

Exoma Energy Limited
ACN 125 943 240

To be renamed The Gruden Group Ltd

INFORMATION MEMORANDUM

This Information Memorandum is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

No Securities will be issued or sold under this Information Memorandum.

Contents

1.	Important Information	1
2.	Corporate Directory	2
3.	Indicative Timetable	3
4.	Investment Overview	4
5.	Details of the Re-compliance	15
6.	Company and The Gruden Group Overview	19
7.	Directors, Key Management and Corporate Governance	25
8.	Financial Information	39
9.	Investigating Accountant's Report	53
10.	Risk Factors	58
11.	Material Contracts	66
12.	Additional Information	76
13.	Directors' Authorisation	90
14.	Glossary	91

1. Important Information

1.1 Important Notice

This Information Memorandum is dated 17 March 2016. The ASX and its officers take no responsibility for the contents of this Information Memorandum.

This Information Memorandum is being issued for the purposes of re-compliance with Listing Rule 1.1, Condition 3 and is not a disclosure document for the purposes of Part 6D of the Corporations Act. No Securities will be issued or sold pursuant to this Information Memorandum.

Please refer to Section 10 for details relating to risk factors that could affect the financial performance and assets of the Company.

1.2 Forward-looking Statements

This Information Memorandum may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward looking statements or information in this Information Memorandum are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 10, as well as other matters not yet known to the Company or not currently considered material to the Company, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Information Memorandum is qualified by this cautionary statement.

1.3 Definitions

A number of defined terms are used in this Information Memorandum. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 14, words and phrases in this Information Memorandum have the same meaning and interpretation as in the Corporations Act or Listing Rules.

2. Corporate Directory

Directors

Gary Castledine – Non-Executive Chairman
Stephen Harrison – Non-Executive Director
Neville Bassett – Non-Executive Director (proposed to resign)

Proposed Directors

Warren Barry – Proposed Executive Director
Todd Trevillion – Proposed Executive Director

Company Secretary

Neville Bassett

Registered Office

c/- Westar Capital Limited,
Level 45, 108 St Georges Terrace,
Perth WA 6000

Investigating Accountant

Pitcher Partners
Level 30, 345 Queen Street
Brisbane QLD 4000

Auditors

Pitcher Partners
Level 30, 345 Queen Street
Brisbane QLD 4000

Lawyers

GTP Legal
Level 1, 28 Ord Street
West Perth WA 6005

Share Registry*

Computershare Investor Services Pty
Limited
117 Victoria Street,
West End QLD 4101

Company Website

www.exoma.net

The Gruden Group Website

www.thegrudengroup.com

ASX Code

Current: EXE
Proposed: GGL

* This entity is included for information purposes only and has not been involved in the preparation of this Information Memorandum.

3. Indicative Timetable

Indicative timetable	
General Meeting of the Company	4 September 2015
Lodgement of this Information Memorandum with ASX	17 March 2016
Completion of Acquisition and issue of Shares to Vendors	31 March 2016
Expected date for Shares to be reinstated to trading on ASX	7 April 2016

The above dates are indicative only and may change without notice.

4. Investment Overview

This Section is not intended to provide full information for Shareholders. This Information Memorandum should be read and considered in its entirety. The Securities in the Company carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

Topic	Summary	More information
Introduction		
Who is the issuer of the Information Memorandum?	Exoma Energy Limited ACN 125 943 240 (Company) (to be renamed "The Gruden Group Ltd").	Section 6.1
Who is the Company and what does it do?	The Company is a public company that has been listed on the ASX since 15 January 2008. The Company's most recent activities involved oil and gas exploration in Australia. During the course of the financial year ended 30 June 2015, the Company withdrew from its Galilee Joint Venture exploration permits (permits ATP 991P, ATP 996P, and ATP 1005P). The Company and its former joint venture partner, CNOOC Galilee Gas Company Pty Ltd, are in the process of finalizing joint venture arrangements following regulatory approvals required to give effect to the Company's withdrawal. The Company now has no interest in any oil and gas tenements.	Section 6.1
What is the Company's strategy?	The Company is proposing to acquire 100% of the issued capital of The Gruden Group. The Gruden Group comprises a number of private companies specialising in fully integrated e-commerce and m-commerce point of sale applications and digital marketing services. Following reinstatement to quotation of the Company's Shares on ASX, the Company's primary focus will be to develop the business of The Gruden Group in line with its business model and strategy.	Sections 6.2 & 6.3
What are the Company's key assets?	The Company's primary assets are its cash holdings of approximately \$6,757,000 as at 30 June 2015. Via the Acquisition, the Company intends to acquire 100% of the issued capital of The Gruden Group.	Sections 6.3 & 8.3

