

ASX Release

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Southern Crown Resources Limited

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Rhod Grivas
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Issued Shares and Options:

Shares: 43 million
Unlisted options: 3.5 million

ASX Code: SWR

SOUTHERN CROWN RESOURCES TO ACQUIRE ROMIO – A DISRUPTIVE SOCIAL MEDIA PLATFORM TARGETING THE \$140Bn US LOCAL ADVERTISING MARKET

Highlights

- Southern Crown to acquire ROMIO – a next generation social media crowd-sourced review and recommendations provider, improving on the model of incumbent review and recommendation providers (such as Yelp - US\$3.8Bn MCap).
- ROMIO provides users with credible reviews of services in their neighbourhood from their friends and local experts, while acting as a customer portal for local businesses using a revenue model similar to other successful technology platforms.
- Southern Crown is acquiring ROMIO for a deemed valuation of \$10M in a market where its peers maintain substantially higher values.
- ROMIO is a scalable business model with three years of development, an Apple Store App and website already launched plus an established local presence in New York City.
- Acquisition includes a dynamic management team with extensive experience in online and mobile social media platforms.
- Southern Crown will provide ROMIO with the platform and funding to expand quickly in the US market and eventually into the global market.
- Foster Stockbroking has been appointed Lead Manager and has received commitments for an initial equity placement.

The Directors of Southern Crown Resources Limited ("Southern Crown" or "the Company") are pleased to announce it has executed a Binding Term Sheet to acquire all the shares in Homepeople Corporation, the owner of ROMIO, an online recommendations platform provider in a reverse takeover that will see the New York-based company list on the Australian Securities Exchange.

"ROMIO ticks a lot of the boxes we were looking for in an acquisition," said Southern Crown's Chairman Rhod Grivas. "It is US based, has a unique prospective global product, is modestly valued, ready to roll out, has an experienced and motivated management, and has the potential to deliver outstanding returns to shareholders."

ROMIO provides users with trusted recommendations by handpicking local experts and leveraging social networks to find the best service providers available. As well as providing the ROMIO user with high quality personalised recommendations it assists service providers in getting more clients by turning their social network and client base into a referral network.

ROMIO's existing shareholders include private strategic investors from prominent investment institutions such as early Amazon investor Bob Gelfond, early investor in online betting platform Betfair David Jaxton, former chairman of UBS ASIA Ken Kwok, managing partner at Lazard Investments Sean Reynolds as well as several CEOs and private family offices.

ROMIO was founded in 2010 by Mr Tarik Sansal, the former founder of OnTargetJobs.com, a network of niche recruitment sites backed by Warburg Pincus that was later acquired by publicly listed tech recruitment business Dice.com. Prior to that Tarik worked for global alternative investment hedge fund Moon Capital. It is expected the board will comprise three new directors nominated by ROMIO including Mr Tarik Sansal as managing director. Two of the existing Southern Crown directors will resign at Completion.

ROMIO will benefit from multiple high margin revenue streams, used by other media platform business such as Airbnb and Uber, including a transactional fee for any purchases using the platform, advertising on a pay per click and cost per thousand views basis as well as premium and ultra-premium listings on the platform. The local US media advertisement revenue is projected to be US\$152Bn by 2017 (BIA Kelsey).

The demand for trusted recommendation platforms is growing as an increasing percentage of people regularly read online reviews of local businesses while many existing platforms are considered untrustworthy with fake or paid reviews. ROMIO's platform combines the trustworthiness of a user's social network connections with an ability to drive local commerce.

ROMIO has an established network of acclaimed local experts in New York City including including Robin Newman (Celebrity mom and Writer for Huffington Post, seen on CNN and the Today Show), Lyss Stern (CEO of www.DivaMoms.com parenting expert for Fox News) and Melissa Caruso-Scott (Author of children's fairytale books featured on B&N and Amazon), to name a few. Together these experts have an audience of over 245,995 followers on social media with a successful referral rate of 11%.

"We've received extremely positive feedback in New York City from users looking for personalised curated recommendations they can trust, and from small businesses and freelancers looking to leverage social media and their relationships to increase sales and connect with the community and customers around them," said ROMIO's CEO and founder, Tarik Sansal.

"We plan to rollout the ROMIO platform across four more of the largest US cities before the end of 2015. This should provide a significant share of the US market from which to generate revenues before further expansion both within the US and overseas. We are excited about the opportunity to list on the ASX via this transaction, as it provides investors with exposure to a disruptive tech company at a low valuation, when most tech companies are exclusively available to a concentrated set of institutional investors until they eventually go public at very high valuations."

