user registration and login system, and single sign-on.

Filemobile offers multiple ways to deploy projects, depending on the timing, budget and technical resources available, such as pre-built, fully functional white-label products, simple widgets and full APIs to build custom applications using the Filemobile functionality.

Filemobile also integrates with many downstream systems, enabling clients to collect Content and then distribute it elsewhere, including YouTube, broadcast systems, publishing systems, Content management systems, digital asset management systems, and online video platforms.

The Filemobile product offerings are also flexible and customisable. The combination of these traits allow Filemobile's clients to launch a broad range of projects for a variety of purposes, from the quick and simple to the highly customised and complex, all on one platform with one vendor relationship and without having to invest in building the technology and infrastructure.

(d) **Enhanced Functionality of Product Offerings**

The enhanced functionality of the Filemobile product offerings are as follows:

- (i) mobile SDK: a notification centre where clients can view its users on a map, choose a geographic area on a map and send notifications to the users within that area;
- (ii) multilingual capabilities: making it easy to deploy projects with different sites for different languages while maintaining customisation and integration points;
- (iii) a social hub: allowing clients to pull Content into the "Media Factory" platform from public social networks such as Instagram through the use of hashtags, and publish Content back out to public social networks such as YouTube; and
- (iv) developer documentation portal: providing support and guidance to clients and developers in order to set up and manage "Media Factory" and other Filemobile product offerings (refer to Section 3.3).

(e) **Cross-Platform**

Filemobile's product offerings are delivered to clients using white-label applications, widgets and APIs via their preferred delivery platform (App, the internet or other means of broadcast).

(f) **Highly Qualified and Experienced Team**

Filemobile has executives with technical and commercial knowledge and vast experience in the technology and entertainment industries. Refer to Section 4.2.

3.8 Awards and Recognition

Filemobile's and its key executives' focus on client service, product quality, innovation and reliability has attracted the following awards and recognition:

- (a) "Media Factory" was a *2010 Digital Hot List* winner in the Hot Technology Category;
- (b) Filemobile's co-Founder and Chief Creative Officer, Steve Hulford was named in Digital Media's *2010 List of Digital Media People to Watch in Ontario*;

- (c) Filemobile has twice been named in PROFIT Magazine's *Hot 50 List of Emerging Growth Companies*, 2008 and 2009;
- (d) Filemobile was honoured on IDC's *Ten Canadian New Media Companies to Watch* in 2009; and
- (e) Filemobile was ranked 6th in Backbone Magazine's *Top 20 Web 2.0 Companies* in 2009.

3.9 Filemobile Business Plans and Objectives

Following completion of the Filemobile Acquisition and the Offer, the Company intends to continue to operate the Filemobile Business, expand Filemobile's client base and integrate the Filemobile Business with the Newzulu Business. Refer to Section 2.8 for further details.

3.10 Filemobile Business Market Operating Environment

In addition to the matters detailed in Section 2.9 (which are also relevant to the Filemobile Business), Filemobile is also exposed to and relies on a number of key market drivers as follows:

(a) **The Digital Consumer**

Consumers today are more connected with more access to and deeper engagement with content and brands because of the accessibility to digital devices and platforms and the spread of high-speed internet. In March 2014, the Nielsen Company reported that viewers in the United States demand and consume quality content for entertainment, information and connect at a rate of almost 60 hours per week.

Content can now be sourced and delivered to consumers through their multiple devices and content producers can now take their product direct to consumer, via YouTube and other platforms.

(b) **Quality over Quantity**

The dynamics of the mobile and social web have critically undermined the world of traditional marketing. Consumers skip television advertisements with digital video recorders or online video. Likewise, they have become adept at ignoring print advertising and even display advertisements on the internet. By contrast, content marketing and interactive engagement continues to increase as businesses realise they can utilise this type of media to attract attention and gain loyalty that leads to sales.

This ever-growing fragmentation of content and delivery is forcing Brands Entities and other companies to rediscover the art of storytelling, create opportunities for conversations and engagement through original content and write, design and distribute content from the ground up based on both push and pull marketing methodologies.

(c) **Measurement and Return on Investment**

The effect of media fragmentation also requires an evolution in methods to capture and measure the success of an advertising campaign to optimise

audience delivery in real-time and drive a higher return on investment. Earlier this year, the Content Marketing Institute found that only 23% of B2C marketers in North America are successful at measuring the rate of return of their content marketing program.

(d) **Digital Content Market**

Brand Entities and other companies are responding to consumer demand and as a result, the digital content market is growing. In 2013, PricewaterhouseCoopers LLP predicted that digital content will account for close to 40% of the entertainment and media industry in the United States, almost 87% of the growth in spending between 2013 and 2017.

(e) **Social Networks**

Brand Entities and other companies are acknowledging the need for engaging with their consumers. In a survey conducted in 2013, The Content Council and *ContentWise* found that eighty-nine percent of content marketers are using social media, with an average frequency of 11 times per week. Consumer interaction was the leading reason (55%) marketers used the medium, including responding to consumers' comments on Facebook. Earlier this year, the Content Marketing Institute found that B2C marketers in North America are using an average of seven (7) social media platforms to engage with consumers.

4. Board, Management and Corporate Governance

4.1 Directors' Profiles

The names and details of the Directors in office as at the date of this Prospectus are as follows:

(a) **Mr Alexander Hartman – Executive Chairman**

Mr Hartman is the co-founder of the Newzulu Business, Matilda Media Group and Rightstrade. He received the Young Australian of the Year Award for Career Achievement in 2001 and the Pearcey Medal from the Australian Computer Society. Mr Hartman was a pioneer of broadband internet services in Australia with Telstra and has advised Commonwealth Bank of Australia, Filmon.TV and Gresham Advisory Partners. The Australian Government appointed Mr Hartman as a Director of the Industry Research & Development Board, Chairman of the Youth IT Skills Hub and as founding Director of Headspace, the National Youth Mental Health Foundation.

(b) **Mr Peter Gunzburg – Non-Executive Director**

Mr Gunzburg has over 20 years' experience as a stockbroker. He is currently the Chairman of Eurogold Limited (director since 2001), Brinkley Mining PLC and a director of Fleetwood Corporation Limited (director since 2002).

Mr Gunzburg has previously served as a director of Resolute Limited, The Australian Securities Exchange Limited, Eyres Reed Limited, CIBC World Markets Australia Limited, AIM listed Matra Petroleum PLC and Strike Oil Limited.

(c) **Mr Theo Hnarakis – Non-Executive Director**

Mr Hnarakis is an experienced ASX-listed company director with particular experience in the media, IT and internet industries. Mr Hnarakis was most recently the Chief Executive of the global internet registrar Melbourne IT (ASX:MLB), leading that organisation through significant international growth to reach a market capitalisation of \$180 million.

(d) **Mr Philip Kiely – Non-Executive Director**

Mr Kiely has over 30 years' experience in the technology and digital media sectors in Australia and internationally, serving as Vice President Oracle Online, Asia Pacific and Regional Managing Director of Oracle Corporation, Australia. He has been a member of the Victorian Government IT Task Force, Chair of the Federal Government's Enterprise Career Education Foundation, Chair of the IT&T Industry Training Advisory Board and member of the review committee into Teaching and Teacher Education.

(e) **Mr Mark Pitts – Non-Executive Director and Company Secretary**

Mr Pitts has over 25 years' experience in business administration. He is a partner in corporate advisory firm Endeavour Corporate offering accounting, corporate and compliance advice and governance services to listed public companies in Australia and elsewhere.

Mr Pitts has advised that he intends to resign from his role as a Director immediately following the General Meeting. Each other Director described above will remain on the Board following completion of the Offer and the Filemobile Acquisition.

4.2 Proposed Management Profiles

The following Filemobile executives (each a **Filemobile Executive**) have executed service agreements with Newzulu Canada (**Executive Agreements**) that are conditional on the completion of the Filemobile Acquisition (refer to Section 7.6):

- (a) Mr Marc Milgrom;
- (b) Mr Stephen Hulford; and
- (c) Mr David Minogue.

The details of each of the Filemobile Executives are as follows:

(a) **Mr Milgrom – Global Chief Operating Officer and Managing Director, Canada**

Mr Milgrom is responsible for technology (the development team and product), finance, strategic partnerships, major accounts, client delivery and for driving strategy development with the senior management team at Filemobile. He has a proven track record of delivering profitable revenue growth through strategic vision, leadership and execution. Mr Milgrom has senior corporate development experience primarily in the technology, entertainment and life sciences industries.

Prior to joining Filemobile, Mr Milgrom was a tax partner of PricewaterhouseCoopers (PwC) with a full client practice. In that role he was the senior relationship partner on major accounts, lead the firm's business transformation, knowledge management, internet, and web 2.0 initiatives. He was also a member of PwC's Leadership Team that managed its Canadian affiliate firm.

Mr Milgrom was called to the Ontario Bar in 1986, having completed a Doctor of Jurisprudence at the University of Toronto. He is a member of the Canadian Bar Association and the Law Society of Upper Canada.

Mr Milgrom also holds senior community involvement roles including positions of member of the Board of Trustees Research Committee of University Health Network and of the Board of Directors of the Arthritis Research Foundation, having recently stepped down as Chair of the board.

(b) **Mr Hulford – Chief Technology Evangelist / Global**

Mr Hulford's role at Filemobile has evolved from a product focus during the early stages of the business to managing sales and marketing, with a focus on driving revenue. Having a passion for combining sales and product development to deliver great products with great user experiences, Mr Hulford continues to provide strategic insight into the product roadmap for Filemobile.

Prior to co-founding Filemobile, he was a co-owner of PoolExpert.com which was purchased by Rogers Communications in 2008 and prior to that founded Fantasy

Sports Network in partnership with Molson/Coors. Filemobile is Mr Hulford's third internet start-up venture in 10 years.

His previous roles include the VP of Sports Products and Bell Globe Media where he ran TSN.ca and RDS and Client Relationship Manager at IBM, and Independent Documentary Filmmaker.

Mr Hulford completed a Bachelor of Arts at the University of Toronto.

(c) **Mr Minogue – Senior Vice-President, Engineering/ Global**

Mr Minogue is responsible for managing the development and operations teams at Filemobile while constantly improving a multi-tenant system and using the cloud to provide redundancy and scalability.

Prior to Filemobile, Mr Minogue spent 10 years at Yahoo!, most recently as an engineering manager. He also worked for several technology companies in developer roles.

Mr Minogue completed a Bachelor of Science (Computer Science) at the Laurentian University.

4.3 Corporate Governance

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management, and monitoring the achievement of these goals.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Company has established a framework of corporate governance and seeks to follow the best practice recommendations for listed companies as outlined in the 3rd Edition of ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**) where appropriate for its size and the complexity of its operations.

The table in Section 0 provides a summary and explanation of the Company's departure from the Recommendations. The Company will also provide an explanation of any departures from the Recommendations in its future annual reports.

It is considered that the structure and composition of the current Board is reasonable. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's corporate governance policies are available in a dedicated corporate governance information section of the Company's website at www.newzululimited.com.

(a) **Board of Directors**

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the executive Directors;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving the Company's operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's corporate governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of his or her appointment.

(b) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. The Board currently consists of the Executive Chairman who is also a substantial Shareholder (see Section 1.13) and four (4) non-executive Directors each of whom is considered independent. As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be

reviewed.

(c) **Identification and Management of Risk**

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) **Ethical Standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) **Independent Professional Advice**

Subject to the Executive Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) **Remuneration and Nomination Committee**

The matters typically dealt with by a remuneration and nomination committee are dealt with by the full Board. The Board will consider and decide on the remuneration of any executive Director. The affected executive Director will not participate in that decision-making process.

Non-executive Directors are paid by way of remuneration for their services as Directors from a 'Directors Fee Pool' a fixed sum per annum as has been determined by the Directors and subsequently approved by Shareholders in general meeting. The total amount of the 'Directors Fee Pool', from which all non-executive Directors' fees are paid, is \$300,000 per annum.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as Options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board is responsible for reviewing and approving the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) **Security Trading Policy**

The Board has adopted a security trading policy that provides guidelines on the sale and purchase of Securities by Directors, officers, and other key management

personnel and employees of the Company and their associates. The security trading policy generally provides that the Executive Chairman (or the Chairman of the Audit & Compliance Committee in the case of the Executive Chairman) must be notified prior to trading in the Securities.

(h) **Diversity Policy**

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has put in place a diversity policy. The diversity policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

(i) **Audit & Compliance Committee**

The Company has established an Audit & Compliance Committee which operates under an Audit & Compliance Committee Charter which includes, but is not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system, the Company's risk management systems, the identification and management of business, economic, environmental and social sustainability risk and the external audit function. The Audit & Compliance Committee is currently comprised of the full Board.

