

**POTASH MINERALS LIMITED  
(TO BE RENAMED "BUDDY HOLDINGS LIMITED")  
ACN 121 184 316**

**SUPPLEMENTARY PROSPECTUS**

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**1. IMPORTANT INFORMATION**

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 3 November 2015 (**Prospectus**), issued by Potash Minerals Limited (to be renamed "Buddy Holdings Limited") (ACN 121 184 316) (**Company**).

This Supplementary Prospectus dated 24 November 2015 was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Supplementary Prospectus.

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

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at [www.potashmin.com.au](http://www.potashmin.com.au) or on Buddy's website at [www.buddy.com](http://www.buddy.com).

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

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**2. REASONS FOR SUPPLEMENTARY PROSPECTUS**

**2.1 Purpose of this document**

The purpose of this Supplementary Prospectus is to provide:

- (a) further disclosure regarding recent announcements made by the Company;
- (b) an explanation of how the milestones attaching to the Performance Shares relate to the advancement of Buddy's proposed growth strategy and direction;
- (c) an update of the effect of the issue of Consideration Shares by the Company resulting from changes to Buddy's capital structure following the issue of the Prospectus;
- (d) an explanation as to some apparent discrepancies between the pro forma balance sheet set out in Section 10 of the Prospectus and the historical financial information of Buddy set out in Section 11 of the Prospectus; and
- (e) an update with respect to the Delaware merger process for the Company's acquisition of Buddy.

**2.2 Application Forms**

As the content of this Supplementary Prospectus is not considered to be materially adverse to investors:

- (a) applications for Securities under the Offers must be made using the Application Forms attached to or accompanying the Prospectus (see the Application Forms

and Section 6.6 of the Prospectus for detailed instructions on how to complete the Application Forms and return them by the relevant closing date); and

- (b) applicants who have already subscribed for Securities under the Prospectus to the date of this Supplementary Prospectus do not need to take any action.

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### **3. AMENDMENTS TO THE PROSPECTUS**

#### **3.1 Commercial Relationships**

Since lodgement of the Prospectus with ASIC, Buddy has entered into new commercial relationships. In addition to Buddy's commercial relationships set out in Section 7.3(f) of the Prospectus, Buddy is also now a party to the following commercial arrangements:

- (a) Noveda Technologies, Inc. (a global leader in real-time, web-based monitoring of energy and water usage for buildings and civic infrastructure) has selected Buddy to manage all future traffic from their enterprise clients.
- (b) Sears Holdings Corporation (a major US department store and multi-brand retailer) has entered into a master services agreement with Buddy for the provision of technology and services, which provides a framework under which the parties may enter into future agreements covering specified stand-alone commercial projects.

Entry into these commercial arrangements will assist Buddy to meet the milestones required for satisfaction of the Performance Shares (the terms of which are set out in Section 14.6 of the Prospectus) and are otherwise on customary commercial terms.

Investors should note that the evaluation agreements and master services agreement do not contemplate direct revenue generation by Buddy. However, these agreements contemplate future commercial arrangements to be entered into with Buddy following the relevant evaluation period (subject to the counter-parties choosing not to terminate the evaluation agreements or master services agreements).

While certain of Buddy's commercial arrangements may generate ancillary revenue as a result of data being inputted and stored in the Buddy Platform, consistent with Buddy's business model, Buddy only generates material revenue streams through its existing commercial relationships at such time as the counterparty requires access to the data held on the Buddy Platform.

Until counter-parties request access to the data stored by Buddy, the quantum of revenue that may be generated through Buddy's commercial arrangements remains unclear. Buddy's existing commercial arrangements can also be terminated at will (with at least 30, 60 or 90 days notice) by either Buddy or the customer.

#### **3.2 Performance Share Milestones**

Section 14.6 of the Prospectus contains a summary of the terms and conditions of the Performance Shares to be issued to management and proposed management of the Company at Settlement.

