

Modun Resources Limited

ABN 95 066 139 991
Address Suite 6, 245 Churchill Avenue
Subiaco WA 6008
Tel. +61 8 9217 3300
Fax. +61 8 9388 3006



27 April 2015

Sydney, Australia

ASX Code: MOU

**MOU SIGNS CONDITIONAL SALE AND PURCHASE AGREEMENT TO ACQUIRE LIVETILES
A NEW YORK BASED ENTERPRISE SOFTWARE BUSINESS FOR A\$33.75M IN MOU SHARES**

The Board of Modun Resources Limited (ASX:MOU) (“MOU”) is pleased to announce that it has executed a conditional Sale and Purchase Agreement (“SPA”) to acquire 100% of the issued capital in emerging New York-based software company, LiveTiles Holdings Pty Ltd (“LiveTiles”) (“Transaction”).

Vendors of LiveTiles, which include rhipe Limited (ASX:RHP) have signed the SPA to roll 100% of the shares in LiveTiles into equity in MOU upon satisfaction of certain conditions precedent set out below.

Contemporaneously with the Transaction, MOU will undertake an equity offering to raise a minimum of \$9m for growth capital. BlueOcean Equities have been appointed Lead Manager of the proposed raising.

BUSINESS HIGHLIGHTS

- LiveTiles is a software tool that deploys on top of Microsoft’s cloud collaboration platforms, including SharePoint, Office365 and Azure, enabling organisations to rapidly build and deploy modern business solutions, including intranets and extranets.
- Founded in 2012 by successful technology entrepreneurs, Karl Redenbach and Peter Nguyen-Brown.
- Headquartered in New York, with offices in Melbourne and Richland (Washington State).
- More than \$6.0 million has been invested in product development and working capital to date (including rhipe Limited’s investment in December 2014 (refer ASX: RHP)) and the founders have agreed to invest another \$750,000 between signing and completion which will remain in the business.
- Funds invested to date have been applied towards building two proprietary and innovative software products and assembling an experienced management team that is capable of supporting rapid user and revenue expansion. The two proprietary products are:
 - LiveTiles Mosaic for the education sector; and
 - LiveTiles for the commercial enterprise sector.
- Early adoption strategy for Mosaic targeting free deployments in the K-12 education market.

- Early commercial deployment model for LiveTiles promoting adoption in commercial enterprises, mostly on a “first year free” basis.
- Existing customers have an employee and student/teacher base of approximately 4.1 million.
- Highly scalable business model with a subscription licence fee revenue model for LiveTiles v2.0 launched Feb 2014.

TRANSACTION HIGHLIGHTS

- Conditional Sale and Purchase Agreement signed to acquire 100% of LiveTiles, subject to MOU shareholder approval and re-compliance with Chapters 1 & 2 of the ASX Listing Rules.
- LiveTiles is valued at A\$33.75m and will be 100% acquired via an issue of 225,000,000 MOU shares to LiveTiles shareholders (assuming a share consolidation of 50:1).
- The Transaction contemplates a capital raising of a minimum of \$9 million which will be undertaken concurrently with the Transaction. BlueOcean Equities is acting as Lead manager to the offer.
- Funds raised will be used as growth capital to fund LiveTiles’ sales, marketing and development activities and working capital.
- MOU intends to change its name to LiveTiles Limited.

BUSINESS OVERVIEW

LiveTiles has developed a proprietary software tool that enables organisations to build beautiful user interfaces for Microsoft’s cloud collaboration platforms including SharePoint, Office365 and Azure.

LiveTiles has two products:

- **LiveTiles:**
 - Focused on enterprise customers of all sizes;
 - Used by existing customers with an aggregate employee base of approximately 2.1 million;
 - Existing fee paying and free deployment customers include Nike, Best Buy, Siemens, Thyssen Krupp, Australia Post, Commonwealth Bank and the Tasmanian Government;
 - Subscription licence fee revenue model launched in February 2015;
 - \$115,000 in annualised subscription licence fees generated between 1 February 2015 and 24 April 2015;
 - Sold via direct sales and a recently introduced partner channel; and
 - Exclusive distribution agreement with ASX-listed rhipe Limited in APAC. rhipe’s recent appointment as one of only two companies in Microsoft’s Cloud Services Partner program will allow rhipe to bundle LiveTiles solutions with Office 365. rhipe has 1,500 partners who will become distributors of LiveTiles.
- **LiveTiles Mosaic:**
 - Enables school teachers to create unique and interactive classroom hubs;
 - Focused entirely on user growth and ultimately becoming the leading web and mobile user interface in the K-12 market;
 - Existing customers have a student and teacher base of approximately 2.0 million;
 - Microsoft is actively promoting Mosaic as part of its education strategy; and
 - Current deployment in the education space mirrors Microsoft’s “free to education” model.

MARKET OPPORTUNITY

LiveTiles operates within the fast-growing Enterprise Content Management (“ECM”) market. The ECM market size was estimated to be US\$5.5 billion in 2014 and it is expected to grow at a compound annual growth rate of 14.5% between 2014 and 2018¹. Growth in the ECM market is being driven by:

- the proliferation of data and content;
- the ongoing shift to digital information;
- increasing use of mobile devices in the workplace; and
- the consumerisation of enterprise technology.