Topic	Summary	More information
Acquisition		
What is the Acquisition?	The Acquisition is the Company's proposed acquisition of 100% of the issued capital of The Gruden Group pursuant to the Acquisition Agreement.	Section 11.2
What are the key terms of the Acquisition?	<p>The key terms of the Acquisition are as follows</p> <p>(a) as consideration for the acquisition of 100% of the issued capital of The Gruden Group, the Company will issue to the Vendors:</p> <p>(i) 185,000,000 Shares;</p> <p>(ii) 90,000,000 Class A Performance Shares; and</p> <p>(iii) 90,000,000 Class B Performance Shares.</p> <p>(b) The Acquisition is conditional upon, and subject to, a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following conditions which remain outstanding at the date of this Information Memorandum:</p> <p>(i) the Company obtaining all necessary regulatory approvals required in relation to the Acquisition including re-compliance with Chapters 1 and 2 of the Listing Rules;</p> <p>(ii) the Company having a minimum of \$6,600,000 net cash and receivables, after taking into account any payments made to external advisors or consultants of the Company in connection with the Acquisition;</p> <p>(iii) each Vendor signing such form of restriction agreement in</p>	Section 11.2

Topic	Summary	More information
	<p>respect of the Consideration Securities as may be required by the ASX; and</p> <p>(iv) the ASX having provided written advice that it will relist the Company on ASX and grant quotation to the Consideration Securities and all Shares on issue following completion of the Acquisition, subject only to conditions that are acceptable to the Company.</p> <p>(c) The Vendors have acknowledged that some or all of the Consideration Securities may be escrowed in accordance with the requirements of ASX.</p> <p>(d) There are normal commercial warranties associated with the Acquisition.</p>	
<p>What approvals were obtained at the General Meeting?</p>	<p>At the General Meeting held on 4 September 2015, the Company obtained Shareholder approval for:</p> <p>(a) the change in nature and scale of the activities of the Company as a result of the Acquisition;</p> <p>(b) the issue of the Consideration Securities to the Vendors;</p> <p>(c) the creation of the Performance Shares as a new class of shares in the Company;</p> <p>(d) the change of the Company's name to "The Gruden Group Ltd"; and</p> <p>(e) the appointment of Messrs Warren Barry and Todd Trevillion as directors of the Company.</p>	<p>Section 5.1</p>
<p>Why is the Company required to re-comply with Chapters 1 and 2 of the Listing Rules?</p>	<p>At the General Meeting, the Company obtained Shareholder approval for, amongst other things, a change in the nature and scale of the Company's activities as a result of the Acquisition. To give effect to these changes, the ASX requires the</p>	<p>Section 5.1</p>

Topic	Summary	More information
	<p>Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Information Memorandum is issued to assist the Company to re-comply with these requirements.</p> <p>The Company has been suspended from trading from the day of the General Meeting and will not be reinstated until the Company has re-complied with Chapters 1 and 2 of the Listing Rules.</p>	
Who is The Gruden Group?	<p>The Gruden Group is a group of three specialist technology and digital marketing companies providing an end-to-end offering for clients wanting to interact and engage with their customers via mobile, web and various digital channels. Gruden is made up of three core key businesses; Gruden, Blackglass and Mobile Den, covering a wide range of digital services & products with a team of over 70 equivalent full time.</p> <p>The Gruden Group delivers a premium digital offering – providing innovative strategy, creative, development and management services for its customers within the digital marketplace. It also generates growing revenues through highly scalable, recurrent transaction incomes, service level agreements and bespoke business applications developed for their impressive client list.</p>	Section 6.3(a)
What is The Gruden Group's business model?	<p>Gruden generates its revenues through three primary sources:</p> <p>(a) Recurrent Transaction Income - Simply put, the more consumers pay using their mobile phones the more revenues Gruden generates by capturing a percentage of their payments. Gruden provides Mobile Den platform to its customers, who use its mobile marketing, loyalty and fintech functions to bring more consumers into their stores and make it easier for consumers to pay. For both the customer and Gruden, Mobile Den is infinitely scalable in its ability to handle large numbers of consumers and payments with little increase in costs. Gruden's current</p>	Section 6.3(b)