The Milestones upon which the Performance Shares convert into Shares are as follows:

- (a) one third (1/3) of all Performance Shares shall convert upon the Company (or its subsidiaries) logging 20,000,000 total discrete connections to any Buddy server or service ("Interactions") by any approved network connected hardware or software application ("Device") per day for no less than 3

consecutive weeks within a period of 24 months from the date of completion of the Public Offer;

- (b) one third (1/3) of all Performance Shares held by the Holder shall convert upon the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with ("New Connection") exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from the date of completion of the Public Offer;
- (c) one third (1/3) of all Performance Shares shall convert upon the Company (or its subsidiaries) satisfying the following milestones within a period of 36 months from the date of completion of the Public Offer:
  - (i) total daily device Interactions with the Buddy Platform exceed 50,000,000 per day for no less than 3 consecutive weeks; and
  - (ii) total number of devices creating New Connections to Buddy exceeding 1,000,000 per week for no less than 3 consecutive weeks.

The Milestones are designed to demonstrate the Company's business and technical traction to the market, using metrics that can be readily compared to publicly available statistics on the size of the overall "Internet of Things" industry. Analysts and press often use "number of devices" or "number of connections" per unit time to describe this market, making Shareholder evaluation of the relative market position of the Company calculable.

It should be noted that references to the "Internet of Things" industry relates to a far broader industry than the industry in which Buddy operates. Buddy considers that it is a first mover in its area of operations and it is therefore very difficult to draw comparisons between Buddy and any competing businesses.

To provide some context in respect of the metrics associated with the Milestones:

- (a) as at the date of the HOA – Buddy was recording approximately 2,000,000 Interactions per day;
- (b) as at the date of this Supplementary Prospectus – Buddy is recording approximately 8,500,000 Interactions per day; and
- (c) as at the date of this Supplementary Prospectus – Buddy is recording approximately 90,000 New Connections per week.

As a first mover in its particular industry, Buddy's short term strategy is to develop a significant market share through contracting with as many counterparties as possible and seeking to contract with significant players in the "internet of Things" industry. In this regard, the Company is of the view that linking the Milestones to individual Interactions and New Connections is more beneficial in the short term than linking the Milestones to revenue or numbers of contracts.

Buddy's long term strategy is to preserve its commercial arrangements with counterparties while continuing to contract with new parties. Buddy is of the view that this strategy will ensure that Buddy is in a position to generate significant revenue through a broad range of clients requiring access to data collected by Buddy while it is in its short term growth phase.

The Performance Share Milestones were selected as a transparent and readily comparable set of metrics for Shareholders and investors to understand the Company's traction in the context of the business strategy set out above.

The Company negotiated the issue of the 10,000,000 Performance Shares (rather than additional Consideration Shares) in order to ensure that part of the consideration payable by the Company would be linked to an increase in the number of clients of Buddy and, as a result, potential increase in revenue in the long term.

### 3.3 Consideration Shares

Since lodgement of the Prospectus, an existing holder of a warrant to acquire Buddy Shares has agreed to a reduction in the number of Buddy Shares to be issued upon exercise of the warrant, which is to be exercised and converted to Buddy Shares prior to Settlement. Additionally, two non-accredited (former employee) Buddy Shareholders in the U.S. who were expected to sell back their shares are now expected to simply transfer them to other parties. The effect of these changes is that the remaining Buddy Shareholders will receive a slightly different proportion of the Consideration Shares.

As a result, Section 7.13 is deleted and replaced with the following:

"As at the date of the Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue:

| Shareholder              | Shares    | %     |
|--------------------------|-----------|-------|
| SINO PORTFOLIO INTNL LTD | 6,450,000 | 5.31% |

On completion of the Offers (assuming the Maximum Subscription is raised under the Public Offer, no Options are exercised, and exclusive of any Performance Shares or Performance Rights converting), the following Shareholders are expected to hold 5% or more of the total number of Shares on issue:

| Shareholder | Shares      | %      |
|-------------|-------------|--------|
| D MCLAUHLAN | 115,591,069 | 15.49% |
| J MACDUFF   | 77,060,713  | 10.32% |

In addition, the table in Section 9.4 of the Prospectus should be updated to note the following:

- (a) D McLauchlan – 115,591,069 Shares; and
- (b) R Borenstein – 12,881,430 Shares.