KEY ACQUISITION TERMS

- Subject to the satisfaction of a number of conditions precedent set out below, SWR will issue 200 million fully paid ordinary shares in Southern Crown (“Shares”) to acquire ROMIO from the existing shareholders of Homepeople Corporation (“Homepeople”), a company incorporated in the US State of Delaware, which owns 100% of ROMIO Inc. The final structure of the transaction will be subject to taxation and other structuring considerations. All shares issued to the shareholders of Homepeople will be escrowed for a minimum of 12 months and may be up to 24 months post re-listing.
- The Company has agreed to provide a loan facility to Homepeople in an amount of up to AUD\$500,000, to be payable in two tranches, with the first tranche of \$300,000 to be provided following the completion of an initial equity placement (refer below), and the second tranche of \$200,000 to be provided following the completion of the rights issue to be undertaken by the Company (also refer below), subject to the parties entering into a formal loan agreement before that time. The funds will be used to pay ongoing expenditure for the development of ROMIO during the transaction period and to assist it with its transaction costs, but cannot be used to repay existing liabilities in ROMIO.
- In addition to the above, the Company has also agreed to issue 150 million performance rights to the incoming management of the Company. The terms of the performance rights remain subject to the approval of ASX (if required). The performance rights will convert into ordinary shares in the Company upon the achievement of the following proposed performance hurdles:
 - 50 million Tranche 1 Performance Rights will vest upon a 30 day VWAP exceeding \$0.10 within 3 years
 - 50 million Tranche 2 Performance Rights will vest upon 30 day VWAP exceeding \$0.15 within 4 years,
 - 50 million Tranche 3 Performance Rights will vest upon 30 day VWAP exceeding \$0.20 within 5 years.

CONDITIONS PRECEDENT

Completion of the Transaction is conditional upon the satisfaction (or waiver by mutual written agreement) of all of the following conditions:

- The Company completing due diligence investigations on ROMIO to its satisfaction;
- Homepeople conducting due diligence investigations on the Company to its satisfaction;

- The Company completing an initial fundraising of at least \$645,000;
- The Company and Homepeople entering into a loan agreement for the provision of the loan to Homepeople referred to above;
- The Company obtaining all necessary regulatory and shareholder approvals required to complete the Transaction, including for a change in the nature and scale of the Company, issue of the Consideration Shares, issue of the Performance Rights, issue of up to 160 million shares to raise up to \$8 million, change the name of the Company to 'Romio Limited', and such other approvals as may be necessary, and
- Homepeople obtaining all necessary regulatory and shareholder approvals required to complete the Transaction.

Southern Crown Resources Ltd will change its name to ROMIO Limited and complete a Board restructure to include the nomination of two ROMIO directors, resignation of two existing Southern Crown directors and the appointment of Tarik Sansal as Managing Director and CEO.

INITIAL FUND RAISING

Southern Crown, through its advisor, Foster Stockbroking has received commitments for an equity placement utilising its placement capacity under ASX Listing Rule 7.1 & 7.1A to issue 10.75 million shares at a price of \$0.03 per share to raise \$0.322m.

Prior to Completion, Southern Crown will also make a non-renounceable Entitlement Offer to existing shareholders on a 1:4 basis to issue 10.75m shares at a price of \$0.03 per share to raise \$0.322m.

The ASX have advised that shares issued under the initial fund raising may be subject to escrow.

The funds from this Initial Fund Raising will be used to meet the costs associated with the ROMIO acquisition, the loan facility made available to ROMIO prior to Completion and general working capital.

PUBLIC OFFER

Subject to the receipt of shareholder approval, Southern Crown will undertake a capital raising of up to \$8.0 million (with a minimum raising of \$6.0 million) to be completed under a prospectus. The majority of these funds will be employed towards expanding the ROMIO subscriber base by launching the business in a number of US cities by the end of 2015.

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

Event	Date
Terms Sheet executed	26 April 15
Announce transaction	29 April 15
Placement undertaken	Week commencing 27 April 15
Rights issue undertaken	May – June 2015
Due diligence ends	June 2015
Despatch notice of meeting to SWR shareholders	June 2015
Lodge prospectus with ASIC	July 2015
Shareholder meeting	July 2015
Close prospectus	September 2015
Re-instated to trading	September 2015

INDICATIVE CAPITAL STRUCTURE

The indicative effect of the Transaction on the capital structure of the Company is expected to be as follows:

Capital Structure	Shares	Options
Current Capital structure	43,000,000	3,500,000
Interim Placement and Entitlement Offer	21,500,000	
Acquisition of ROMIO	200,000,000	
IPO Raising	160,000,000	
Fee for successful IPO	-	30,000,000
Total	424,500,000	33,500,000

CHAPTERS 1 AND 2 RE-COMPLIANCE AND FINANCIAL INFORMATION

The acquisition of ROMIO will result in a change to the nature and scale of the Company and will require shareholder approval under Chapter 11 of the ASX Listing Rules and will also require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company will dispatch a notice of meeting to shareholders seeking all of the relevant approvals in line with the timetable outlined above, with such notice to include detailed information on ROMIO, including detailed financial information showing the effect of the Transaction on the Company.

For further information please contact:

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