Topic	Summary	More information
	<p>customers generate over a billion dollars in turnover per year, and they have significant incentives to have all their consumers download their customized Mobile Den App's onto their phones.</p> <p>(b) Annuity licencing and retainer fees – Gruden not only captures a percentage of each transaction, but also receives annuity licence, service level agreement (SLA) and service fees from its customers for use of the Mobile Den platform. In addition, many customers have retainer agreements with Gruden to provide continual digital marketing services to acquire market and engage their consumers in the digital realm.</p> <p>(c) Service provision – Gruden has strong digital creative, development and campaign marketing divisions, which provides a base load of consistent, recurring revenues. The quality of this business is evidenced by the blue-chip nature of its clients who trust Gruden with developing digital products that manage over a billion dollars of product service.</p> <p>Gruden's multiple revenue streams come from an existing suite of multi-million dollar blue-chip clients includes Starbucks, Oporto, Red Rooster, Betta Home Living, Accor Hotels, Sydney Airports, Ausgrid, Jamie's Italian, Woolworths and the Australian Federal and New South Wales governments.</p>	
Key risks		
<p>There are a number of risks associated with investing in the share market generally and in the Company specifically. The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Company.</p> <p>The risk factors set out in Section 10 and other general risks applicable to all investments in listed securities, may affect the value of Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises only some of the risks which apply to an investment in the Company and investors should refer to Section 10 for a more detailed summary of the risks.</p>		

Topic	Summary	More information
Reinstatement to the official list of ASX	The Company's securities were suspended from the time of the General Meeting. It is anticipated that the Company's securities will remain suspended until completion of the Acquisition and re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from quotation.	Section 10.1(a)
Reliance on Key Personnel	The Gruden Group currently employs or engages as consultants a number of key management and personnel, and the Gruden Group's future depends on retaining and attracting suitable qualified personnel particularly for its software development and in its market and sales roles given the complexity of its services and technologies. In particular Mr Warren Barry, Mr Todd Trevillion, Mr. Brent Trimnell-Ritchard, Andrew Vidler and Ross Ioppolo are the key management of the Gruden Group. In the short term they will be responsible for business development initiatives and will also be the main driver of the Gruden Group.	Section 10.1(b)
Competition and new technology	<p>The industries in which the Gruden and Blackglass businesses are involved are highly competitive and are subject to increasing domestic and global competition which is fast-paced and fast-changing. The Gruden Group believes that these businesses have a competitive advantage through experience and expertise gained through long standing and successful relationships with clients in the public sector, and in particular the Gruden Group has preferred tenderer status on a number of Government panels (including the Commonwealth cloud services panel) which reduces the barriers to entry to work with Government.</p> <p>MobileDen has a first mover advantage in its industry and is an established business with existing clients and a suite of modules and functionality already built. However it expects a number of new competitors.</p>	Section 10.1(c)

Topic	Summary	More information
Faults with products/services	<p>The Gruden Group operates in the internet services arena. Internet-based services frequently contain undetected errors when first introduced or when new versions or enhancements are released. The Gruden Group has on occasion found defects in its services (although none which had had an adverse impact on customers) and new errors in its services may be detected in the future. If that occurs, the Gruden Group could lose future sales or customers or incur consequential liabilities. Consequently, there is a risk that users of the services provided may identify errors or defects which could harm the Gruden Group's reputation and business.</p>	Section 10.1(e)
Security and fraud	<p>As with any internet application that provides financial transaction capabilities, security around the platform data and interactions is critical. The Gruden Group continually reviews security on and around the Mobile Den platform to ensure the platform is kept up to date and the security risks are mitigated. The Gruden Group's solutions for the Department of Finance are subject to independent review against the requirements set out in the Australian Signals Directorate's 'Information Security Manual' – the standard which governs the security of government ICT systems. In addition the Gruden Group has made third party fraud detection solutions available within the Mobile Wallet platform to mitigate fraud usage. However, use of this solution by the Gruden Group's clients is currently optional. Incidents of fraud can undermine trust in the efficacy of the Gruden Group's platforms, which may have a negative impact on the Gruden Group's businesses.</p>	Section 10.1(g)
Relatively short term nature of contracts	<p>While the Gruden Group has generally experienced continuity of clients and has many long term clients, a number of the key contracts of the Gruden Group are not on a long term basis and/or can be terminated with short notice. In particular, Blackglass typically provides services to its clients on an order by order basis relying on its standard terms and conditions. Gruden and Mobile Den also have some agreements with clients that have expired and are continuing on a</p>	Section 10.1(j)

Topic	Summary	More information
	<p>rolling basis. These agreements can be terminated by either party immediately for convenience. A loss of a number of these contracts may significantly impact the operations or financial performance of the Company.</p> <p>Currently the top five clients of the Gruden Group represent approximately 55% of revenue. Given this concentration of revenue, the Gruden Group is highly reliant on the continued business of these clients. A loss of one of these clients may significantly impact the operations or financial performance of the Company.</p>	
Protection of intellectual property rights	<p>The Gruden Group does not currently have any patent protection of its intellectual property and it currently considers that it is not economically beneficial to obtain any patent protection of its intellectual property based on a cost benefit analysis of seeking and maintaining protection. Accordingly, to protect its trade secrets, the Gruden Group relies on the copyright it has in its software code and on its intellectual property being kept confidential within the organisation. If the Gruden Group fails to protect its intellectual property secrets, competitors may gain access to its technology which could harm the business.</p>	Section 10.1(k)
Proposed use of funds and other key terms		
What is the proposed use of funds following Completion?	<p>The Company's cash reserves will be used to build out and market capabilities within Australian and to develop the Company's national footprint, including establishing new operations in Perth and Canberra. Funds will also be used to accelerate the development of new features and modules, and the global rollout of the Mobile Den platform, initially focused on the wider Asia Pacific region.</p>	Section 5.2
Will the Company be adequately funded after Completion?	<p>The Directors are satisfied that on Completion the Company will have sufficient working capital to carry out its business objectives as set out in this Information Memorandum.</p>	Section 5.2
What is the Company's dividend policy?	<p>The Company does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop The Gruden Group business.</p>	Section 5.6