### 3.4 Financial Information

The Company notes that there appears to be a discrepancy between the financial information of Buddy set out in the pro forma balance sheet in Section 10 of the Prospectus and the balance sheet of Buddy for the year ended 30 June 2015 set out in Section 11.4(b) of the Prospectus. The reason for the apparent discrepancies are that:

- (a) the historical financial information of Buddy set out in Section 11 is stated in US dollars, whereas the historical financial information of Buddy in the pro forma balance sheet has been converted to Australian dollars (using an exchange rate of US\$1.00/AUD\$1.30, being the exchange rate quoted by [www.oanda.com](http://www.oanda.com) based on year end closing rate 30 June 2015; and
- (b) in preparing the pro forma balance sheet, the Investigating Accountant reclassified a non-current liability of Buddy as a current liability on the basis that the Buddy Convertible Notes were amended following 30 June 2015 to convert

immediately prior to Settlement (and therefore be discharged prior to the Company completing its Acquisition of Buddy).

Accordingly, Section 10 of the Prospectus is amended by replacing the Investigating Accountant's Report with the Updated Investigating Accountant's Report included as Annexure A to this Supplementary Prospectus.

### **3.5 Delaware Merger**

Section 13.2 of the Prospectus contains a summary of the Delaware law "Merger" between Buddy and the Company's US Subsidiary which is to be implemented in order to complete the Acquisition.

As part of the Merger, it was originally anticipated that the Company would issue the Consideration Shares to Buddy, which would then distribute the Consideration Shares to the Buddy Shareholders on a pro rata basis. This process would require various regulatory approvals under the Corporations Act.

Following receipt of further US legal advice, the Consideration Shares are now to be issued directly to the Buddy Shareholders, negating the need for the previously anticipated regulatory approvals.

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## **4. PROVISION OF SUPPLEMENTARY PROSPECTUS TO SHAREHOLDERS**

A copy of this Supplementary Prospectus will be available on both the Company's and Buddy's website.

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## **5. DIRECTORS' AUTHORISATION**

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

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**Ananda Kathiravelu**  
**Non-executive Director**  
**For and on behalf of**  
**Potash Minerals Limited**

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## **APPENDIX A – UPDATED INVESTIGATING ACCOUNTANT’S REPORT**

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13 November 2015

The Directors  
Potash Minerals Ltd  
Suite 1 Ground Floor  
437 Roberts Road  
SUBIACO WA 6008

Dear Sirs

### Investigating Accountant's Report

#### Independent Limited Assurance Report on Potash Minerals Limited's (To be renamed Buddy Holdings Limited) Compilation of Pro Forma Historical Financial Information for a Prospectus

We have completed our limited assurance engagement to report on Potash Minerals Ltd's (To be renamed Buddy Holdings Limited) ("Potash") compilation of pro forma financial information. The pro forma financial information consists of the pro forma statement of financial position as at 30 June 2015, and related notes as set out on Section 10 of the Prospectus issued by the company (collectively "the pro forma financial information"). The applicable criteria on which the Directors have compiled the pro forma financial information are specified in Section 10 and described in Note 2 for inclusion in the Prospectus, dated on or about 13 November 2015, and relating to the issue of a minimum of 75,000,000 and up to 125,000,000 new shares in Potash.

Expressions and terms defined in the Prospectus have the same meaning in this report.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the transactions described in Note 2 on the company's financial position as at 30 June 2015 and transactions had taken place at 30 June 2015. As part of this process, information about the company's financial position has been extracted by the Directors from the company's financial statements for the period ended 30 June 2015 on which an audit report has been published.

### Directors' Responsibilities for the Pro Forma Financial Information

The Directors of Potash are responsible for properly compiling the pro forma financial information on the basis of the applicable criteria.