(j) **External Audit**

Shareholders in general meetings are responsible for the appointment of the external auditors of the Company, and the Board, from time to time, will review the scope, performance and fees of those external auditors following the recommendation from the Audit & Compliance Committee.

(k) **Internal Audit**

The Company does not have an internal audit function. The Board considers that the Audit & Compliance Committee and its financial control function in conjunction with the Company's risk management policy are sufficient for a Company of its size and complexity.

(l) **Material exposure to Economic, Environmental and Social Sustainability Risks**

The Board has reviewed its exposure in this area and does not believe it has a material exposure to economic, environmental or social sustainability risks.

4.4 Departures from the Recommendations

The Company's departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations	Explanation for Departure
<p>Recommendation 2.1 The board of a listed entity should have a nomination committee which:</p> <ul style="list-style-type: none">(a) has at least three (3) members, a majority of whom are independent directors; and(b) is chaired by an independent director.	<p>The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.</p> <p>Nominations of new Directors are and will be considered by the full Board. If any vacancies arise on the Board, all Directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as and when required. The Board is confident that this process for selection, including undertaking appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election is stringent. Full details of all Directors will be provided to Shareholders in the Company's annual reports and on the Company's website.</p>
<p>Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Mr Alexander Hartman currently holds the position of Executive Chairman and CEO and is a substantial Shareholder (refer to Sections 1.10 and 4.1(a)).</p> <p>While the Board considers the importance of a division of responsibility and independence at the head of the Company, the existing structure is considered appropriate and provides an appropriate leadership structure. Mr Hartman has been the major force behind the establishment of the Company and its current growth and direction. The Board considers that, at this stage of the Company's development, he is able to bring quality and independent judgement to all relevant issues, and the Company benefits from his long standing experience of its operations and business relationships.</p>
<p>Recommendation 2.6 The board of a listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>The Company is of a size that it does not believe an 'induction program' is necessary for incoming directors.</p> <p>The Board will, when it considers the Company to be of an appropriate size, implement an induction process that complies with Recommendation 2.6.</p>
<p>Recommendation 7.1 The board of a listed entity should have a committee or committees to oversee risk, each of which:</p>	<p>The Board has not established a separate risk management committee. However it has established an Audit & Compliance Committee that has assumed the role to oversee risk, and</p>

Principles and Recommendations	Explanation for Departure
<p>(a) has at least three (3) members, a majority of whom are independent directors; and</p> <p>(b) is chaired by an independent director.</p>	<p>operates under the Audit & Compliance Committee Charter approved by the Board. (Refer to Section 4.3(i).)</p> <p>The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are also considered by the Board.</p>
<p>Recommendation 7.5 A listed entity should disclose, if it has an internal audit function, how the function is structured and what role it performs.</p>	<p>The Board believes that for efficiency purposes and the Company is not of a size to justify having an internal audit function.</p> <p>The Board considers that the Audit & Compliance Committee and its financial control function in conjunction with the Company's risk management policy are sufficient for a Company of its size and complexity.</p>
<p>Recommendation 8.1 The board of a listed entity should have a remuneration committee which:</p> <p>(a) has at least three (3) members, a majority of whom are independent directors; and</p> <p>(b) is chaired by an independent director.</p>	<p>The Board has not established a remuneration committee. The full Board will meet to consider both the level and structure of remuneration for the executive Directors and key executives within the Company and decide on the Company's remuneration policies. The affected Director will not participate in the decision-making process.</p>

5. Historical Financial Information

5.1 Overview

The financial information in this Section 5 comprises the following:

- (a) historical financial information for the Company, being the:
 - (i) historical statements of profit or loss and other comprehensive income for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
 - (ii) summarised historical statements of cash flow for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
 - (iii) historical statements of financial position for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014; and
 - (iv) significant accounting policies and material accounting matters,
(together the **Company Historical Financial Information** detailed in Section 5.2);
- (b) historical financial information for Newzulu Holdings Limited (**Newzulu Holdings**) and its subsidiaries as at 30 June 2014 (**Newzulu Holdings Group**), being the:
 - (i) historical consolidated statement of profit or loss and other comprehensive income for the period from 25 June 2013 to 30 June 2014;
 - (ii) summarised historical consolidated statement of cash flow for the period from 25 June 2013 to 30 June 2014;
 - (iii) historical consolidated statements of financial position as at 30 June 2014; and
 - (iv) significant accounting policies and material accounting matters,
(together the **Newzulu Holdings Historical Financial Information** detailed in Section 5.3); and
- (c) historical financial information for Filemobile, being the:
 - (i) historical consolidated statements of operations and comprehensive income (loss) for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
 - (ii) summarised historical consolidated statements of cash flow for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
 - (iii) historical consolidated statements of financial position the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014; and

- (iv) significant accounting policies and material accounting matters,
(together the **Filemobile Historical Financial Information** detailed in Section 5.4),

(collectively the **Historical Financial Information**).

All amounts in this Section 5 are presented in Australian dollars unless otherwise noted.

The Historical Financial Information detailed in this Section 5 and the pro forma financial information in Section 6 is based on past performance, and is not a guide to future performance.

5.2 Company Historical Financial Information

(a) Introduction

The Company Historical Financial Information detailed in this Section 5.2 has been extracted from the audited general purpose financial reports of the Company for the financial years ended 30 June 2013 and 30 June 2014, on which an unmodified audit opinion with an emphasis of matter in relation to going concern was issued by KPMG.

(b) Basis and Method of Preparation

The Company Historical Financial Information detailed in this Section 5.2 has been prepared and presented in Australian dollars in accordance with the recognition and measurement principles of Australian Accounting Standards adopted by the AASB and the Corporations Act. The Company Historical Financial Information complies with International Financial Reporting Standards adopted by the IASB.

The Company Historical Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards in accordance with the Corporations Act.

Significant accounting policies and material accounting matters for the Company relevant to the Company Historical Financial Information are included in Section 5.2(f).

(c) **Historical Statements of Profit or Loss and Other Comprehensive Income**

<i>In AUD</i>	Financial Year ended 30 June 2014 Audited	Financial Year ended 30 June 2013 Audited	Financial Year ended 30 June 2012 Audited
Revenue from sale of goods	54,343	32,348	444,774
Revenue from rendering services	282,713	439,559	511,111
Cost of sales	(216,839)	(231,290)	(730,376)
Gross profit	120,217	240,617	225,509
Other income from ordinary activities	76,787	54,706	459,570
Network management expenses	(324,656)	(260,548)	(609,694)
Sales and marketing expenses	(19,533)	(23,860)	(642,370)
Research and development expenses	(202,064)	(198,200)	(939,281)
Administrative and corporate expenses	(829,012)	(650,942)	(2,468,448)
Other expenses from ordinary activities	(8,439)	(68,763)	(6,874)
Results from operating activities	(1,186,700)	(906,990)	(3,981,588)
Financial income	177,425	131,821	75,955
Financial expenses	(1,105)	(1,105)	(1,135)
Net financing income	176,320	130,716	74,820
Loss before income tax	(1,010,380)	(776,274)	(3,906,768)
Income tax expense	-	-	-
Loss after income tax attributable to Owners of the Company	(1,010,380)	(776,274)	(3,906,768)

(d) **Historical Statements of Cash Flows**

<i>In AUD</i>	Financial Year ended 30 June 2014 Audited	Financial Year ended 30 June 2013 Audited	Financial Year ended 30 June 2012 Audited
Cash flows from operating activities			
Cash receipts from customers	366,447	452,467	991,282
Cash paid to suppliers and employees	(1,252,056)	(1,478,477)	(4,260,622)
Cash utilised in operating activities	(885,609)	(1,026,010)	(3,269,340)
Research and development tax offset rebate received	54,706	458,070	452,164
Net cash (used in) operating activities	(830,903)	(567,940)	(2,817,176)
Cash flows from investing activities			
Interest received	33,325	30,032	67,412
Proceeds from sale of property, plant and equipment	-	-	1,781
Acquisition of property, plant and equipment	(486)	(54,765)	(254,494)
Acquisition of intangible asset	-	-	(1,194)
Net cash (used in) investing activities	32,839	(24,733)	(186,495)
Cash flows from financing activities			
Payment of finance lease liabilities	(2,113)	(1,850)	(1,620)
Proceeds from share issues	538,664	1,579,999	2,320,000
Payments for equity raising costs	(5,331)	(121,380)	(105,750)
Interest paid	(1,105)	(1,105)	(1,135)
Net cash provided by financing activities	530,115	1,455,664	2,211,495
Net (decrease)/increase in cash and cash equivalents	(267,949)	862,991	(792,176)
Cash and cash equivalents at 1 July	1,384,293	521,302	1,313,478
Cash and cash equivalents at 30 June	1,116,344	1,384,293	521,302

(e) **Historical Statements of Financial Position**

<i>In AUD</i>	Financial Year ended 30 June 2014 Audited	Financial Year ended 30 June 2013 Audited	Financial Year ended 30 June 2012 Audited
Assets			
Cash and cash equivalents	1,116,344	1,384,293	521,302
Trade and other receivables	98,907	98,028	500,359
Inventories	955	21,448	83,564
Current income tax assets	988	909	1,954
Restricted cash	225,453	134,802	4,463
Other current assets	26,424	55,771	56,675
Total current assets	1,469,071	1,695,251	1,168,317
Restricted cash	-	113,722	105,709
Property, plant and equipment	3,902	40,848	60,371
Total non-current assets	3,902	154,570	166,080
Total assets	1,472,973	1,849,821	1,334,397
Liabilities			
Trade and other payables	422,936	346,735	343,531
Loans and borrowings	2,413	2,113	1,850
Employee benefits	30,953	26,847	44,759
Deferred revenue	9,102	20,487	24,830
Provisions	70,742	67,592	70,217
Total current liabilities	536,146	463,774	485,187
Loans and borrowings	928	3,340	5,453
Employee benefits	31,873	20,391	2,656
Provisions	58,843	45,140	119,666
Total non-current liabilities	91,644	68,871	127,775
Total liabilities	627,790	532,645	612,962
Net assets	845,183	1,317,176	721,435
Equity			
Share capital	30,617,047	29,933,714	28,475,095
Reserves	818,407	963,353	1,049,957
Accumulated losses	(30,590,271)	(29,579,891)	(28,803,617)
Total equity	845,183	1,317,176	721,435

(f) **Significant Accounting Policies and Material Accounting Matters**

(i) **Intangible Assets – Research and Development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) **Employee benefits**

(A) Long-term service benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government bonds that have maturity dates approximating the terms of the Company's obligations. Any gains or losses are recognised in profit or loss in the period in which they arise.

(B) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(C) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the Options. The amount recognised is adjusted to reflect the actual number of Options

that are expected to vest, except for those that fail to vest due to market conditions not being met.

(iii) **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts: A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on assets associated with that contract.

(iv) **Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

In determining the amount of current tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) **Revenue**

(A) **Goods Sold**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(B) **Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to the extent of work performed.

5.3 **Newzulu Holdings Historical Financial Information**

(a) **Introduction**

The Newzulu Holdings Historical Financial Information detailed in this Section 5.3 has been extracted from the period from incorporation on 2 April 2013 to 30 June 2014, on which an unmodified audit opinion with an emphasis of matter in relation to going concern was issued by KPMG.

(b) **Basis and Method of Preparation**

The Newzulu Holdings Historical Financial Information included in this Section 5.3 has been prepared and presented in Australian dollars in accordance with the recognition and measurement principles of Australian Accounting Standards adopted by the AASB and the Corporations Act. The Newzulu Holdings Historical Financial Information complies with International Financial Reporting Standards adopted by the IASB.

The Newzulu Holdings Historical Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards in accordance with the Corporations Act. Significant accounting policies and material accounting matters for Newzulu Holdings relevant to the Newzulu Holdings Historical Financial Information are included in Section 5.3(f).