Topic	Summary	More information
	<p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p>	
Board and management		
<p>Who are the Directors of the Company?</p>	<p>The Existing Directors of the Company are:</p> <ul style="list-style-type: none"> • Gary Castledine – Non-Executive Chairman • Stephen Harrison – Non-Executive Director • Neville Bassett – Non-Executive Director <p>On Completion of the Acquisition and the Offers, changes will be made to the Board, with the resignation of Neville Bassett and the appointment of the Proposed Directors, such that the Board will then comprise:</p> <ul style="list-style-type: none"> • Gary Castledine – Non-Executive Chairman • Stephen Harrison – Non-Executive Director • Warren Barry – Executive Director • Todd Trevillion – Executive Director <p>Refer to Section 7.1 for details of the relevant experience and expertise of the Directors and Proposed Directors.</p> <p>Following completion of the Acquisition the Company will seek an appropriately qualified person to be appointed as independent Chairman of the Company. Upon such appointment, Gary Castledine will resign from the Board and Neville Bassett (or such other person determined by the non Vendor appointed directors) will be re-appointed to the Board.</p>	<p>Section 7.1</p>
<p>Who are the key management personnel?</p>	<p>From completion of the Acquisition, the key management personnel of the Company will include:</p> <ul style="list-style-type: none"> • Warren Barry – Executive Director and Interim Chief Executive Officer • Todd Trevillion – Executive Director 	<p>Section 7.5</p>

Topic	Summary	More information
	<ul style="list-style-type: none"> • Brent Trimnell-Ritchard – Group Commercial and Innovations Director • Andrew Vidler – Managing Director, Government Practice (Part of Gruden) • Ross Ioppolo – Chief Operating Officer <p>Refer to Section 7.5 for details of the relevant experience and expertise of the key management personnel.</p>	
What are the significant interests of Directors?	<p>The interests of the Directors are detailed in Section 7.2.</p> <p>The security holdings of Directors are set out in Section 7.3.</p> <p>Section 7.6 sets out details of related party transactions with the Company from which the Directors may benefit.</p>	Sections 7.2, 7.3 & 7.6
Miscellaneous		
What material contracts is the Company a party to?	<p>The material contracts of the Company and The Gruden Group comprise:</p> <ul style="list-style-type: none"> • the Acquisition Agreement; • the NSW Department of Finance, Services and Innovation Agreement; • the Australian Government Department of Finance Agreement; • the Globus Agreement; • the Accor Agreement; • the Ausgrid Agreement; • the MyFiziq Agreement; • the Micros Agreement; • the SmartTrans Agreement; • the QSRH Agreements; • the Starbucks Agreement; • the Jamie’s Italian Agreements; • the Lindt Agreement; • the Blackglass terms and conditions. 	Section 11

Topic	Summary	More information
What is the financial position of the Company and The Gruden Group post completion of the Acquisition?	Detailed financial information regarding the Company and The Gruden Group is considered in Section 8 of this Information Memorandum and the Investigating Accountant's Report in Section 9 of this Information Memorandum.	Sections 8 and 9
Will any Securities be subject to escrow?	<p data-bbox="544 562 1157 808">Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's Shares being reinstated to trading on the ASX, certain Shares and Performance Shares will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement.</p> <p data-bbox="544 831 1157 987">The Vendors have acknowledged that some or all of the Consideration Securities may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by the ASX.</p>	Section 5.4

5. Details of the Re-compliance

5.1 Re-compliance with Chapters 1 and 2 of the Listing Rules

As announced to ASX on 9 July 2015, the Company has agreed, subject to Shareholder approval and the satisfaction of certain other conditions, to acquire 100% of the issued capital of The Gruden Group.

The Company's proposed acquisition of The Gruden Group will involve a significant change in the nature and scale of the Company's activities which requires Shareholder approval pursuant to Chapter 11 of the Listing Rules. At the Company's General Meeting, the Company obtained Shareholder approval for, amongst other things, a change in the nature and scale of the Company's activities as a result of the Acquisition. To give effect to these changes, the ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Information Memorandum is issued to assist the Company to re-comply with these requirements.