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Accountants  
Auditors  
Advisors

## Our Independence and Quality Control

We have complied with relevant ethical requirements related to assurance engagements which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Australian Standard on Quality Control and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with relevant ethical requirements and applicable legal and regulatory requirements.

## Our Responsibilities

Our responsibility is to express a conclusion on whether anything has come to our attention that the pro forma financial information has not been properly compiled, in all material respects, by the Directors on the basis of the applicable criteria, as described in section 10 of the Prospectus.

We have conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document* (ASAE 3420), issued by the Auditing and Assurance Standards Board. This standard requires that the assurance practitioner plan and perform procedures to obtain limited assurance about whether anything has come to the assurance practitioner's attention that causes the assurance practitioner to believe that the Directors have not compiled, in all material respects, the pro forma financial information on the basis of the pro forma assumptions contained in Note 2 of section 10 of the Prospectus.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information, or of the pro forma financial information itself.

The purpose of the compilation of the pro forma financial information being included in a Prospectus is solely to illustrate the impact of the transactions on unadjusted financial information of the company as if the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transactions at 30 June 2015 would have been as presented.

A limited assurance engagement to report on whether anything has come to our attention that the pro forma financial information has not been properly compiled, in all material respects, on the basis of the applicable criteria, involves performing limited procedures to assess whether the applicable criteria used by Directors in the compilation of the pro forma financial information does not provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and that the:

- related pro forma adjustments do not give appropriate effect to those criteria; and
- resultant pro forma financial information does not reflect the proper application of those adjustments to the unadjusted financial information.



The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, and other procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the pro forma financial information has been prepared, in all material respects, in accordance with the applicable criteria.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the pro forma financial information is not compiled, in all material respects, by the Directors of Potash Minerals Ltd on the basis of the applicable criteria as described in Note 2 section 10 of the Prospectus.

### **Consent**

Bentleys has consented to the inclusion of this report in the Prospectus in the form and context in which it is included.

### **Declaration of Interest**

Bentleys does not have any interest in the outcome of this capital raising other than receiving fees for professional services for preparing the Independent Limited Assurance Report for which normal professional fees will be received.

Yours faithfully



**MARK DELAURENTIS CA**  
**Director**

**POTASH MINERALS LIMITED  
(TO BE RENAMED BUDDY HOLDINGS  
LIMITED)**

PRO FORMA FINANCIAL INFORMATION  
AS AT 30 JUNE 2015

**Potash Minerals Limited**  
**(To be renamed Buddy Holdings Limited)**

This section contains consolidated historical financial information and consolidated pro forma financial information for Potash Minerals Limited (To be renamed Buddy Holdings Limited) as at 30 June 2015. The historical financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and the accounting policies adopted by Potash Minerals Limited as detailed in Note 1. The consolidated pro forma financial information has been derived from the historical financial information and assumes the completion of the pro forma adjustments as set out in Note 2 as if those adjustments had occurred as at 30 June 2015.

The consolidated financial information contained in this section of the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are provided in a financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards and Interpretations.

The consolidated historical financial information comprises:

- The audited consolidated statement of financial position as at 30 June 2015; and
- The notes to the historical financial information.

The consolidated pro forma financial information comprises:

- The unaudited consolidated pro forma statement of financial position as at 30 June 2015, prepared on the basis that the pro forma adjustments detailed in Note 2 had occurred as at 30 June 2015; and
- The notes to the consolidated pro forma financial information.

Collectively referred to as the Financial Information.