(c) **Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income**

<i>In AUD</i>	2 April 2013 to 30 June 2014 Audited
Revenue	653,110
Cost of sales	(170,248)
Gross profit	482,862
Selling and distribution expenses	(18,010)
Administrative expenses	(1,520,521)
Other expenses	(98,340)
Operating loss	(1,154,009)
Financial income	6,324
Financial expenses	(21,709)
Net financing costs	(15,385)
Loss before tax	(1,169,394)
Income tax expense	-
Loss after income tax attributable to owners	(1,169,394)
Other comprehensive income	
Items that may be reclassified to profit or loss:	
Foreign currency translation differences for foreign operations	(17,066)
Total comprehensive income attributable to owners of the Company	(1,186,460)

(d) **Historical Consolidated Statements of Cash Flows**

<i>In AUD</i>	2 April 2013 to 30 June 2014 Audited
Cash flows from operating activities	
Cash receipts from customers	697,207
Cash paid to suppliers and employees	(1,395,375)
Net cash (used in) operating activities	(698,168)
Cash flows from investing activities	
Loans advanced	(120,573)
Acquisition of property, plant and equipment	(10,489)
Net cash (used in) investing activities	(131,062)
Cash flows from financing activities	
Acquisition of subsidiaries	83,950
Proceeds from borrowings	820,317
Net cash provided by financing activities	904,267
Net increase in cash and cash equivalents	75,037
Cash and cash equivalents at 25 June 2013	-
Cash and cash equivalents at 30 June 2014	75,037

(e) **Historical Consolidated Statement of Financial Position**

In AUD

	2 April 2013 to 30 June 2014 Audited
Assets	
Cash and cash equivalents	75,037
Trade and other receivables	198,499
Related party loans	37,902
Prepayments	73,025
Total current assets	384,463
Property, plant and equipment	8,275
Intangible assets	771,788
Goodwill	222,033
Total non-current assets	1,002,096
Total assets	1,386,559
Liabilities	
Trade and other payables	893,710
Loans and borrowings from related parties	820,770
Employee benefits	239,324
Total current liabilities	1,953,804
Loans and borrowings from related parties	336,823
Deferred tax liability	162,075
Total non-current liabilities	498,898
Total liabilities	2,452,702
Net assets	(1,066,143)
Equity	
Share capital	181
Reserves	103,070
Accumulated losses	(1,169,394)
Total equity	(1,066,143)

(f) **Significant Accounting Policies and Material Accounting Matters**

(i) **Intangible Assets and Goodwill**

(A) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

(B) Research and Development

Expenditure on research activities is recognised in profit or loss when incurred.

Development expenditure is capitalised only if expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Newzulu Holdings Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(C) Other Intangible Assets

Other intangible assets that are acquired by the Newzulu Holdings Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

The estimated useful lives are as follows:

- (1) Trademarks – 20 years;
- (2) Domain names – 5 years;
- (3) External software – 2.5 years; and
- (4) Internally developed software – 5 years.

(ii) **Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

(iii) **Revenue**

(A) Goods Sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership

have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(B) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to the extent of work performed.

(iv) **Income Tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

In determining the amount of current tax the Newzulu Holdings Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Newzulu Holdings Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.4 Filemobile Historical Financial Information

(a) **Introduction**

The Filemobile Historical Financial Information detailed in this Section 5.4 has been extracted from the audited financial statements of Filemobile for the

financial years ended 30 June 2012, 30 June 2013 and 30 June 2014, on which an unmodified audit opinion was issued by BDO Canada LLP.

(b) **Basis and Method of Preparation**

The Filemobile Historical Financial Information detailed in this Section 5.4 has been prepared and presented in CAD\$ in accordance with the recognition and measurement principles of the International Financial Reporting Standards adopted by the IASB.

The Filemobile Historical Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the International Financial Reporting Standards. Significant accounting policies and material accounting matters for Filemobile relevant to the Filemobile Historical Financial Information are included in Section 5.4(f).

(c) **Historical Statements of Operations and Comprehensive Income (Loss)**

<i>In CAD</i>	Financial Year ended 30 June 2014 Audited	Financial Year ended 30 June 2013 Audited	Financial Year ended 30 June 2012 Audited
Revenue	1,990,100	1,753,377	1,484,500
Administrative and corporate expenses	1,279,689	1,221,162	1,277,924
Technical and development expenses	1,055,514	702,595	720,669
Sales and marketing expenses	794,936	616,800	551,892
Results from operating activities	3,130,139	2,540,557	2,550,485
Loss before income tax	(1,140,039)	(787,180)	(1,065,985)
Income tax	(13,022)	9,185	1,231
Loss and comprehensive loss for the year	(1,127,017)	(796,365)	(1,067,216)

(d) **Historical Statements of Cash Flows**

<i>In CAD</i>	Financial Year ended 30 June 2014 Audited	Financial Year ended 30 June 2013 Audited	Financial Year ended 30 June 2012 Audited
Cash flows from operating activities			
Loss and comprehensive loss for the year	(1,127,017)	(796,365)	(1,067,216)
Items not requiring an outlay of cash:			
Amortisation	10,221	23,765	19,016
Stock-based compensation	999,746	961,150	1,163,764
Change in non -cash working capital balances			
Accounts receivable	(27,522)	34,309	48,164
Other receivable	(3,320)	-	-
Prepaid expenses	(11,355)	-	-
Investment tax credits receivable	3,752	(26,917)	(908)
Accounts payable and accrued liabilities	19,494	9,927	(14,902)
Deferred revenue	(5,412)	(206,484)	(73,980)
Net cash from/ (used in) operating activities	(141,413)	(615)	73,938
Cash flows from investing activities			
Addition to capital assets	(14,068)	(18,295)	(9,331)
Net cash (used in) investing activities	(14,068)	(18,295)	(9,331)
Cash flows from financing activities			
Increase / (decrease) in line of credit	(3,010)	138,010	-
Repayment of loan payable	-	(11,026)	-
Increase / (decrease) in long term debt	200,000	-	-
Net cash provided by financing activities	196,990	126,984	-
Net (decrease)/increase in cash and cash equivalents	41,509	108,074	64,607
Cash (bank indebtedness) at 1 July	324	(107,750)	(172,357)
Cash (bank indebtedness) at 30 June	41,833	324	(107,570)

(e) **Historical Statements of Financial Position**

<i>In CAD</i>	Financial Year ended 30 June 2014 Audited	Financial Year ended 30 June 2013 Audited	Financial Year ended 30 June 2012 Audited
Assets			
Cash	41,833	324	-
Accounts receivables	416,191	388,669	422,978
Other receivable	3,320	-	-
Prepaid expenses	21,880	10,525	10,525
Income tax recoverable	186,900	190,652	163,735
Total current assets	670,124	590,170	597,238
Capital assets	20,733	16,886	22,356
Total non-current assets	20,733	16,886	22,356
Total assets	690,857	607,056	619,594
Liabilities			
Bank indebtedness	-	-	107,750
Line of credit	135,000	138,010	-
Accounts payable and accrued liabilities	143,407	123,913	113,986
Deferred revenue	180,541	185,953	392,437
Loan payable	-	-	11,026
Current portion of long-term debt	25,036	-	-
Total current liabilities	483,984	447,876	517,449
Long-term debt	174,964	-	-
Total non-current liabilities	174,964	-	-
Total liabilities	658,948	447,876	625,199
Net assets	31,909	159,180	(5,605)
Equity			
Share capital	309,664	309,664	309,664
Reserves	4,429,079	3,429,333	2,468,183
Accumulated losses	(4,706,834)	(3,579,817)	(2,783,452)
Total equity	31,909	159,180	(5,605)

(f) **Significant Accounting Policies and Material Accounting Matters**

(i) **Revenue Recognition**

Revenue represents the fair value of consideration received or receivable from customers for services provided by Filemobile under contract, net of discounts and sales taxes. Filemobile receives revenue from ongoing subscriptions, from hosting services associated with those subscriptions, and from various licenses issued and services typically performed at the inception of a contract.

Typically, Filemobile's software subscription agreements are multiple-element arrangements that also include the provision of hosting, licensing and other service fees. These multiple-element arrangements are assessed to determine whether they should be treated as more than one unit of accounting or element for the purposes of revenue recognition. Consideration from the arrangement is allocated in multiple-element arrangements to the separate units of accounting, or element, on a relative fair value or residual method, as applicable. Revenue is recognised for each element according to the revenue recognition policy as noted below for each type of revenue. When an arrangement is accounted for a single unit of accounting, revenue is deferred and recognised over the terms as noted for each type of revenue below.

Subscription revenue is recognised on a straight-line basis over the term of the initial contract or the renewal period, as relevant.

Fees earned for hosting services are recognised as they are earned, on the accruals basis.

License fees and fees earned for services provided at the start of a contract are recognised on a straight-line basis over the life of the initial subscription contract plus one renewal period, as they are considered to have been provided to enable the resulting subscription, and not to have any stand-alone value to the customer.

The timing of revenue recognition may differ from the contractual billing arrangements in place with the customer. Amounts billed but not yet earned are reported within deferred revenue. Amounts earned but not yet billed are reported within accounts receivable.

From time to time, Filemobile enters into a non-monetary exchange of goods or services with customers or suppliers. The value of such services is measured using Filemobile's standard contractual rates for the services provided, and are recognised using the same accounting policies as all other sources of revenue. Filemobile recognized revenue of CAD\$101,250 for the financial year ended 30 June 2014 and CAD\$18,750 for the financial year ended 30 June 2013 derived from transactions settled by the exchange of goods and services.

(ii) **Income Taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in net income except to the extent that they

relate to items recognised directly in equity or other comprehensive income.

Current income taxes are recognised for the estimated income taxes payable or receivable on taxable income or loss of the current year, and any adjustment to income taxes payable in respect of previous years. Current income taxes are measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probably that future taxable profit will be available which allow the deferred future tax asset to be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amount of any deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date, and are expected to apply when the liabilities or assets are settled or recovered.

(iii) **Research and Development Costs**

Expenditures related to research are expensed as incurred and are reduced by related investment tax credits. Such credits are recognized in operations when there is reasonable assurance that they will be received by Filemobile. Expenditures during the development phase are capitalized if certain criteria, including technical feasibility and intent and ability to use or sell the technology, are met. Otherwise, such expenditures are expensed as incurred.

(iv) **Investment Tax Credits**

Filemobile qualifies for certain investment tax credits related to the research and development of its computer software. These credits are recognized in operations for items of a period expense nature, or as a reduction of the related capital assets for items of a capital nature. Such credits are only recognized when the amount is reliably estimable, and Filemobile has reasonable assurance that the credit will be realized.

6. Investigating Accountant's Report



8 January 2015

The Directors
Newzulu Limited
C/- Suite 8, 7 The Esplanade
Mount Pleasant WA 6153

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have been engaged by Newzulu Limited ('Newzulu' or 'the Company') to prepare this Investigating Accountant's Report ('Report') on the historical financial information and pro forma historical financial information of Newzulu for inclusion in the Prospectus. The Prospectus is required under Australian Securities Exchange ('ASX') requirements for Newzulu to re-comply with Chapters 1 and 2 of the ASX Listing Rules, as a result of Newzulu acquiring 100% of the issued capital of Filemobile Inc. ('Filemobile') via its wholly owned subsidiary, Newzulu Canada Limited.

Broadly, the Prospectus will offer up to 170,000,000 Shares at an issue price of \$0.10 each to raise up to approximately \$17 million before costs ('the Offer'). The Offer is subject to a minimum subscription of \$10 million (being 100,000,000 Shares) before costs.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

2. Scope

The Company has requested BDO to prepare this Report to cover the following information:

Historical Financial Information

The financial information contained Section 5 (Historical Financial Information) of the Prospectus comprises the following:

- historical financial information for Newzulu, being the:
 - historical statements of profit or loss and other comprehensive income for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
 - summarised historical statements of cash flow for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
 - historical statements of financial position as at 30 June 2012, 30 June 2013 and 30 June 2014; and

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- Significant Accounting Policies and Material Accounting Matters, (together the ‘**Company Historical Financial Information**’ set out in Section 5.2 of the Prospectus);
- historical financial information for Newzulu Holdings, being the:
 - historical consolidated statement of profit or loss and other comprehensive income for the period from 25 June 2013 to 30 June 2014;
 - summarised historical consolidated statement of cash flow for the period from 25 June 2013 to 30 June 2014;
 - historical consolidated statements of financial position as at 30 June 2014; and
 - Significant Accounting Policies and Material Accounting Matters, (together the ‘**Newzulu Holdings Historical Financial Information**’ set out in Section 5.3 of the Prospectus);
- historical financial information for Filemobile, being the:
 - historical consolidated statements of operations and comprehensive income (loss) for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
 - summarised historical consolidated statements of cash flow for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
 - historical consolidated statements of financial position as at 30 June 2012, 30 June 2013 and 30 June 2014; and
 - Significant Accounting Policies and Material Accounting Matters, (together the ‘**Filemobile Historical Financial Information**’ set out in Section 5.4 of the Prospectus).

(collectively the ‘**Historical Financial Information**’).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Newzulu’s adopted accounting policies as outlined in Section 6 of the Prospectus. The Historical Financial Information has been audited by the Company’s auditors in accordance with the Australian Auditing Standards. The Company’s auditors issued an unmodified opinion on the financial reports however, for the year ended 30 June 2012 and the year ended 30 June 2014, the audit reports included an emphasis of matter as a result of material uncertainty regarding continuation as a going concern.