The Company was suspended from trading from the time of the General Meeting and will not be reinstated until the Company has satisfied conditions, including completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all.

5.2 Funding allocation and business objectives

The Company's cash reserves will be used to build out and market capabilities within Australian and to develop the Company's national footprint, including establishing new operations in Perth and Canberra.

The remainder of the funds will be allocated to ASX listing costs and compliance, investment into specific customer applications to accelerate growth and new revenue opportunities, as well as provide sufficient working capital for The Gruden Group.

The table below sets out the intended use of funds in the twelve months following Completion:

Use of Funds			
Total Funds Available			\$7,198,000*
Enhancement of Mobile Den product platform			\$500,000
International Expansion	Mobile Den	\$1,500,000	
	Gruden	\$800,000	
	Blackglass	\$200,000	
		<u>\$2,500,000</u>	<u>\$2,500,000</u>
Establishment of Canberra and Perth offices	Mobile Den	\$200,000	

Use of Funds			
	Gruden	\$100,000	
	Blackglass	\$300,000	
		\$600,000	\$600,000
ASX and associated re- listing fees			\$78,326
Working Capital			\$3,519,674
Total			\$7,198,000

* Cash held by the Company and The Gruden Group as at 30 June 2015.

The above table is a statement of current intentions as at the date of this Information Memorandum. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Board is satisfied that upon Completion the Company will have sufficient working capital to meet its stated objectives as set out in this Information Memorandum. The use of further debt or equity funding will only be considered by the Board where it is appropriate to expand sales and marketing efforts, accelerate a specific project or capitalise on further opportunities.

5.3 Capital Structure

The proposed pro forma capital structure of the Company following completion of the Acquisition is as follows:

	Shares¹	Performance Shares²
On issue at the date of this Information Memorandum	428,846,696	Nil
To be issued to the Vendors	185,000,000	180,000,000
Total following completion of the Acquisition	613,846,696	180,000,000

Notes:

- 1 Rights attaching to Shares are summarised in Section 12.1.
- 2 Further details in respect to the Performance Shares to be issued to the Vendors are outlined in the table below.

Notes

Performance Shares	Number¹
Class A Performance Shares	90,000,000

Class B Performance Shares	90,000,000
Total Performance Shares	180,000,000

Notes:

1 The terms and conditions of the Performance Shares are outlined in Section 12.2.

5.4 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's Shares being reinstated to trading on the ASX, certain Shares and Performance Shares in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

It is anticipated that the only securities to be escrowed are:

- (a) 79,935,416 Shares and 77,775,824 Performance Shares being issued to the related party Vendors will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- (b) 105,064,584 Shares and 102,224,176 Performance Shares being issued to the unrelated Vendors will be subject to ASX escrow for 12 months from the date of issue of the Shares and Performance Shares; and
- (c) 6,000,000 Shares previously issued to consultants in lieu of fees owing for professional services provided to the Company will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules.

The Vendors have acknowledged that some or all of the Consideration Securities may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by the ASX.

The restricted securities listed above are subject to change depending on the escrow periods imposed by ASX in accordance with the Listing Rules. Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

5.5 Dividend Policy

The Company does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop The Gruden Group business.

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

5.6 Forecast Financial Information

Given the nature of The Gruden Group business and the fact the Company is in an early stage of development, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On this basis and after considering 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 Information Memorandum.

5.7 Enquiries

This is an important document and should be read in its entirety. Any investment in the Company should be considered highly speculative.

Questions relating to this Information Memorandum can be directed to the Company on +61 7 3226 5600.

6. Company and The Gruden Group Overview

6.1 Company overview and current assets

The Company is a public company that has been listed on the ASX since 15 January 2008 (ASX code: EXE). The Company's most recent activities involved oil and gas exploration in Australia. In light of difficult market conditions in the oil and gas exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the oil and gas industry to take advantage of global market trends and maximise Shareholder value.

During the course of the financial year ended 30 June 2015, the Company withdrew from its Galilee Joint Venture exploration permits (permits ATP 991P, ATP 996P, and ATP 1005P). The Company and its former joint venture partner, CNOOC Galilee Gas Company Pty Ltd, are in the process of finalizing joint venture arrangements following regulatory approvals required to give effect to the Company's withdrawal. The Company now has no interest in any oil and gas tenements.

The key asset of the Company is its cash holding of approximately \$6,757,000 as at 30 June 2015.