**Potash Minerals Limited**  
**(To be renamed Buddy Holdings Limited)**

**APPENDIX 1 – HISTORICAL & PRO-FORMA FINANCIAL INFORMATION**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|                                  |              | <b>Audited*</b><br><b>Potash</b><br><b>Minerals</b><br><b>Limited</b> | <b>Audited*</b><br><b>Buddy</b><br><b>Platform</b><br><b>Inc</b> |                    | <b>Reviewed</b><br><b>Pro-forma post</b><br><b>transactions</b> |
|----------------------------------|--------------|---|--|--------------------|---|
|                                  | <b>Notes</b> | <b>30 June 2015</b>   | <b>30 June 2015</b>  | <b>Adjustments</b> | <b>30 June 2015</b>   |
|                                  |              | <b>\$</b>   | <b>\$</b>  | <b>\$</b>          | <b>\$</b>   |
| <b>Current Assets</b>            |              |   |  |                    |   |
| Cash & Cash equivalents          | <b>3</b>     | 1,073,305   | 78,690   | 7,081,129          | 8,233,124   |
| Trade & Other Receivables        |              | 13,142  | 160,717  | -                  | 173,859   |
| <b>Total current assets</b>      |              | <b>1,086,447</b>  | <b>239,407</b>   | <b>7,081,129</b>   | <b>8,406,983</b>  |
| <b>Non-Current Assets</b>        |              |   |  |                    |   |
| Other Receivables                |              | 350,131   | 12,625   | -                  | 362,756   |
| Investments                      |              | 294,978   | -  | -                  | 294,978   |
| Property, plant & equipment      |              | -   | 93,779   | -                  | 93,779  |
| <b>Total non-current assets</b>  |              | <b>645,109</b>  | <b>106,404</b>   | <b>-</b>           | <b>751,513</b>  |
| <b>TOTAL ASSETS</b>              |              | <b>1,731,556</b>  | <b>345,811</b>   | <b>7,081,129</b>   | <b>9,158,496</b>  |
| <b>Current liabilities</b>       |              |   |  |                    |   |
| Trade & Other Payables           |              | 125,052   | 238,301  | -                  | 363,353   |
| Borrowings                       | <b>4</b>     | -   | 970,424  | (970,424)          | -   |
| <b>Total current liabilities</b> |              | <b>125,052</b>  | <b>1,208,725</b>   | <b>(970,424)</b>   | <b>363,353</b>  |
| <b>TOTAL LIABILITIES</b>         |              | <b>125,052</b>  | <b>1,208,725</b>   | <b>(970,424)</b>   | <b>363,353</b>  |
| <b>NET ASSETS</b>                |              | <b>1,606,504</b>  | <b>(862,914)</b>   | <b>8,051,553</b>   | <b>8,795,143</b>  |
| <b>EQUITY</b>                    |              |   |  |                    |   |
| <b>Capital and Reserves</b>      |              |   |  |                    |   |
| Issued Capital                   | <b>5</b>     | 30,450,232  | 4,517,913  | (11,827,143)       | 23,141,002  |
| Option Reserves                  | <b>7</b>     | -   | 25,539   | 2,509,645          | 2,535,184   |
| Foreign Exchange Reserve         |              | 2,241,138   | -  | (2,241,138)        | -   |
| Accumulated losses               | <b>6</b>     | (28,734,787)  | (5,406,366)  | 17,260,110         | (16,881,043)  |
| Non-Controlling Interest         |              | (2,350,079)   | -  | 2,350,079          | -   |
| <b>TOTAL EQUITY</b>              |              | <b>1,606,504</b>  | <b>( 862,914)</b>  | <b>8,051,553</b>   | <b>8,795,143</b>  |

\* -Entities have been audited by other auditing firms and reviewed by Bentleys as part of the Investigating Accountant's Report.

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**(To be renamed Buddy Holdings Limited)**

**Notes to and Forming Part of the Historical Consolidated Financial Information**

**Note 1. Summary of significant accounting policies**

**(a) Basis of Accounting**

The historical consolidated financial information has been prepared in accordance with the measurement and recognition (but not the disclosure) requirements of Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis, are based on historical cost and except where stated do not take into account changing money values or current valuations of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the Statement of Financial Position requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Financial Position are disclosed where appropriate.

The Statement of Financial Position as at 30 June 2015 is in accordance with the Company's audited financial position at that date. The pro forma Statement of Financial Position as at 30 June 2015 represents the reviewed financial position and adjusted for the transactions discussed in Note 2 to this report. The Statement of Financial Position should be read in conjunction with the notes set out in this report.