The Filemobile Historical Financial Information has been audited by BDO Canada LLP in accordance with the International Financial Reporting Standards. BDO Canada LLP issued an unmodified opinion on the Filemobile Historical Financial Information.

The Historical Financial Information is presented in Section 5 of the Prospectus and the Appendices to this report in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001 (Cth)*.

Pro Forma Historical Financial Information

You have requested BDO to review the pro forma historical statement of financial position as at 30 June 2014 for Newzulu referred to as the 'Pro Forma Historical Financial Information'. The Pro Forma Financial Information comprises the Pro Forma Statement of Financial Position as at 30 June 2014 and incorporates the acquisition of Filemobile. The Pro Forma Statement of Financial Position assumes completion of the Offer under both the Minimum Subscription and if the Offer is fully subscribed.

The Pro Forma Historical Financial Information has been derived from the Newzulu Historical Financial Information, after adjusting for the effects of any subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 6 and Section 7 of this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

3. Director's responsibility

The Directors are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments included in the Pro Forma Statement of Financial Position. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Statement of Financial Position are free from material misstatement, whether due to fraud or error.

4. Our responsibility

The Investigating Accountant's responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

We have reviewed the Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Financial Information is not prepared, in all material aspects, by the Directors on the stated basis of preparation.

Our review of the Historical Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our review of the Historical Financial Information did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information and Pro Forma Statement of Financial Position.

5. Conclusion

Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the Historical Financial Information as set out in Section 5 of the Prospectus or the Appendices to this Report does not present fairly, in all material aspects, the financial performance for the period ended 30 June 2014 or the financial position as at 30 June 2014 in accordance with the stated basis of preparation as described in Section 2 of this Report.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 2 of this Report.

6. Subsequent Events

The Pro Forma Statement of Financial Position reflects the following events that have occurred subsequent to the period ended 30 June 2014:

- The issue of 75,000,000 Shares at an issue price of \$0.04 per share to raise \$3,000,000, before costs, on 12 August 2014 and payment of a fundraising fee of \$160,750 on 12 August 2014.
- The completion of the Newzulu Acquisition on 13 August 2014 as approved by Shareholders in general meeting on 11 August 2014, by the issue of 178,230,977 Shares to the vendors of Newzulu Holdings Limited.
- The issue of 20,000,000 Options exercisable at \$0.10 each on or before 30 June 2017 to Mr Alexander Hartman at an issue price of \$0.001 per option.
- The forgiveness of loans of \$794,169 advanced by Matilda Media Pty Ltd, a company associated with Mr Alexander Hartman, pursuant to a deed of debt forgiveness between Newzulu Holdings Limited and Matilda Media Pty Ltd and effective from completion of the Newzulu Acquisition.
- The issue of 2,000,000 Options to a current Director and 2,000,000 Options to a former director of the Company on 13 August 2014 in lieu of fees owed of \$30,000 each as at 31 March 2014 and 4 April 2014, respectively.
- Payment of transaction costs associated with the Newzulu Acquisition, including:
 - Cash settlement of transaction costs totalling \$838,613; and
 - The issue of 5,838,318 fully paid ordinary shares to advisers on 15 August 2014 in part payment of fees for the completion of the Newzulu Acquisition.
- The advancement of further loan funds totalling \$406,000 in July and August 2014 pursuant to the Scarf Loan Agreement and the partial repayment of \$177,097 of the Scarf Loan on 14 August 2014.
- Settlement of outstanding fees totalling £108,000 as at 31 March 2014 owing to Mr Hartman by way of payment of £72,000 on 19 August 2014 in full satisfaction of all amounts owing as at completion of the Newzulu Acquisition under the executive services agreement dated 11 July 2013 with Gandalf Ventures Limited, a company associated with Mr Hartman.

- The advancement of \$3,500,000, before costs, pursuant to the First Blueroom Loan Agreement on 10 October 2014 and payment of fundraising fees of \$210,000 on 17 October 2014.
- The advancement of \$1,500,000, before costs, pursuant to the Second Blueroom Loan Agreement on 30 December 2014 and payment of fundraising fees of \$90,000.
- During the period from 1 July 2014 to 30 November 2014, the Company has incurred net cash outflows of \$4,468,659. These cash outflows are net of revenues received and relate to the following:
 - Capital expenditure totalling \$472,891;
 - Operational costs totalling \$3,323,675 including product development costs of \$578,792; and
 - Trade and other payables amounts totalling \$672,093.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in this Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The Pro Forma Statement of Financial Position post completion of the Offer is shown in Appendix 1. This has been prepared based on the reviewed financial information as at 30 June 2014, the subsequent events set out in Section 6 of this Report, and the following transactions and events relating to the issue of Shares under the Prospectus and the Filemobile Acquisition:

- Conversion of the First and Second Blueroom Loans of \$5,000,000 and payment of Blueroom Loan fees of 3,571,429 fully paid ordinary shares and 5,500,000 options exercisable at \$0.20 each and expiring 3 years from the date of issue.
- The issue of up to 170,000,000 Shares at an issue price of \$0.10 per Share to raise up to approximately \$17 million before costs pursuant to the Offer. The Offer is subject to a minimum subscription of \$10 million (being 100,000,000 Shares).
- The payment of expenses associated with the preparation and issue of the Prospectus and the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules of an estimated amount of \$1,500,000 (\$1,060,000 assuming minimum subscription).
- The repayment of the remaining Scarf Loan of \$683,903 pursuant to the Scarf Loan Agreement.
- The completion of the Filemobile Acquisition for a purchase price of CAD\$5,000,000 and cash settlement of transaction costs estimated to be CAD\$350,000.

8. Consent

BDO Corporate Finance (WA) Pty Ltd has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. As at the date of this Report, this consent has not been withdrawn.

9. Disclosures

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth. Without modifying our conclusions, we draw attention to Section 2 of our Report, which describes the purpose of the Historical Financial Information and the Pro Forma Historical Financial Information, being for inclusion in the Prospectus. As a result, such financial information may not be suitable for use for another purpose.

Neither BDO Corporate Finance (WA) Pty Ltd nor BDO, nor any director or executive or employee thereof, has any financial interest in the outcome of the Offer except for the normal professional fee due for the preparation of this Report.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Adam Myers

Director

APPENDIX 1
NEWZULU LIMITED
PRO FORMA STATEMENT OF FINANCIAL POSITION

	Notes	Newzulu		Pro-forma adjustments			Pro-forma after adjustments	
		Audited as at 30-Jun-14	Subsequent events	\$10 million raising	\$17 million raising	Acquisition of Filemobile	\$10 million raising	\$17 million raising
		\$	\$	\$	\$	\$	\$	\$
Assets								
Cash and cash equivalents	1	1,116,344	2,405,917	8,256,097	14,816,097	(5,402,229)	6,376,130	12,936,130
Trade and other receivables	2	98,907	218,499	-	-	416,491	733,897	733,897
Inventories		955	-	-	-	-	955	955
Current income tax assets	3	988	-	-	-	185,554	186,542	186,542
Restricted cash		225,453	-	-	-	-	225,453	225,453
Related party loans	4	-	37,902	-	-	-	37,902	37,902
Other current assets	5	26,424	73,025	-	-	21,722	121,171	121,171
Total current assets		1,469,071	2,735,343	8,256,097	14,816,097	(4,778,462)	7,682,050	14,242,050
Property, plant and equipment	6	3,902	481,166	-	-	20,584	505,652	505,652
Intangible assets and goodwill	7	-	15,708,649	-	-	5,053,320	20,761,969	20,761,969
Total non-current assets		3,902	16,189,815	-	-	5,073,904	21,267,621	21,267,621
Total assets		1,472,973	18,925,158	8,256,097	14,816,097	295,442	28,949,671	35,509,671
Liabilities								
Trade and other payables	8	422,936	(422,936)	-	-	142,374	142,374	142,374
Loans and borrowings	9	2,413	-	-	-	158,884	161,297	161,297
Loans and borrowings from related parties	10	-	26,601	-	-	-	26,601	26,601
Derivative liability	11	-	4,700,000	(4,700,000)	(4,700,000)	-	-	-
Employee benefits	12	30,953	239,324	-	-	-	270,277	270,277
Deferred revenue	13	9,102	-	-	-	179,241	188,343	188,343
Provisions		70,742	-	-	-	-	70,742	70,742
Total current liabilities		536,146	4,542,989	(4,700,000)	(4,700,000)	480,499	859,634	859,634
Loans and borrowings	14	928	-	-	-	173,704	174,632	174,632
Loans and borrowings from related parties	15	-	565,726	(565,726)	(565,726)	-	-	-
Employee benefits		31,873	-	-	-	-	31,873	31,873
Deferred tax liability	16	-	162,075	-	-	-	162,075	162,075
Provisions		58,843	-	-	-	-	58,843	58,843
Total non-current liabilities		91,644	727,801	-	565,726	173,704	427,423	427,423
Total liabilities		627,790	5,270,790	(5,265,726)	(5,265,726)	654,203	1,287,057	1,287,057
Net assets		845,183	13,654,369	13,521,823	20,081,823	(358,761)	27,662,614	34,222,614
Equity								
Share capital	17	30,617,047	(11,984,072)	14,297,142	20,857,142	-	32,930,117	39,490,117
Reserves	18	818,407	892,663	385,000	385,000	-	2,096,070	2,096,070
Accumulated losses	19	(30,590,271)	24,745,778	(1,160,319)	(1,160,319)	(358,761)	(7,363,573)	(7,363,573)
Total equity		845,183	13,654,369	13,521,823	20,081,823	(358,761)	27,662,614	34,222,614

The Pro Forma Statement of Financial Position following completion of the Offer is as per the Statement of Financial Position before the Offer adjusted for any subsequent events, the transactions relating to the issue of Shares pursuant to this Prospectus and the Filemobile Acquisition. The Pro Forma Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Pro Forma Statement of Financial Position set out in Appendix 2 of this Report.

APPENDIX 2
NEWZULU LIMITED

NOTES TO AND FORMING PART OF THE PRO FORMA STATEMENT OF FINANCIAL POSITION

	Newzulu Audited 30-Jun-14	Pro-forma after issue \$10 million raising	\$17 million raising
NOTE 1. CASH AND CASH EQUIVALENTS	\$	\$	\$
Cash and cash equivalents	1,116,344	6,376,130	12,936,130
<i>Subsequent events:</i>			
Completion of Placement on 12 August 2014		3,000,000	3,000,000
Payment of fundraising fee relating to Placement		(160,750)	(160,750)
Completion of Newzulu Acquisition on 13 August 2014		75,037	75,037
Cash settlement of transaction costs relating to Newzulu Acquisition		(838,613)	(838,613)
Partial repayment of the Scarf Loan		(177,097)	(177,097)
Advancement of further funds pursuant to the Scarf Loan Agreement		406,000	406,000
Payment of outstanding fees to Gandalf Ventures Limited		(130,000)	(130,000)
Advancement of funds pursuant to First and Second Blueroom Loan Agreements		5,000,000	5,000,000
Payment of outstanding fundraising fees pursuant to First and Second Blueroom Loan Agreements		(300,000)	(300,000)
Net cash outflows incurred between the period 1 July 2014 to 30 November 2014		(4,468,659)	(4,468,659)
<i>Subtotal</i>		2,405,917	2,405,917
<i>Adjustments to arise at the pro-forma balance:</i>			
Repayment of remaining Scarf Loan		(683,903)	(683,903)
Acquisition of Filemobile		41,532	41,532
Payment of cash consideration for acquisition of Filemobile		(5,085,000)	(5,085,000)
Payment of transaction costs relating to Filemobile Acquisition		(358,761)	(358,761)
<i>Subtotal</i>		(6,086,132)	(6,086,132)
<i>Pro-forma adjustments relating to the Offer:</i>			
Proceeds for shares issued under the Offer		10,000,000	17,000,000
Costs of the Offer (including relisting fees from ASX)		(1,060,000)	(1,500,000)
<i>Subtotal</i>		8,940,000	15,500,000
Pro-forma Balance		6,376,130	12,936,130

	Newzulu Audited 30-Jun-14	Pro-forma after issue \$10 million raising	\$17 million raising
NOTE 2. TRADE AND OTHER RECEIVABLES	\$	\$	\$
Trade and other receivables	98,907	733,897	733,897
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		198,499	198,499
Issue of purchaser Options to Mr Hartman		20,000	20,000
<i>Subtotal</i>		218,499	218,499
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		416,491	416,491
Pro-forma Balance		733,897	733,897

	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 3. CURRENT INCOME TAX ASSETS			
	\$	\$	\$
Current income tax assets	988	186,542	186,542
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		185,554	185,554
Pro-forma Balance		186,542	186,542