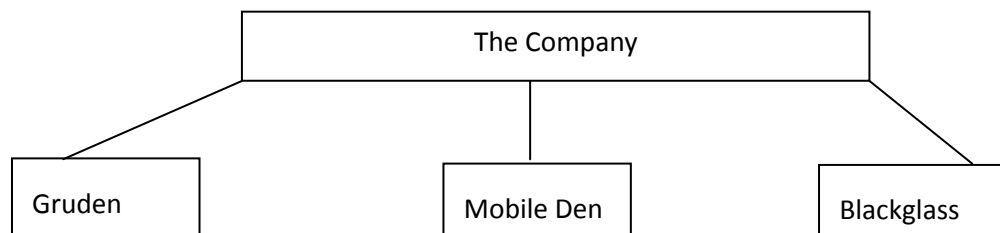
6.2 Company strategy

The Company is proposing to acquire 100% of the issued capital in The Gruden Group pursuant to the Acquisition Agreement.

Following Completion of the Acquisition and reinstatement to quotation of the Company's Shares on ASX, the Company's primary focus will be to develop the business of The Gruden Group in line with its business model and strategy as outlined further in Section 6.4.

6.3 Corporate structure

Post completion of the Acquisition, the corporate structure of the Company group will be as follows:



The Gruden Group of companies are currently owned by the Vendors in the same proportions but are not in a holding company structure.

6.4 Overview of The Gruden Group

(a) Overview of The Gruden Group's business

The Gruden Group is a group of three specialist technology and digital marketing companies providing an end-to-end offering for clients wanting to interact and engage with their customers via mobile, web and various digital channels. Gruden is made up of three

core key businesses; Gruden, Blackglass and Mobile Den, covering a wide range of digital services & products with a team of over 70 equivalent full time.

The Gruden Group delivers a premium digital offering – providing innovative strategy, creative, development and management services for its customers within the digital marketplace. It also generates growing revenues through highly scalable, recurrent transaction incomes, service level agreements and bespoke business applications developed for their impressive client list.

The three companies comprising The Gruden Group are:

(i) Gruden - (www.gruden.com), has been a leading digital technology agency for over 20 years and, amongst other services, is a major mobile and online platform developer, providing digital services, products and technology platforms to high-end business and government clients. Gruden developed and maintains the Aus Tender platform for the Federal Government, one of Australia's largest online platforms supporting over \$36 billion worth of procurement activities. Gruden is also only one of two providers approved by the Department of Finance for its Cloud services panel. Over the past 3 years, utilizing its experience and skills in developing platforms, Gruden invested considerable funds to create the Mobile Den platform. Gruden's work is predominately project and service level agreement based, and comes from:

- (A) Government panels (Federal and NSW) (34% over the past 3 years);
- (B) the media and entertainment industries (25%); and
- (C) numerous smaller projects in the insurance, utilities, consulting, technology, travel and food retail industries (less than 5% each).

(ii) Blackglass – established in 2005, Blackglass is a digital marketing agency that helps businesses make the most of their online presence. With a strong focus on strategy, Blackglass works across the spectrum of digital channels, including pay per click advertising, search engine optimisation, conversion rate optimisation and engagement marketing, including social, email, and content marketing. The Blackglass approach involves measuring, monitoring, and optimising key metrics to achieve its clients' business objectives, all while providing sharp, transparent insights on the best channels for its clients' brands. With reporting and analysis as core strengths, Blackglass is the agency of choice for blue chip brands such as Woolworths, Betta Home Living, Ashley & Martin and Globus.

As a one-stop shop, Blackglass' integrated team focuses on strong return on investment through ongoing analysis, full transparency on metrics, unbiased reporting, and delivering insights and recommendations regularly with its clients.

Specifically, Blackglass works with its clients from a business development perspective and incorporates significant data analytics to:

- (A) establish the client's baseline brand and positioning in the digital realm;
- (B) create and implement digital strategies to both improve the client's brand and positioning to drive sales; and
- (C) measure the effectiveness of the digital strategies to both demonstrate the relationship with improved sales and to constantly fine tune and improve the client's communications and engagements with its end customers.

Blackglass has also developed a suite of tools (SocialDen) which allow clients to better implement their social media digital strategies.

- (iii) Mobile Den - an award winning, cloud-based engagement and transaction mobile technology platform that empowers brands to seamlessly interact with consumers. It extends the reach of a brand beyond the typical Point of Sale (POS) system, empowering customers to choose how they engage with the brand through ordering, transacting, loyalty and rewards, communication and even entertainment, all of which are underpinned by strong data analytics. Mobile Den includes a range of modules that customers can select from its 'White Label' mobile and Web apps. They include; mobile ordering, mobile payment, digital wallet and a multitude of loyalty and customer engagement functions. Mobile Den was launched in early 2013 and includes clients such as: Starbucks, Oporto, Red Rooster, Jamies Italian, Gelatissimo, Mad Mex, Donut King and Java Time (Saudi Arabia) to name a few.