**(b) Principles of Consolidation**

***Subsidiaries***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Potash Minerals Limited as at 30 June 2015 and the results of all subsidiaries for the period then ended. Potash Minerals Limited and its subsidiaries together are referred to in this report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the

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impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Potash Minerals Limited.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**(d) Property, Plant and Equipment**

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

|                     |             |
|---------------------|-------------|
| Plant and equipment | 3 – 7 years |
|---------------------|-------------|

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**(e) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

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**(f) Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(g) Acquisition of Subsidiaries and Businesses**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

The acquisition of Buddy Platform Inc has been reflected in the pro forma Statement of Financial Position as at 30 June 2015. In accounting for the acquisition, the Group has taken guidance from the principles of AASB 3 Business Combinations ("AASB 3") and determined that Buddy Platform Inc would be deemed to be the acquirer for accounting purposes. Accordingly, the transaction is accounted for as a reverse asset acquisition. As a result, the pro forma consolidated Statement of Financial Position as at 30 June 2015 has been prepared as a continuation of the Buddy Platform Inc financial statements, with Buddy Platform Inc (as the accounting acquirer) accounting for the acquisitions as from 30 June 2015 (for the purposes of the pro forma consolidated Statement of Financial Position). As the activities of the legal acquirer (Potash Minerals Limited) would not constitute a business based on the requirements of AASB 3, any excess of the deemed consideration over the fair value of the acquisitions, as calculated in accordance with the reverse acquisition accounting principles, cannot be taken to goodwill and has been expensed.

**(h) Impairment of Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.



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Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(i) Investments & Financial Instruments**

*Recognition and de-recognition*

Regular purchases and sales of financial assets are recognised on trade-date being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Statement of Profit or Loss and Other Comprehensive Income as gains and losses from investment securities.

**(i) Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

**(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

**(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**(v) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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*Fair Value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(j) **Payables**

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 30 days.

(k) **Issued Capital**

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) **Employee Benefits**

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(m) **Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense

**(n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in the statement of financial position are shown inclusive of GST.

**Note 2. Actual and Proposed Transactions to Arrive at the Pro-Forma Financial Information**

The pro-forma historical financial information has been prepared by adjusting the reviewed statement of financial position of Potash Minerals Limited as at 30 June 2015 and the reviewed statement of financial position of Buddy Platform Inc ('Buddy'), to reflect the financial effects of the following subsequent events which have occurred in the period since 30 June 2015:

- Convertible notes were issued by Buddy with a value of AUD \$338,233 (USD: \$260,000);
- The convertible notes above and convertible notes issued prior to 30 June 2015 value at AUD \$970,424 (USD: \$745,965) were converted into ordinary shares of Buddy;

and the following pro forma transactions which are yet to occur, but are proposed to occur following completion of the acquisition and capital raising:

- (a) The issue of 500,000,000 consideration shares in consideration for the acquisition of 100% of Buddy Shares on issue;
- (b) The issue of 100,000,000 Performance Shares to the Performance Shares Recipients;
- (c) 2,807,715 Replacement Options and 32,270,858 Performance Rights to holders of Buddy Options;
- (d) The issue of 75,000,000 Shares to raise \$7.5 million (Minimum Subscription) before costs. Payment of costs associated with the offer of \$757,104.
- (e) The issue of 40,000,000 Options under the Prospectus. For the purposes of the Pro-forma Information, this is assumed to be \$0.0392 per Option.
- (f) The issue of 12,500,000 Options as part of the facilitation/transactions costs. For the purposes of the Pro-forma Information, this is assumed to be \$0.0753 per Option.