	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 4. RELATED PARTY LOANS			
	\$	\$	\$
Related party loans	-	37,902	37,902
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		37,902	37,902
Pro-forma Balance		37,902	37,902

	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 5. OTHER CURRENT ASSETS			
	\$	\$	\$
Other current assets	26,424	121,171	121,171
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		73,025	73,025
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		21,722	21,722
Pro-forma Balance		121,171	121,171

	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 6. PROPERTY, PLANT & EQUIPMENT			
	\$	\$	\$
Property, plant & equipment	3,902	505,652	505,652
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		8,275	8,275
Capital expenditure incurred between the period 1 July 2014 to 30 November 2014		472,891	472,891
<i>Subtotal</i>		481,166	481,166
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		20,584	20,584
Pro-forma Balance		505,652	505,652

	Newzulu Audited 30-Jun-14 \$	Pro-forma after issue \$10 million raising \$	\$17 million raising \$
NOTE 7. INTANGIBLE ASSETS & GOODWILL			
Intangible assets & goodwill	-	20,761,969	20,761,969
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		993,821	993,821
Elimination entry on Newzulu Acquisition		(3,684,433)	(3,684,433)
Fair value adjustment on Newzulu Acquisition		18,399,261	18,399,261
<i>Subtotal</i>		15,708,649	15,708,649
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		5,053,320	5,053,320
Pro-forma Balance		20,761,969	20,761,969

	Newzulu Audited 30-Jun-14 \$	Pro-forma after issue \$10 million raising \$	\$17 million raising \$
NOTE 8. TRADE & OTHER PAYABLES			
Trade & other payables	422,936	142,374	142,374
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		893,710	893,710
Issue of Options to Directors in lieu of fees owed		(60,000)	(60,000)
Cash settlement of transaction costs relating to Newzulu Acquisition		(454,672)	(454,672)
Payment of outstanding fees to Gandalf Ventures Limited		(129,881)	(129,881)
Net cash outflows incurred between the period 1 July 2014 to 30 November 2014		(672,093)	(672,093)
<i>Subtotal</i>		(422,936)	(422,936)
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		142,374	142,374
Pro-forma Balance		142,374	142,374

	Newzulu Audited 30-Jun-14 \$	Pro-forma after issue \$10 million raising \$	\$17 million raising \$
NOTE 9. LOANS & BORROWINGS			
Loans & borrowings	2,413	161,297	161,297
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		158,884	158,884
Pro-forma Balance		161,297	161,297

	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 10. LOANS & BORROWINGS FROM RELATED PARTIES	\$	\$	\$
Loans & borrowings from related parties	-	26,601	26,601
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		820,770	820,770
Forgiveness of loans advanced by Matilda Media Pty Ltd		(794,169)	(794,169)
<i>Subtotal</i>		26,601	26,601
Pro-forma Balance		26,601	26,601

	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 11. DERIVATIVE LIABILITY	\$	\$	\$
Derivative liability	-	-	-
<i>Subsequent events:</i>			
Advancement of funds pursuant to First and Second Blueroom Loan Agreements		5,000,000	5,000,000
Payment of outstanding fundraising fees pursuant to First and Second Blueroom Loan Agreements		(300,000)	(300,000)
<i>Subtotal</i>		4,700,000	4,700,000
<i>Adjustments to arise at the pro-forma balance:</i>			
Conversion of Blueroom Loan pursuant to First and Second Blueroom Loan Agreements		(5,000,000)	(5,000,000)
Write off of fundraising fees pursuant to First and Second Blueroom Loan Agreements		300,000	300,000
<i>Subtotal</i>		(4,700,000)	(4,700,000)
Pro-forma Balance		-	-

	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 12. EMPLOYEE BENEFITS	\$	\$	\$
Employee benefits	30,953	270,277	270,277
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		239,324	239,324
Pro-forma Balance		270,277	270,277

	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 13. DEFERRED REVENUE	\$	\$	\$
Deferred revenue	9,102	188,343	188,343
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		179,241	179,241
Pro-forma Balance		188,343	188,343

	New zulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 14. LOANS & BORROWINGS	\$	\$	\$
Loans and borrowings	928	174,632	174,632
<i>Adjustments to arise at the pro-forma balance:</i>			
Acquisition of Filemobile		173,704	173,704
Pro-forma Balance		174,632	174,632

	New zulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 15. LOANS & BORROWINGS FROM RELATED PARTIES	\$	\$	\$
Loans & borrowings from related parties	-	-	-
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		336,823	336,823
Partial repayment of the Scarf Loan		(177,097)	(177,097)
Advancement of further funds pursuant to the Scarf Loan Agreement		406,000	406,000
<i>Subtotal</i>		<u>565,726</u>	<u>565,726</u>
<i>Adjustments to arise at the pro-forma balance:</i>			
Repayment of remaining Scarf Loan		(565,726)	(565,726)
Pro-forma Balance		-	-

	New zulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
NOTE 16. DEFERRED TAX LIABILITY	\$	\$	\$
Deferred tax liability	-	162,075	162,075
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		162,075	162,075
Pro-forma Balance		162,075	162,075

NOTE 17. SHARE CAPITAL	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
	\$	\$	\$
Share capital	30,617,047	32,930,117	39,490,117
<i>Subsequent events:</i>			
Completion of Placement on 12 August 2014		3,000,000	3,000,000
Payment of fundraising fee relating to Placement		(160,750)	(160,750)
Completion of Newzulu Acquisition on 13 August 2014		181	181
Completion of Newzulu Acquisition on 13 August 2014		21,387,717	21,387,717
Elimination entry on Newzulu Acquisition on 13 August 2014		(54,844,014)	(54,844,014)
Fair value adjustment on Newzulu Acquisition		18,399,261	18,399,261
Issue of Advisor shares in relation to Newzulu Acquisition - Wentworth		83,533	83,533
Issue of Advisor shares in relation to Newzulu Acquisition - TMT Partners Pty Ltd		150,000	150,000
<i>Subtotal</i>		(11,984,072)	(11,984,072)
<i>Adjustments to arise at the pro-forma balance:</i>			
Conversion of Blueroom Loan pursuant to First and Second Blueroom Loan Agreements		5,000,000	5,000,000
Payment of loan fees pursuant to First and Second Blueroom Loan Agreements		357,142	357,142
Acquisition of Filemobile		307,434	307,434
Elimination entry on Acquisition of Filemobile		(307,434)	(307,434)
<i>Subtotal</i>		5,357,142	5,357,142
<i>Pro-forma adjustments relating to the Offer:</i>			
Proceeds for shares issued under the Offer		10,000,000	17,000,000
Costs of the Offer		(1,060,000)	(1,500,000)
<i>Subtotal</i>		8,940,000	15,500,000
Pro-forma Balance		32,930,117	39,490,117

NOTE 18. RESERVES	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
	\$	\$	\$
Reserves	818,407	2,096,070	2,096,070
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		103,070	103,070
Issue of purchaser Options to Mr Hartman		1,340,000	1,340,000
Elimination entry on Newzulu Acquisition on 13 August 2014		(818,407)	(818,407)
Issue of Options to Directors in lieu of fees owed		268,000	268,000
<i>Subtotal</i>		892,663	892,663
<i>Adjustments to arise at the pro-forma balance:</i>			
Payment of loan fees pursuant to First and Second Blueroom Loan Agreements		385,000	385,000
Acquisition of Filemobile		4,397,190	4,397,190
Elimination entry on Acquisition of Filemobile		(4,397,190)	(4,397,190)
<i>Subtotal</i>		385,000	385,000
Pro-forma Balance		2,096,070	2,096,070

NOTE 19. ACCUMULATED LOSSES	Newzulu	Pro-forma after issue	
	Audited	\$10 million	\$17 million
	30-Jun-14	raising	raising
	\$	\$	\$
Accumulated losses	(30,590,271)	(7,363,573)	(7,363,573)
<i>Subsequent events:</i>			
Completion of Newzulu Acquisition on 13 August 2014		(1,169,394)	(1,169,394)
Issue of purchaser Options to Mr Hartman		(1,320,000)	(1,320,000)
Elimination entry on Newzulu Acquisition on 13 August 2014		30,590,271	30,590,271
Forgiveness of loans advanced by Matilda Media Pty Ltd		794,169	794,169
Issue of Options to Directors in lieu of fees owed		(208,000)	(208,000)
Cash settlement of transaction costs relating to Newzulu Acquisition		(383,941)	(383,941)
Issue of Advisor shares in relation to Newzulu Acquisition - Wentworth		(83,533)	(83,533)
Issue of Advisor shares in relation to Newzulu Acquisition - TMT Partners Pty Ltd		(150,000)	(150,000)
Payment of outstanding fees to Gandalf Ventures Limited		(119)	(119)
Net cash outflows incurred between the period 1 July 2014 to 30 November 2014		(3,323,675)	(3,323,675)
<i>Subtotal</i>		24,745,778	24,745,778
<i>Adjustments to arise at the pro-forma balance:</i>			
Write off of fundraising fees pursuant to Blueroom Loan Agreement		(300,000)	(300,000)
Payment of loan fees pursuant to First and Second Blueroom Loan Agreements - Shares		(357,142)	(357,142)
Payment of loan fees pursuant to First and Second Blueroom Loan Agreements - Options		(385,000)	(385,000)
Repayment of remaining Scarf Loan		(118,177)	(118,177)
Acquisition of Filemobile		(4,672,944)	(4,672,944)
Elimination entry on Acquisition of Filemobile		4,672,944	4,672,944
Payment of transaction costs relating to Filemobile Acquisition		(358,761)	(358,761)
<i>Subtotal</i>		(1,519,080)	(1,519,080)
Pro-forma Balance		(7,363,573)	(7,363,573)

NOTE 20: RELATED PARTY DISCLOSURES

Transactions with related parties and Director's interests are disclosed in the Prospectus.

NOTE 21: COMMITMENTS AND CONTINGENCIES

At the date of this Report, no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

7. Material Contracts

7.1 Share Purchase Agreement – Filemobile Acquisition

As announced on 23 October 2014, the Company and Newzulu Canada (the Company's wholly owned subsidiary) entered into the Filemobile Agreement with the existing shareholders of Filemobile (**Filemobile Shareholders**) in respect to the Filemobile Acquisition (refer to Section 1.2).

The Filemobile Agreement is governed by the laws of Ontario and the federal laws of Canada applicable therein.

The consideration payable by Newzulu Canada is approximately CAD\$5,000,000 (**Purchase Price**), payable in two (2) instalment amounts as follows:

- (a) CAD\$4,000,000 upon the closing of the transaction; and
- (b) CAD\$1,000,000 payable to the Filemobile Shareholders:
 - (i) within five (5) business days of the earlier of:
 - (A) ten (10) business days after receipt by Newzulu Canada of an unaudited working capital statement for Filemobile which Newzulu Canada does not dispute; or
 - (B) the resolution of any objections made by Newzulu Canada regarding the unaudited working capital statement for Filemobile; and
 - (ii) 15% of the Purchase Price shall be deposited with a third party escrow agent at closing of the transaction for a period of 18 months after the closing to secure the indemnification obligations of the parties under the Filemobile Agreement.

Completion of the Filemobile Acquisition is subject to and conditional upon, among other things:

- (a) no governmental entity issuing any order which has the effect of making the Filemobile Agreement, any related agreement or any of the transactions contemplated by such agreements illegal or otherwise prohibiting or preventing consummation of any such transactions;
- (b) no order or injunction issued by any court preventing the consummation of any of the transactions contemplated by the Filemobile Agreement or any related agreement being in force and there being no threatened or pending proceeding by a governmental entity seeking any such order or injunction;
- (c) the Company obtaining all necessary regulatory and Shareholder approvals required pursuant to the Corporations Act and the Listing Rules and any other requirements, approvals, consents or authorisations from ASIC or ASX as required to legally and validly effect the Filemobile Acquisition, including (without limitation) Shareholder approval in accordance with Listing Rule 11.1.2. The Company will seek these Shareholder approvals at the General Meeting; and

- (d) the Company receiving written confirmation from ASX that ASX will grant conditional re-quotation of the Shares on the Official List.

Pursuant to the Filemobile Agreement, the Company, Newzulu Canada and the Filemobile Shareholders have each given representations and warranties that are considered typical for a transaction of this nature in Canada.

Newzulu Canada and the Company have agreed to indemnify each of the Filemobile Shareholders (and their heirs, attorneys, guardians, estate trustees, executors, trustees successors) from and against all claims and losses incurred or arising from a breach of representations, warranties and covenants made by or on behalf of Newzulu Canada or the Company, subject to certain limitations on liability which are typical for agreements of this nature in Canada.