Mobile Den has two key components to the platform; the Core Modules provide customers of a brand to engage through the digital channel with an integrated and direct channel into their POS and surrounding services, ensuring a single source of truth across all systems. The Engagement Modules allow brands to interact with their customers in marketing and advertising channels and aim to increase visitation and increase average spend per customer. Forrester Research, Inc recently stated that several players will emerge as winners of the mobile wallet wars "by adding marketing value beyond payments — to become marketing platforms complementing merchants' own integrated apps" and that "in the next five years, mobile wallets will become marketing platforms" - This is exactly where Mobile Den sits today and with the right funding has the opportunity to become a global leader in this space.

Mobile Den is in a unique position as an earlier adopter and developer in mobile digital payments and loyalty transactions space that provides a fully integrated solution and is used by global brands and large franchises. The Gruden Group aims to significantly grow its annuity revenues by charging transaction margins to customers by taking a "clip" per transaction. The Company considers that Mobile Den is the emerging part of the business and going forward, the Company's future focus will be on growing the Mobile Den platform and business.

During the 2015 financial year, the Vendors undertook a restructure of the company which owned and operated the business of Gruden. As part of this

restructure, with effect from 31 January 2015, Gruden commenced operating the digital agency “Gruden” business and Gruden Holdings Pty Ltd ceased to operate this business from this date.

(b) Business Model

The Gruden Group generates its revenues through three primary sources:

- (i) Recurrent Transaction Income - Simply put, the more consumers pay using their mobile phones the more revenues The Gruden Group generates by capturing a percentage of their payments. The Gruden Group provides the Mobile Den platform to its customers, who use its mobile marketing, loyalty and fintech functions to bring more consumers into their stores and make it easier for consumers to pay. For both the customer and The Gruden Group, Mobile Den is infinitely scalable in its ability to handle large numbers of consumers and payments with little increase in costs. The Gruden Group’s current customers generate over a billion dollars in turnover per year, and they have significant incentives to have all their consumers download their customized Mobile Den app’s onto their phones.
- (ii) Annuity licencing and retainer fees – The Gruden Group not only captures a percentage of each transaction, but also receives annuity licence, service level agreement (SLA) and service fees from its customers for use of the Mobile Den platform. In addition, many customers have retainer agreements with The Gruden Group to provide continual digital marketing services to acquire market and engage their consumers in the digital realm.
- (iii) Service provision – The Gruden Group has strong digital creative, development and campaign marketing divisions, which provides a base load of consistent, recurring revenues. The quality of this business is evidenced by the blue-chip nature of its clients who trust The Gruden Group with developing digital products that manage over a billion dollars of product service.

The Gruden Group’s multiple revenue streams come from an existing suite of multi-million dollar blue-chip clients including Starbucks, Oporto, Red Rooster, Betta Home Living, Accor Hotels, Sydney Airports, Ausgrid, Jamie's Italian, Woolworths and the Australian Federal and New South Wales governments.

Currently the majority of the revenue of The Gruden Group is generated by the Gruden and Blackglass businesses. However the Company considers that Mobile Den is the emerging part of the business and going forward, the Company’s future focus will be on growing the Mobile Den platform and business.

(c) Future Growth Strategy

The current business model of The Gruden Group is both scalable and global. However in order to take maximum advantage of that position both the Company and The Gruden Group have spent considerable time and resources integrating and corporatizing the existing Gruden Group operations so as to take maximum advantage as the group moves to become public and implementing its growth plan.

During this period The Gruden Group has seen numerous changes including: the appointment of an interim CEO and a new CFO for the group, the appointment of various new staff, integration of accounting and reporting systems, the various Sydney operations have now moved to one office, and the management and staff reporting lines have also changed so as to make the teams more efficient and to help promote the cross selling of services across the different business lines and clients. All these changes were made to help maximize the growth strategy and The Gruden Group is already seeing greater accountability, cost advantages and increased revenue streams from existing clients and many new clients signed.

The mobile commerce market (m-commerce) is a significant commercial opportunity and growth story for The Gruden Group and in particular for Mobile Den. The m-commerce market offers new business opportunities on the internet due to its significant advantages over the traditional desktop internet. Also mobile internet growth is particularly strong in emerging regions such as Asia where mobile phone technology is greater than fixed line telecommunications infrastructure.

Research company, Informa Telecoms & Media estimates smartphone usage in China grew by 21% in 2014. It did note however that this only represented an estimated population penetration of 38%. By comparison, the USA is estimated at a penetration rate of 64%. Meanwhile, the value of global mobile transactional revenues in e-commerce was estimated by Boston Consulting Group to be US\$682Bill in 2013, with China representing an estimated US\$144Bill of this total.