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**Note 3. Cash & Cash equivalents (Minimum Subscription)**

|   | Reviewed<br>30 June 2015<br>\$ | Reviewed<br>Pro Forma<br>30 June 2015<br>\$ |
|---|--------------------------------|---|
| Cash and cash equivalents   | 1,073,305                      | 8,233,124                                   |
| Potash cash and cash equivalents as at 30 June 2015               |                                | 1,073,305                                   |
| Cash Acquired – Buddy   |                                | 78,690                                      |
| Subsequent events – Buddy Convertible Notes issued<br>US\$260,000 |                                | 338,233                                     |
| Funds raised from Prospectus                                      |                                | 7,500,000                                   |
| Expenses of the issue   |                                | (757,104)                                   |
| Closing balance   |                                | 8,233,124                                   |

**Note:**

The effect of over subscriptions has not been accounted for. In the event that oversubscriptions occur the Company's total raising would fall between the Minimum Subscription of \$7,500,000, Full Subscription of \$10,000,000 and the Maximum Oversubscription up to \$12,500,000, the pro-forma cash balance and issued capital would be increased to the extent of the oversubscription (adjusted for any increase in prospectus issue costs arising from the full subscription and oversubscription to an amount of \$908,604 and \$1,060,104 respectively).

**Note 4. Borrowings**

|   | Reviewed<br>30 June 2015<br>\$ | Reviewed<br>Pro Forma<br>30 June 2015<br>\$ |
|---|--------------------------------|---|
| Borrowings  | -                              | -   |
| Potash Borrowings as at 30 June 2015  |                                | -   |
| Convertible Notes on issue – Buddy US\$745,965                              |                                | 970,424                                     |
| Subsequent events – Buddy Convertible Notes converted<br>to ordinary shares |                                | (970,424)                                   |
| Closing balance   |                                | -   |

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**Note 5. Issued Capital**

|   | <b>Reviewed</b><br><b>30 June 2015</b><br><b>\$</b> | <b>Reviewed</b><br><b>Pro Forma</b><br><b>30 June 2015</b><br><b>\$</b> |
|---|---|---|
| Issued capital  | 30,450,232  | 23,141,002  |
| Potash issued capital as at 30 June 2015  |   | 30,450,232  |
| Elimination of Potash Minerals on consolidation                                       |   | (30,450,232)  |
| Buddy issued capital as at 30 June 2015   |   | 4,517,913   |
| Subsequent events – conversion of Buddy Convertible Notes on issue as at 30 June 2015 |   | 970,424   |
| Subsequent events – conversion of Buddy Convertible Notes issued after 30 June 2015   |   | 338,233   |
| <i>Adjustments arising from the acquisition of Buddy</i>                              |   |   |
| Consideration for the acquisition (Note 1)  |   | 12,139,489  |
| Shares issued pursuant to capital raising   |   | 7,500,000   |
| Options issued pursuant to capital raising  |   | (1,567,953)   |
| Share issue costs   |   | (757,104)   |
|   |   | <u>23,141,002</u>   |

|   | <b>Reviewed</b><br><b>30 June 2015</b><br><b>No. of Shares</b> | <b>Reviewed</b><br><b>Pro Forma</b><br><b>30 June 2015</b><br><b>No. of Shares</b> |
|---|--|--|
| Issued capital                            | 121,394,894  | 696,394,894  |
| Potash issued capital as at 30 June 2015  |  | 121,394,894  |
| Consideration shares issued               |  | 500,000,000  |
| Shares issued pursuant to capital raising |  | 75,000,000   |
|   |  | <u>696,394,894</u>   |

**Note – Consideration of the acquisition.**

In accordance with reverse asset acquisition accounting principles the consideration is deemed to have been incurred by Buddy in the form of equity instruments issued to Potash Minerals shareholders. The acquisition date fair value of this consideration has been determined with reference to the fair value of the issued shares of Potash Minerals immediately prior to the acquisition and has been determined to be \$12,139,489 based on 121,394,894 shares based on a value of \$0.10 per share, being the issue price under the Prospectus.

At the actual acquisition date the fair value will be required to be determined again, therefore the fair value and consideration could be materially different which will impact the excess deemed consideration on acquisition. As a result, transaction costs of \$10,532,985 (based upon Minimum Subscription) have been determined for the purposes of preparation of the pro forma financial information. This does not include performance shares of 100,000,000 or performance rights of 32,270,858 that were also issued as part of the consideration.