Likewise, each Filemobile Shareholder has agreed to indemnify Newzulu Canada (and its officers, directors, employees, agents, representatives and affiliates) from and against all claims and losses incurred or arising from a breach of representations, warranties and covenants made by or on behalf of that Filemobile Shareholder, subject to certain limitations on liability which are typical for agreements of this nature in Canada.

The Filemobile Agreement is otherwise on terms and conditions typical for a transaction of this nature in Canada.

7.2 News Agencies Licensing and Distribution Agreements

As detailed in Sections 2.5 and 2.7, the Company (via its various subsidiaries) has entered into licensing and distribution arrangements with some of the worlds largest and most prestigious press associations as follows:

- (a) Agence France Presse;
- (b) The Press Association;
- (c) Australian Associated Press; and
- (d) The Canadian Press.

Each of the above licensing and distribution agreements apportions licensing revenues between the applicable News Agency, the Company and the applicable Contributor. Refer to Section 2.4(a) for further details.

7.3 Lead Manager Mandate

Wentworth was appointed, pursuant to the Lead Manager Mandate, to act on an exclusive basis for a period of 12 months as the lead manager to the Company for various fundraising services (**Newzulu Fundraising**), including the Offer.

During the term of the Lead Manager Mandate, Wentworth will have the first right of refusal to act as the lead manager to the Company for any Newzulu Fundraising.

Wentworth will work with the Company to manage and co-ordinate the Offer in accordance with this Prospectus. Wentworth's role as the lead manager does not include any commitment to underwrite the Offer or any part of it.

The fees payable by the Company to Wentworth in consideration for performing its role as the lead manager and providing the relevant services under the Lead Manager Mandate are:

- (a) a fundraising fee of 6% (plus GST) of the amount raised by Wentworth on the introduction of any and all new equity or debt to the Company;
- (b) an introduction fee of 6% (plus GST) of the amount invested by any investor introduced by Wentworth to the Company during the term or as part of the Lead Manager Mandate;
- (c) where another lead manager to the Company provides strategic or new funding to the Company, a management fee of at least 0.5% of such funding for coordinating the funding as part of the broader Newzulu Fundraising; and
- (d) where the Company attracts funding from an industry participant, a management fee of 0.5% of such funding.

The Company has agreed to indemnify Wentworth, its affiliates and each of their respective directors, officers, employees and agents in respect of loss arising from or in connection with the performance of obligations by Wentworth under the Lead Manager Mandate or a breach by the Company of any provision of the Lead Manager Mandate.

7.4 Managing Director Consultancy Deed

The Company entered into a consultancy deed with Mr Alexander Hartman, Gandalf Ventures Limited (a company incorporated under the laws of England and Wales) (**Gandalf Ventures**) and Newzulu UK dated 15 May 2014 (**Consultancy Deed**) pursuant to which the Company agreed to engage Mr Hartman as the managing director of the Company (via a consultancy arrangement with Gandalf Ventures).

Pursuant to the Consultancy Deed, Mr Hartman receives a consultancy fee (**Consultancy Fee**) which comprises of:

- (a) a base consultancy fee of \$300,000 per annum;
- (b) an additional \$95,000 per annum from:
 - (i) 1 January 2015, subject to the Company completing, subsequent to the completion of the Placement, one or more capital raisings which raise an aggregate amount of at least \$5,000,000 (**Further Capital Raising**); or
 - (ii) if the Further Capital Raising is not completed by 1 January 2015, the date upon which the Further Capital Raising is completed, provided that the Further Capital Raising is been completed within 12 months of the completion of the Newzulu Acquisition;
- (c) an incentive package, to be negotiated between the parties, with a total maximum value in the calendar year commencing 1 January 2015 of \$197,500, subject to completion of the Further Capital Raising by the date that is 12 months after the completion of the Newzulu Acquisition; and
- (d) the following accommodation allowances:

- (i) €3,000 per month when Mr Hartman is resident in continental Europe;
- (ii) £3,000 per month when Mr Hartman is resident in the United Kingdom;
- (iii) \$4,000 per month when Mr Hartman is resident in Australia; or
- (iv) \$5,000 per month when Mr Hartman is resident in North America or any other geographic location not contemplated above.

The Consultancy Fee will be reviewed annually on each anniversary date of the completion of the Newzulu Acquisition.

The Company may terminate the Consultancy Deed by providing six (6) months' written notice. If the Company terminates the Consultancy Deed for any reason, other than pursuant to a right of summary dismissal at common law, prior to 15 May 2016, then, to the extent permitted by section 200G of the Corporations Act and other applicable law, the Company will pay Mr Hartman the balance of the Consultancy Fee that would have been paid had the Consultancy Deed remained in force until 15 May 2016.

Mr Hartman may terminate the Consultancy Deed at any time by written notice if the Company is in breach of a material term of the Consultancy Deed.

Upon termination of the Consultancy Deed, Mr Hartman will, at the Company's request resign from any office held by him within the Group.

The Consultancy Deed is otherwise on terms and conditions considered standard for agreements of this nature in Australia.

7.5 Loan Agreements

The Company (both directly and via a subsidiary) has been provided with loan funding as follows:

(a) First Blueroom Loan Agreement

As announced on 8 October 2014, the Company has entered into a loan agreement with Blueroom Capital Pty Ltd ACN 162 559 882 (**Blueroom Capital**) dated 8 October 2014 (**First Blueroom Loan Agreement**). Pursuant to the First Blueroom Loan Agreement, Blueroom Capital advanced \$3,500,000 (**First Blueroom Loan**) to the Company.

The material terms and conditions of the First Blueroom Loan Agreement are as follows:

- (i) **Use of Funds:** the First Blueroom Loan is to be utilised for the Company's existing working capital requirements;
- (ii) **Repayment Date and Conversion:** the First Blueroom Loan is repayable on or before 31 March 2015. The First Blueroom Loan is otherwise convertible into Shares at the Company's option at the greater of:
 - (A) \$0.10 per Share; or

- (B) if the Company completes a capital raising of at least \$8,500,000 (before costs) before 31 March 2015, 80% of the lowest price per Share at which Shares were issued:
- (1) pursuant to such capital raising; or
 - (2) for cash before the completion of such capital raising, or if any Shares were issued pursuant to the capital raising referred to above for less than \$0.10 per Share, that price;
- (iii) **Interest:** no interest is payable in respect of the First Blueroom Loan unless the Company fails to repay the First Blueroom Loan in accordance with the First Blueroom Loan Agreement;
- (iv) **Facility Fee:** the Company must pay to Blueroom Capital, a facility fee which comprises:
- (A) 2,500,000 Shares; and
 - (B) 3,500,000 Options each with an exercise price of \$0.20 and an expiry date that is three (3) years from the date of grant;
- The facility fee is payable on the earlier to occur of:
- (C) the date of early repayment of the First Blueroom Loan;
 - (D) 31 March 2015;
 - (E) the date the First Blueroom Loan is converted into Shares at the Company's option; or
 - (F) in the event the Company defaults on the First Blueroom Loan Agreement, the date Blueroom Capital issues the Company with a notice declaring the First Blueroom Loan to be immediately due and payable; and
- (v) **Security:** the Company grants Blueroom Capital a first ranking security interest on all present and after acquired personal property of the Company in respect of all amounts payable to Blueroom Capital pursuant to the First Blueroom Loan Agreement.

As at the date of this Prospectus, it is the Company's intention to convert the First Blueroom Loan into Shares as soon as reasonably practicable following the completion of the Offer. On this basis, the Company will issue 35,000,000 Shares to Blueroom Capital (each having a deemed issued price of \$0.10).

(b) **Second Blueroom Loan Agreement**

As announced on 30 December 2014, the Company has entered into an additional loan agreement with Blueroom Capital dated 24 December 2014 (**Second Blueroom Loan Agreement**). Pursuant to the Second Blueroom Loan Agreement, Blueroom Capital advanced \$1,500,000 (**Second Blueroom Loan**) to the Company.

The material terms and conditions of the Second Blueroom Loan Agreement are as follows:

- (i) **Use of Funds:** the Second Blueroom Loan is to be utilised for the Company's existing working capital requirements;
- (ii) **Repayment Date and Conversion:** the Second Blueroom Loan is repayable on or before 31 March 2015. Subject to the Company having the necessary placement capacity under Chapter 7 of the Listing Rules, the Second Blueroom Loan is otherwise convertible into Shares at the Company's option at the greater of:
 - (A) \$0.10 per Share; or
 - (B) if the Company completes a capital raising of \$8,500,000 (before costs) before 31 March 2015, 80% of the lowest price per Share at which Shares were issued:
 - (1) pursuant to such capital raising; or
 - (2) for cash before the completion of such capital raising,or if any Shares were issued pursuant to the capital raising referred to above for less than \$0.10 per Share, that price;
- (iii) **Interest:** no interest is payable in respect of the Second Blueroom Loan unless the Company fails to repay the Second Blueroom Loan in accordance with the Second Blueroom Loan Agreement;
- (iv) **Facility Fee:** the Company must pay to Blueroom Capital, a facility fee which comprises:
 - (A) 1,071,429 Shares; and
 - (B) 2,000,000 Options each with an exercise price of \$0.20 and an expiry date that is 3 years from the date of grant;The facility fee is payable on the earlier to occur of:
 - (C) the date of early repayment of the Second Blueroom Loan;
 - (D) 31 March 2015;
 - (E) the date the Second Blueroom Loan is converted into Shares at the Company's option; or
 - (F) in the event the Company defaults on the Second Blueroom Loan Agreement, the date Blueroom Capital issues the Company with a notice declaring the Second Blueroom Loan to be immediately due and payable; and
- (v) **Security:** the Company grants Blueroom Capital a first ranking security interest on all present and after acquired personal property of the Company in respect of all amounts payable to Blueroom Capital pursuant to the First Blueroom Loan Agreement and the Second Blueroom Loan Agreement.

As at the date of this Prospectus, it is the Company's intention to convert the Second Blueroom Loan into Shares as soon as reasonably practicable following the completion of the Offer. On this basis, the Company will, subject to Shareholder approval being obtained at the General Meeting, issue 15,000,000 Shares to Blueroom Capital (each having a deemed issued price of \$0.10).

(c) **Scarf Loan Agreement**

Newzulu Holdings (formerly named "Newzulu Limited"), being the entity acquired by the Company in August 2014 (refer to Section 1.3) is a party to a loan agreement with Mr Peter Scarf (a Shareholder) dated 11 June 2014 (**Scarf Loan Agreement**). Pursuant to the Scarf Loan Agreement, Mr Scarf has advanced to Newzulu Holdings \$861,000 (**Scarf Loan**) of which \$177,097 has subsequently been repaid.

The Scarf Loan is interest free and no fee is payable in regard to it.

The Company is required to repay the outstanding balance of the Scarf Loan to Mr Scarf (being \$683,903) on the earlier of 31 December 2015 or the date that is five (5) business days following the date upon which the Company completes an equity capital raising of at least \$3,500,000. The Company intends to utilise part of the funds raised from the Offer to repay the entirety of the outstanding balance of the Scarf Loan.

7.6 Filemobile Executive Employment Agreements

The Filemobile Executives have entered into the Executive Agreements and subject to completion of the Filemobile Acquisition, they will be appointed as key executives of the Group as follows:

- (a) Mr Marc Milgrom – Global Chief Operating Officer and Managing Director, Canada;
- (b) Mr Stephen Hulford – Chief Technology Evangelist / Global; and
- (c) Mr David Minogue – Senior Vice President, Engineering / Global.

Pursuant to the Executive Agreements:

- (a) Newzulu Canada may re-assign a Filemobile Executive to another position within the Group so long as the new position, authority and location of work is the same or better;
- (b) Newzulu Canada may terminate an Executive Agreement at any time for cause and without notice;
- (c) a Filemobile Executive may terminate the Executive Agreement with 90 days' written notice; and
- (d) in the event that an Executive Agreement is terminated, the Filemobile Executive must resign from any position, office or directorship held within the Group.

Each Filemobile Executive will also enter into non-compete and non-solicitation covenants in favour of Newzulu Canada for the period of two (2) years following completion of the Filemobile Acquisition (each, a **Restrictive Covenant Agreement**).

The Executive Agreements and Restrictive Covenant Agreements are governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein and are on terms and conditions considered typical for agreements of this nature in Canada.

Subject to completion of the Filemobile Acquisition and Shareholder approval at the General Meeting being obtained, the Company intends to issue to the Filemobile Executives, signing incentives as follows:

- (a) Mr Milgrom – 5,000,000 Executive Options and 250,000 Executive Performance Rights;
- (b) Mr Hulford – 150,000 Executive Performance Rights; and
- (a) Mr Minogue – 150,000 Executive Performance Rights.