Within the ECM market, LiveTiles products currently integrate with Microsoft’s SharePoint, Office365 and Azure platforms. **Every SharePoint, Office365 and Azure Platform-as-a-Service customer is a potential LiveTiles customer.**

- **SharePoint** is one of Microsoft’s core enterprise products. SharePoint’s on-premise and cloud products were estimated to have 191 million users in 2014. This is forecast to grow to 288 million users by 2018 (11% CAGR)².
- **Office365** is Microsoft’s cloud business productivity offering which was estimated to generate run-rate revenue of US\$2.5 billion as at July 2014, an annualised increase of 89%³
- **Azure** is Microsoft’s fast-growing cloud platform and represents a delivery platform for LiveTiles. More than 80% of Fortune 500 companies use the Microsoft cloud⁴.

CONDITIONS IN THE SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement is subject to the satisfaction of various conditions precedent, including:

- MOU being satisfied, to its sole satisfaction, upon the completion of its due diligence investigations on LiveTiles within a 21 day due diligence period;
- LiveTiles being satisfied, to its sole satisfaction, upon the completion of its due diligence investigations on MOU within a 21 day due diligence period;
- MOU obtaining all necessary regulatory and shareholder approvals under the ASX Listing Rules (including Chapters 1 and 2), Corporations Act or any other law to allow completion of the acquisition of LiveTiles;
- rhip Limited (which is an indirect 12.5% shareholder in LiveTiles) obtaining shareholder approval under ASX Listing Rule 10.1 for the sale of a substantial asset, if required;
- MOU undertaking a consolidation of its securities at a ratio to be determined as necessary to re-comply with ASX Listing Rules (share consolidation expected to be 50:1);
- MOU undertaking a capital raising pursuant to a prospectus to raise not less than \$9,000,000; and

¹ *The Radicati Group, Inc.*

² *The Radicati Group, Inc., Microsoft SharePoint Market Analysis, 2014-2018*

³ *Microsoft*

⁴ *Microsoft*

- Karl Redenbach (founder & CEO) and Matthew Brown (CFO) entering into an executive services agreement with MOU and Peter Nguyen-Brown (co-founder and non-executive director) entering into an engagement agreement with MOU.

Upon completion, the MOU board will be restructured. Hugh Warner and Philip Kapp will resign from the MOU Board and three new LiveTiles nominated directors will be appointed. Mike Hill and Andrew Gray will remain on the MOU Board. From completion, the MOU Board will therefore comprise five directors.

ACQUISITION TERMS, CAPITAL RAISING AND INCENTIVE PLAN

In consideration for acquiring 100% of the issued capital in LiveTiles, MOU has agreed (subject to shareholder approval) to issue 225,000,000 shares to LiveTiles shareholders at 15c per share (assuming a share consolidation of 50:1), valuing LiveTiles at \$33.75 million. The consideration shares to be issued to the founders and certain employees of LiveTiles will be subject to an ASX-imposed escrow period of 24 months.

Subject to shareholder approval, MOU has agreed to issue shares to the incoming and remaining directors (in the form of loan stock and assuming a share consolidation of 50:1) as follows:

- 15,000,000 shares vesting in 2 years provided the share price is above 25 cents;
- 10,000,000 shares vesting in 3 years provided the share price is above 35 cents;
- 10,000,000 shares vesting in 4 years provided the share price is above 45 cents.

In order to provide working capital for growth, MOU will undertake a minimum capital raising of \$9,000,000 ("Offer"). BlueOcean Equities has been appointed Lead Manager to the Offer.

INDICATIVE TIMETABLE

The indicative timetable for MOU's re-compliance with the ASX Listing Rules and completion of the Transaction is outlined below:

Event	Indicative Date
Conditional Sale & Purchase Agreement executed	26 April 2015
Due Diligence Completion	May 2015
Dispatch Notice of Meeting	May 2015
Lodgement of Prospectus with ASIC	May 2015
Closing Date of Offer under the Prospectus	June 2015
MOU Shareholders' Meeting	June 2015
Re-Quotation of Shares on ASX	July 2015

This timetable is indicative only and subject to change.

MOU CAPITAL STRUCTURE (Pre Transaction)

Existing Shares	1,774,139,534
Options	350,000,000

MOU CAPITAL STRUCTURE (Post Transaction – assuming a share consolidation of 50:1)

Existing Shares	35,482,791
Consideration shares for LiveTiles	225,000,000
Loan Shares	35,000,000
New shares issued (Capital Raising)	TBD
Existing Options	7,000,000

MOU SALE OF NUURST COAL FIELD

On 5 February 2015, MOU announced the extension of the exclusivity period to enable the proposed purchaser to complete its due diligence and to finalise terms for the sale of the Nuurst Coal Field. Negotiations over the terms of the conditional sale and purchase agreement are continuing and are expected to continue past the expiry date of the exclusivity period which expires on Thursday, 30 April 2015.

On 24 November 2014, MOU announced a highly conditional agreement to sell the Nuurst Coal field. Amongst other terms, the proposed consideration is an upfront payment of US\$1,000,000 and US\$7,000,000 in deferred royalty payments, paid on the basis of US\$0.50 per tonne for the first 14 million tonnes of coal produced. Timing of any future royalty payments would be dependent on if or when the proposed purchaser begins mining operations of the Nuurst Coal Field.

CONTACTS FOR FURTHER INFORMATION

For further information please contact:

Mike Hill

Chairman, Modun Resources Limited

+61 421 056 691