The pro-forma transactions have been based on the assumption Potash Minerals Limited secures the Minimum Subscription of \$7.5 million.

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**Note 6. Accumulated Losses**

|  | Reviewed<br>30 June 2015<br>\$ | Reviewed<br>Pro Forma<br>30 June 2015<br>\$ |
|--|--------------------------------|---|
| Accumulated losses   | (28,734,787)                   | (16,881,043)                                |
| Potash accumulated losses as at 30 June 2015                               |                                | (28,734,787)                                |
| <i>Adjustments arising from the acquisition of Buddy</i>                   |                                |   |
| Elimination of Potash Minerals Limited accumulated losses on consolidation |                                | 28,734,787                                  |
| Recognition of Buddy accumulated losses at 30 June 2015                    |                                | (5,406,366)                                 |
| Excess deemed consideration on acquisition                                 |                                | (10,532,985)                                |
| Options as part of transaction costs                                       |                                | (941,692)                                   |
|  |                                | (16,881,043)                                |

**Note 7. Option reserves**

|  | Reviewed<br>30 June 2015<br>\$ | Reviewed<br>Pro Forma<br>30 June 2015<br>\$ |
|--|--------------------------------|---|
| Option reserve   | -                              | 2,535,184                                   |
| <i>Adjustments arising from the acquisition of Buddy</i> |                                |   |
| Recognition of Buddy options reserve at 30 June 2015     | -                              | 25,539                                      |
| Fair value of options issued under Prospectus            | -                              | 1,567,953                                   |
| Options as part of transaction costs                     | -                              | 941,692                                     |
|  | -                              | 2,535,184                                   |

**Note 8. Options**

|   | Potash Minerals<br>Limited<br>30 June 2015<br># | Fair Value<br>\$ | Pro forma<br>30 June 2015<br>\$ |
|---|---|------------------|---------------------------------|
| Potash Minerals Limited Opening Balance | 48,220,948                                      | -                | -                               |
| Buddy replacement options               | 2,807,715                                       | 0.0091           | 25,539                          |
| Options issued under Prospectus         | 40,000,000                                      | 0.0392           | 1,567,953                       |
| Options as part of transaction costs    | 12,500,000                                      | 0.0753           | 941,692                         |
|   | 103,528,663                                     |                  | 2,535,184                       |

**Notes:**

Note 1 - Valuation of Options

The options issued under the Prospectus were deemed to be valued at \$0.0392 per option using the Black Scholes option model based on the following inputs:

|                        |                   |
|------------------------|-------------------|
| Underlying share price | \$0.10 per share  |
| Option exercise price  | \$0.125 per share |
| Effective date         | 30 November 2015  |

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|                         |                  |
|-------------------------|------------------|
| Option expiry date      | 30 November 2017 |
| Share price volatility  | 83.14%           |
| Risk free interest rate | 1.89%.           |

The options issued as part of the transaction costs were deemed to be valued at \$0.0753 per option using the Black Scholes option model based on the following inputs:

|                         |                  |
|-------------------------|------------------|
| Underlying share price  | \$0.10 per share |
| Option exercise price   | \$0.03 per share |
| Effective date          | 30 November 2015 |
| Option expiry date      | 30 November 2017 |
| Share price volatility  | 83.14%           |
| Risk free interest rate | 1.89%.           |

The options issued under the Prospectus and as part of the transaction costs in this pro-forma transaction is based on the Minimum Subscription of \$7.5 million. If the Full Subscription of \$10 million or Maximum Subscription of \$12.5 million was raised, the value of options to be issued would remain at \$1,567,953 and \$941,692 respectively.

**Note 9. Related Parties**

Refer to Section 8 of the Prospectus for details of related party transactions and shareholdings.

**Note 10. Commitments and Contingent Liabilities**

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

**Note 11. Subsequent Events**

At the date of this report there have been no material events subsequent to balance date that we are aware of, other than those disclosed in this Prospectus.