7.7 Deeds of Access, Indemnity and Insurance

The Company has entered into deeds of indemnity, insurance and access (each, a **Indemnity Deed**) with each of its Directors and the Company Secretary (each, an **Indemnified Party**) which confirms each Indemnified Party's rights of access to certain books and records of the Company for a period of seven (7) years after the Indemnified Party ceases to hold office. This seven (7) year period can be extended where certain proceedings or investigations commence before the seven (7) year period expires. The Company retains ownership of all Company books and records.

Under each Indemnity Deed, the Company has agreed to indemnify the Indemnified Party from and against all liabilities incurred by the Indemnified Party as an officer of the Company, to the extent permitted by law.

The Company has also obtained directors' and officers' insurance for each Indemnified Party during their period of office and for a period of seven (7) years after the Indemnified Party cease to hold office. This seven (7) year period can be extended where certain proceedings or investigations commence before the 7 year period expires.

The Indemnity Deeds are otherwise on terms and conditions considered standard for agreements of this nature in Australia.

8. Risk Factors

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

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

8.1 Company Specific Risks

(a) Re-quotation of Shares on the Official List

The Filemobile Acquisition and the Offer constitute a significant change in the scale of the Company's activities and the Company is required to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List. There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation of the Shares on the Official List. Should this occur, the Shares will not be able to be traded on ASX until such time as those requirements can be met, if at all.

(b) Future Capital Needs and Additional Funding

The future capital requirements of the Company will depend on many factors including its business development activities. The Board believes its current cash reserves (including the funds received pursuant to the Second Blueroom Loan Agreement) and the net proceeds of the Offer will be adequate to fund its business development activities, business plan and other Company objectives detailed in this Prospectus (refer to Section 1.8) in the short term. As detailed in Section 1.9, if the Company only achieves the Minimum Subscription, the Company will be required to raise additional funding prior to 30 June 2015 by way of equity capital raisings and/or the establishment of debt facilities. Changes to operational requirements, market conditions and business opportunities may mean further funding is required by the Company, the Group and/ or a business unit at an earlier stage than is currently anticipated.

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. Even if the Offer is fully subscribed and successfully completed, 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.

(c) **Limited Operating History**

The Company, in respect to the business segment acquired from "Newzulu Limited" (now named "Newzulu Holdings Limited") 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.

(d) **Integration Risk of Filemobile Acquisition**

The operating results of the Company will depend on the success of management in integrating the acquisition of Filemobile. There is no guarantee that the Company will be able to integrate this new acquisition into the Company successfully, or that any economic benefits will be able to be realised. There is a risk that the Company's future profitability and prospects could be adversely impacted if successful integration is not achieved in an orderly and timely fashion.

(e) **Reliance on Key Employees**

The Company's and Filemobile'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 or Filemobile's business model and markets, respectively. The departure of certain key employees, including Mr Alexander Hartman and 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 (post completion of the Filemobile Acquisition) 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.

(f) **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 after completion of the Filemobile Acquisition. The capacity of the expanded management team to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

Filemobile'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 Filemobile's products, services, revenue collection, user and contributor satisfaction and public perception.

(g) **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.

Filemobile's future performance may be affected by the level of competition in the media and branding markets in which it operates. Whilst Filemobile 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 Media Factory platform offered by Filemobile.

(h) **Attracting Traffic to Websites**

The Company's growth strategy and future revenues depend on, amongst other things, attracting sufficient web traffic to its websites. 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 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 8), 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.

(i) **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.

Filemobile's business is based upon the licencing of its user-generated content publishing platform to its clients. Filemobile 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, Filemobile 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 Filemobile to suffer financial loss and may lead to Filemobile's reputation suffering amongst its clients.

(j) **Reputational Risks**

The Company and Filemobile operate 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 or Filemobile's reputation (as applicable) and their 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 or Filemobile's profitability (as applicable).

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

The operation of the Company's and Filemobile'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 and Filemobile's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that the Company or Filemobile suffers as a result of a system failure.

Any damage to, or failure of, the Company's or Filemobile's key systems can result in disruptions in the Company's or Filemobile's ability (as applicable) to operate its various crowd-sourced news platforms and other services. Such disruptions have the potential to reduce the Company's or Filemobile's ability (as

applicable) to generate revenue, impact consumer service levels and damage the Company or Filemobile brand (as applicable). This could adversely affect the Company's and Filemobile'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 Filemobile and their businesses cannot be predicted. The costs associated with implementing emerging and future technology changes could be significant.

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

The Company and Filemobile utilise 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 or Filemobile's platforms caused by supplied equipment, software or service failure may reduce the Company's or Filemobile's ability (as applicable) to generate revenue, impact client and consumer service levels and may damage the Company or Filemobile brand (as applicable). This could adversely affect the Company's and Filemobile'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.

(m) **Intellectual Property**

The Company and Filemobile have 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 and Filemobile's proprietary rights in the intellectual property relevant to the Company's or Filemobile's business (as applicable). 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 and Filemobile cannot be certain that the validity, ownership or authorised use of intellectual property relevant to the Company's or Filemobile's business (as applicable) will not be successfully challenged by third parties. In addition, there can be no guarantee that unauthorised use or copying of the Company's or Filemobile's software, data, specialised technology or algorithms will be prevented.

(n) **Privacy and Media Law**

The environment in which the Company and Filemobile operate 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 Filemobile 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.

(o) **Security Breaches**

The Company and Filemobile collect, store and process 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 and Filemobile in the media and communications industry.

Whilst the Company and Filemobile follow 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 or Filemobile'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 or Filemobile (as applicable) 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 or Filemobile 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 and Filemobile are relatively small, vulnerabilities in the information security governance will require remediation in the near future and upon completion of the Filemobile Acquisition.

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

The Company's and Filemobile'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 and Filemobile'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 and Filemobile's services and products and their financial performance.

(q) **Overseas Operations and Expansion**

Filemobile is presently headquartered in Toronto, Canada.

As detailed in Section 2.7, the Company is presently headquartered in Paris and has established bureaus (i.e. local representative offices) in New York, London, Sydney, Toronto, Montreal, Los Angeles 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.

(r) **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.

(s) **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.

8.2 General Risks

(a) Securities 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 8.

(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 Euros and most of its costs are in Euros 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.

9. Rights Attaching to Securities

9.1 Rights 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 Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) 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 and the Constitution.

(b) 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:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) 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
- (iii) 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.

(c) 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. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. 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.

(d) **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.

(e) **Transfer of Shares**

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

(f) **Future increase in capital**

The allotment and 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 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.

(g) **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.

9.2 Terms and Conditions of Executive Options

The Executive Options are proposed to be issued to the Mr Marc Milgrom (a Filemobile Executive) as detailed in Sections 1.10 and 7.6. The issue of the Executive Options is subject to Shareholder approval to be sought at the General Meeting. The Executive Options entitle the holder to acquire Shares on the following terms and conditions:

- (a) Each Executive Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) The exercise price of each Executive Option is \$0.20 (**Exercise Price**).
- (c) the Executive Options will expire on the date that is three (3) years from their date of issue (**Expiry Date**).
- (d) The Executive Options are exercisable at any time prior to the Expiry Date.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) 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.
- (j) 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 four (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.
- (k) 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):
 - (i) 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
 - (ii) no change will be made to the Exercise Price.

- (l) 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 (5) 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.

- (m) 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.
- (n) 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.
- (o) The Executive Options will not be quoted on the ASX.
- (p) 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.
- (q) 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.

- (r) 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).

9.3 Terms and Conditions of Executive Performance Rights

The Executive Performance Rights are proposed to be issued to the Filemobile Executives as detailed in Sections 1.10 and 7.6. The issue of the Executive Performance Rights is subject to shareholder approval to be sought at the General Meeting. The Executive Performance Rights entitle the holder to be issued Shares on the following terms and conditions:

- (a) Each Executive Performance Right will automatically convert into one Share on the date two (2) years after completion of the Filemobile Acquisition (**Milestone Date**).
- (b) The Company is not permitted to extend the Milestone Date without approval by the Shareholders.
- (c) 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:
 - (i) death;
 - (ii) total and permanent disability;
 - (iii) bona fide redundancy;
 - (iv) Newzulu Canada terminates the holder's employment without cause;
 - (v) bona fide retirement; or
 - (vi) any other circumstances approved by the Board,**(Performance Condition)**.
- (d) If the holder ceases to be employed by Newzulu Canada (as the case may be) for any of the reasons described in the Performance Condition, the holder will be considered a "good leaver" (**Good Leaver**).
- (e) The Board will (in its sole discretion) determine if the Performance Condition has been satisfied.
- (f) If the Board determines that the Performance Condition has been satisfied, then:
 - (i) the Company will notify the holder in writing that the Executive Performance Right has vested; and
 - (ii) 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.

- (g) 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.
- (h) 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.
- (i) 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.
- (j) All Shares issued upon conversion of a Executive Performance Right will rank equally in all respects with all previously issued Shares at the time being on issue.
- (k) 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.
- (l) Unless the Board otherwise determines, no amount is payable by a holder on the vesting of an Executive Performance Right.
- (m) 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.
- (n) 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.
- (o) Unless the Board resolves otherwise, where, in the Board's opinion, a holder at any time:
 - (i) acts or has acted fraudulently or dishonestly; or
 - (ii) 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:

- (iii) deem any unvested Executive Performance Rights of the holder to have immediately lapsed; or
- (iv) 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:
 - (A) agreed to sell such Shares to the Company pursuant to a share scheme buy-back for no consideration; or
 - (B) 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.

- (p) 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.
- (q) 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.
- (r) 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.
- (s) 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 (p) and (r) 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.
- (t) Paragraphs (p), (r) and (s) 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.
- (u) 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.
- (v) 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:
 - (i) 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;

- (ii) a takeover bid:
 - (A) is announced;
 - (B) has become unconditional; and
 - (C) the person making the takeover bid has a relevant interest in 50% or more of the Shares; or
- (iii) any person acquires a relevant interest in 50.1% or more of the Shares by any other means.
- (w) The Executive Performance Rights will not be quoted on the ASX.
- (x) Subject to paragraph (y), 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.
- (y) Paragraph (x) does not apply to the transmission of Executive Performance Rights to a legal personal representative of a holder following that holder's death.
- (z) 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.
- (aa) 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).

10. Additional Information

10.1 Interests of Directors

No Director (or entity in which they are a partner or director) has, or has had in the two (2) years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director of the Company for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offer,

except as disclosed in this Prospectus and Mr Alexander Hartman's increase in Consultancy Fee detailed in Section 7.4.

10.2 Director Holdings

As at the date of this Prospectus, the interests of the Directors and their associated entities in the Securities are as follows:

Director	Shares	Options
Mr Alexander Hartman	155,228,686 ¹	20,000,000
Mr Peter Gunzburg	11,095,784	2,100,000
Mr Philip Kiely	4,450,870	Nil
Mr Theo Hnarakis	Nil	2,000,000
Mr Mark Pitts	150,000	24,999

Note:

1. Refer to Section 1.13 for further details about Mr Hartman's associated entities.

Subject to Shareholder approval of Resolutions 1 to 5 (inclusive) being obtained at the General Meeting:

- (a) Mr Hnarakis (or his nominee) intends to participate in the Offer by subscribing for up to 2,000,000 Shares pursuant to this Prospectus; and
- (b) Mr Kiely (or his nominee) intends to participate in the Offer by subscribing for up to 1,000,000 Shares pursuant to this Prospectus.

The Shares that may be issued to Mr Hnarakis or Mr Kiely (or their respective nominees) will be on the same terms as other Applicants. No other Directors or any of their associates intend to participate in the Offer.

10.3 Remuneration of Directors

The remuneration (including superannuation) of existing Directors for the past two (2) financial years and for this financial year to 31 December 2014 is as follows:

	Financial Year 2015 (to 31 December 2014) (\$)	Financial Year 2014 (\$)	Financial Year 2013 (\$)
Mr Alexander Hartman ¹	146,707	Nil	Nil
Mr Peter Gunzburg	21,900	43,700	44,378
Mr Philip Kiely ²	21,900	11,395	Nil
Mr Theo Hnarakis ³	8,477	Nil	Nil
Mr Mark Pitts ⁴	30,000	60,000	60,000
TOTAL	228,984	115,095	104,378

Notes:

1. Appointed on 14 August 2014.
2. Appointed on 28 March 2014.
3. Appointed on 22 October 2014.
4. These figures include Mr Pitts's remuneration as Company Secretary. Between 1 July 2014 and 30 November 2014, Mr Pitts also received \$27,553 for his services in relation to the Newzulu Acquisition, the Company's re-compliance with Chapters 1 and 2 of the Listing Rules, the general meeting of Shareholders held on 17 December 2014 and the Second Blueroom Loan.

10.4 Interests of Promoters, Experts and Advisers

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) do not hold, have, and have not had in the two (2) years before the date of this Prospectus, any interest in:

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

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offer, except as disclosed in this Prospectus and as follows:

- (a) Hardy Bowen has acted as the Australian lawyers to the Offer. In respect of this work the Company will pay approximately \$165,000. During the two (2) years before the date of this Prospectus, Hardy Bowen has provided the Company legal services and have or will be paid approximately \$270,094 for these services;
- (b) BDO Corporate Finance (WA) Pty Ltd has prepared the Investigating Accountant's Report included in Section 6. In respect of this work the Company

will pay approximately \$25,000. During the two (2) years before the date of this Prospectus, BDO Corporate Finance (WA) Pty Ltd has provided the Group accounting services and have or will be paid approximately \$38,383 for these services; and

- (c) Wentworth Global Capital Partners Pty Ltd has been engaged to act as lead managers to the Offer (refer to Sections 1.24 and 7.2). In respect of this work the Company will pay approximately \$600,000 to \$1,020,000. During the two (2) years before the date of this Prospectus, Wentworth Global Capital Partners Pty Ltd has provided the Company with corporate advisory and fundraising services and has been paid approximately \$579,544 and received 2,088,318 Shares for these services.

The amounts disclosed above are exclusive of GST.

10.5 Related Party Transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

10.6 Expenses of Offer

The total expenses of the Offer payable by the Company is as follows:

	Minimum Subscription (\$)	Offer Fully Subscribed (\$)
ASIC Lodgement Fee	2,290	2,290
ASX Quotation Fee	96,069	96,069
Lead Manager Fee	600,000	1,020,000
Legal Fees	165,000	165,000
Investigating Accountant Fee	25,000	25,000
Consultancy Fees	100,000	100,000
Share Registry Fees	10,000	15,000
Other costs	61,641	76,641
TOTAL	1,060,000	1,500,000

10.7 Company Tax Status and Financial Year

The Directors expect the Company will be taxed in Australia as a public company.

The financial year of the Company ends on 30 June annually. The taxation year of the Company ends on 30 June annually.

Revenues and expenditures disclosed in this Prospectus are presented exclusive of the amount of GST, unless otherwise disclosed.

10.8 Taxation Implications

The acquisition and disposal of Shares will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in

Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the Shares.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

10.9 ASX Announcements

The Company has lodged the following announcements with ASX since the lodgement of its 2014 annual report with ASX on 24 October 2014:

Date Lodged	Description of Announcement
5 January 2015	Investor Presentation
2 January 2015	Notice of General Meeting
30 December 2014	Shareholder Update
19 December 2014	Suspension
19 December 2014	Offer Extended and Terms Revised
17 December 2014	Results of General Meeting
17 December 2014	Suspension from Official Quotation
9 December 2014	Newzulu Extends Relationship with AAP
8 December 2014	Prospectus to raise \$17million
5 December 2014	Change in Directors Interest Notice
5 December 2014	Filemobile Executives to join Management Team
5 December 2014	Investor Presentation December 2014
4 December 2014	Appendix 3B – Director Option Issue
3 December 2014	Recompliance Prospectus to raise up to \$17 million
3 December 2014	Addendum to the Notice of General Meeting
28 November 2014	AGM Shareholder Presentation
27 November 2014	Results of Annual General Meeting
17 November 2014	Notice of General Meeting of Shareholders
31 October 2014	September Quarter Appendix 4C

Date Lodged	Description of Announcement
29 October 2014	Notice of Annual General Meeting
27 October 2014	Initial Director's Interest Notice
27 October 2014	Investor Update Filemobile Acquisition and Livezulu

10.10 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

10.11 Consents

Each of the parties referred to in this Section 10.11:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes 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.

None of the parties referred to in this Section 10.11 authorised or caused the issue of this Prospectus or the making of the Offer.

Name	Role
BDO Corporate Finance (WA) Pty Ltd	Investigating Accountant
Hardy Bowen	Lawyers (Australia)
Computershare Investor Services Pty Limited	Share Registry
Wentworth Global Capital Partners Pty Ltd	Lead Manager
KPMG	Auditor

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

10.12 Continuous Disclosure

The Company is a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules which require it to disclose to ASX any information which it becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Securities. Exceptions apply for certain information which does not have to be disclosed.

Other documents that are required to be lodged include:

- (a) quarterly cashflow reports, provided to ASX within a specified time at the end of each quarter;
- (b) half yearly reports and preliminary financial statements, provided to ASX within a specified time of the end of each half and full year accounting period respectively; and
- (c) financial statements, lodged with ASX within a specified time after the end of each accounting period.

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 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 ASIC;
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during between the Opening Date and the Closing Date:
 - (i) the annual financial report for the Company for the financial year ended 30 June 2014 (being the annual financial report most recently lodged by the Company with ASIC);
 - (ii) any continuous disclosure notices given by the Company during the period after lodgement of the annual financial report for the year ended 30 June 2014 and before the date of this Prospectus; and
 - (iii) the documents used to notify ASX of information relating to the Company during the period after lodgement of the annual financial report for the year ended 30 June 2014 and before the date of this Prospectus.

10.13 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

10.14 Documents Available for Inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 10.11.

10.15 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the Historical Financial Information in Section 5 and pro forma financial information in Section 6, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

11. Authorisation

This Prospectus is authorised by each of the Directors.

This Prospectus is signed for and on behalf of the Company by:



Peter Gunzburg

Non-Executive Director

Dated: 12 January 2015

12. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

AAP	Has the meaning given in Section 2.5
AASB	Australian Accounting Standards Board.
AFP	Has the meaning given in Section 2.5.
Americas	Has the meaning given in Section 2.8.
Annual General Meeting	The annual general meeting of the Shareholders which was held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Thursday, 27 November 2014 at 3:00pm (WST).
API	Has the meaning given in Section 3.2.
App	A software application developed to be run on an electronic device such as a smartphone, tablet and other mobile device.
Applicable Withholdings and Deductions	Has the meaning given in Section 9.2 and Section 9.3.
Application Form	The application form attached to, or accompanying, this Prospectus.
Applicant	A person who submits an Application Form.
Application	A valid application for Shares under the Offer made pursuant to an Application Form.
Application Monies	Application monies for Shares under the Offer received and banked by the Company.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.
ASX Settlement Operating Rules	ASX Settlement Operating Rules of ASX Settlement Pty Ltd ABN 49 008 504 532.
Blueroom Capital	Has the meaning given in Section 7.5(a).
Board	The board of Directors from time to time.
Brand Entities	Has the meaning given in Section 2.3(e).
Brand Stories	Has the meaning given in Section 2.3(e).

CAGR	Has the meaning given in Section 2.9.
CAD\$	Canadian dollars.
CHESS	Has the meaning given in Section 1.19.
Closing Date	The closing date of the Offer detailed in the Indicative Timetable.
Company	Newzulu Limited ACN 078 661 444.
Company Historical Financial Information	Has the meaning given in Section 5.1(a).
Constitution	The constitution of the Company.
Consultancy Deed	Has the meaning given in Section 7.4.
Consultancy Fee	Has the meaning given in Section 7.4.
Content	Has the meaning given in Section 2.2.
Contributors	Has the meaning given in Section 2.2.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
CP	Has the meaning given in Section 2.5.
Directors	The Directors of the Company.
Employee Share Trust	Has the meaning given in Section 1.11.
EU	Has the meaning given in Section 8.1(n).
Executive Agreement	Has the meaning given in Section 4.2.
Executive Options	The Options proposed to be issued to the Filemobile Executives, subject to Shareholder approval, the terms and conditions of which are detailed in Section 9.2.
Executive Performance Rights	Rights to subscribe for a Share which are proposed to be issued to the Filemobile Executives, subject to Shareholder approval, the term and conditions of which are detailed in Section 9.3.
Exercise Price	Has the meaning given in Section 9.2.
Expiry Date	Has the meaning given in Section 9.2.
Filemobile	Has the meaning given in Section 1.2.
Filemobile Acquisition	Has the meaning given in Section 1.2.
Filemobile Business	Has the meaning given in Section 3.1

Filemobile Executive	Has the meaning given in Section 4.2.
Filemobile Historical Financial Information	Has the meaning given in Section 5.1(c).
Filemobile Agreement	Has the meaning given in Section 1.2.
Filemobile Shareholders	Has the meaning given in Section 7.1.
First Blueroom Loan	Has the meaning given in Section 7.5(a).
First Blueroom Loan Agreement	Has the meaning given in Section 7.5(a).
Further Capital Raising	Has the meaning given in Section 7.4.
Gandalf Ventures	Has the meaning given in Section 7.4.
General Meeting	Has the meaning given in Section 1.3.
Good Leaver	Has the meaning given in Section 9.3.
Group	The Company and each of its subsidiaries, including the entities detailed in Section 2.1.
GST	Goods and Services Tax.
Historical Financial Information	Has the meaning given in Section 5.1.
Kiosk and WiFi Business	Has the meaning given in Section 2.1.
IASB	International Accounting Standards Board.
Indemnified Party	Has the meaning given in Section 7.7.
Indemnity Deed	Has the meaning given in Section 7.7.
Investigating Accountant's Report	The investigating accountant's report dated 8 January 2015 prepared by BDO Corporate Finance (WA) Pty Ltd.
Indicative Timetable	The indicative timetable for the Offer on page 2.
Investment Overview	The investment overview in respect of the Company commencing on page 8.
Lead Manager Mandate	Has the meaning given in Section 1.24.
Listing Rules	The official listing rules of ASX.
Matilda Media	Has the meaning given in Section 1.13.
Milestone Date	Has the meaning given in Section 9.3.
Minimum Subscription	Has the meaning given in Section 1.5.

News Agencies	Has the meaning given in Section 2.2.
Newzulu Acquisition	Has the meaning given in Section 1.3.
Newzulu Business	Has the meaning given in Section 2.1
Newzulu Canada	Has the meaning given in Section 1.2.
Newzulu Holdings	Has the meaning given in Section 5.1(b).
Newzulu Holdings Historical Financial Information	Has the meaning given in Section 5.1(b).
Newzulu Holdings Group	Has the meaning given in Section 5.1(b).
Newzulu Fundraising	Has the meaning given in Section 7.3.
Newzulu Platform	Has the meaning given in Section 2.2.
Newzulu UK	Has the meaning given in Section 7.2(b).
Offer	The offer pursuant to this Prospectus by the Company of up to 170,000,000 Shares at an issue price of \$0.10 each to raise up to \$17,000,000 (before costs).
Official List	The official list of ASX.
Official Quotation	Official quotation by ASX in accordance with the Listing Rules.
Opening Date	The date specified as the opening date in the Indicative Timetable.
Option	An option to acquire a Share.
Original Prospectus	The prospectus issued by the Company dated 3 December 2014, which was lodged with ASIC on that date and is replaced by this Prospectus.
PA	Has the meaning given in Section 2.5.
Performance Conditions	Has the meaning given in Section 9.3.
Placement	Has the meaning given in Section 5.2(f).
Privacy Statement	The privacy statement detailed on pages 4 and 5.
Prospectus	This replacement prospectus dated 12 January 2015, which replaces the prospectus issued by the Company dated 3 December 2014 and lodged with ASIC on that date and includes any supplementary or replacement prospectus.

Purchase Price	Has the meaning given in Section 7.1.
Recommendations	Has the meaning given in Section 4.3.
Resolution	A resolution that will be put to Shareholders at the General Meeting as detailed in the notice convening the General Meeting despatched to Shareholders on 31 December 2014.
Restrictive Covenant Agreement	Has the meaning given in Section 7.6.
Scarf Loan	Has the meaning given in Section 7.5(c).
Scarf Loan Agreement	Has the meaning given in Section 7.5(c).
SDK	Has the meaning given in Section 3.2.
Section	A section of this Prospectus.
Second Blueroom Loan	Has the meaning given in Section 7.5(b).
Second Blueroom Loan Agreement	Has the meaning given in Section 7.5(b).
Securities	A Share, Option or other form of security issued or granted (as the case may be) by the Company.
Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277.
Shareholder	A registered holder of a Share.
Shares	Fully paid ordinary shares in the capital of the Company.
US Securities Act	Has the meaning given in the Important Notice section.
Wentworth	Has the meaning given in Section 1.24.
WST	Western standard time, being the time in Perth, Western Australia.



Newzulu Limited REPLACEMENT PROSPECTUS

This is a replacement prospectus dated 12 January 2015. It replaces a prospectus dated 3 December 2014 relating to an offer of fully paid ordinary shares of Newzulu Limited.