The Gruden Group operates in this m-commerce high growth industry sector in regard to application software and mobile apps through the use of its Mobile Den platform. Mobile Den has a significant competitive advantage over its rivals in being one of the few mobile app platforms that provide a full suite of retail and transaction services as an integrated, multi-functional product. Also the Mobile Den transaction revenue earned through mobile payments and wallet capabilities is high margin and scalable.

Based on the expected trends in m-commerce in the region, the Board sees significant opportunities to extend The Gruden Group's services and in particular the Mobile Den platform within China and throughout Asia. Gruden has operated a team of project managers and developers for the past eight years and the Board sees the opportunity in leveraging off that platform and building out the capabilities within China and across Asia. Also The Gruden Group's unique partnership with global point of sale (POS) leader Micros/Oracle (NASDAQ:ORCL) and as a Certified Cloud Partner with Amazon Web Services (NASDAQ:AMZN), makes this a truly global offering.

As an example of this strategy, Mobile Den has recently entered into an agreement with ASX listed company SmartTrans (ASX:SMA) to provide exclusive Apps for China Mobile customers on their Android platform. China Mobile is the largest mobile provider in China with over 800 million customers.

The Company's cash reserves will be used to build out and market capabilities within Australian and to develop the Company's national footprint, including establishing new operations in Perth and Canberra.

The remainder of the funds will be allocated to ASX listing costs and compliance, investment into specific customer applications to accelerate growth and new revenue opportunities, as well as provide sufficient working capital for The Gruden Group.

6.5 Financial information

Information relating to the financial information of the Company and The Gruden Group is set out in Section 8 of this Information Memorandum and in the Investigating Accountant's Report in Section 9 of this Information Memorandum.

7. Directors, Key Management and Corporate Governance

7.1 Director Profiles

Subject to the Completion of the Acquisition it is intended that the Board of the Company will be comprised of Stephen Harrison, Gary Castledine, Warren Barry and Todd Trevillion. Existing Director Neville Bassett intends to resign as a Director following Completion of the Acquisition. The Proposed Directors are both Directors of companies within The Gruden Group and entities controlled by each of the Proposed Directors, are shareholders of The Gruden Group.

Following Completion of the Acquisition, the Board will seek to identify an independent Chairman to appoint to the Board. Upon such appointment, Gary Castledine will resign from the Board and Neville Bassett (or such other person determined by the non Vendor appointed directors) will be re-appointed to the Board.

Brief profiles of the Directors of the Company following Completion of the Acquisition are set out below.

Warren Barry Executive Director

Mr Barry has over 18 years Digital Marketing experience and is the Managing Director and Founder of Blackglass (2005) which is a fully integrated Digital Marketing Business. Mr Barry has been actively involved in taking two companies to listing on the ASX. Warren ran one of Australia's largest Digital Agencies (Patts Digital) from 2001-2005 which provided him the opportunity to work with some of Australia's leading Brands. Mr Barry is currently the interim CEO of The Gruden Group. Mr Barry has a BSC from UNSW and a MBA from UWA.

Todd Trevillion Executive Director

Mr Trevillion has over 20 years experience in developing digital strategies, user focused websites, mobile apps and campaigns, online business applications and rich interactive experiences for enterprise organisations, world name brands and Australian Government departments. Mr Trevillion oversaw the development of Mobile Den. He has also been involved in special projects focused on network management, specifically in the planning and roll out of desktop management software, network performance and security.

Gary Castledine Non-Executive Chairman

Mr Castledine has been a non-executive independent Director since 20 August 2014 and the Chairman of the Company from 27 February 2015. Mr Castledine has over 20 years experience in stockbroking and capital markets. He was a founding director and the head of corporate with Indian Ocean Capital in Perth, Western Australia, a specialist boutique securities dealer and corporate advisory firm. Mr Castledine is currently director/head of corporate with full service boutique stockbroking and investment firm CPS Capital Group Pty Ltd, which was established in June 2013 through the merger of Indian Ocean Capital and CPS Securities. Mr Castledine's experience has enabled him to gather an extensive suite of clients in a corporate advisory role which has seen him

involved in many capital raisings and IPOs across a spectrum of industries. He is currently a member of the Stockbrokers Association of Australia.

Stephen Harrison
Non-Executive Director

Mr Harrison has been a non-executive Director since 26 October 2009. Mr Harrison has over 30 years of experience in the financial services, funds management, private equity and accounting fields. He has held director positions with Investec Funds Management and the Australian subsidiary of US based fund manager Sanford C. Bernstein. Previously, he was National Director, Financial Services for BDO Nelson Parkhill, Chartered Accountants. Mr Harrison has been a founder of, and held directorships in, a number of listed companies both in Australia and overseas.

7.2 Directors' Interests

Other than as set out in this Information Memorandum, no Director, nor any entity in which a Director is a member or partner, has, or had within two years before the date of this Information Memorandum, any interest in:

- (a) the promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company,

and the Company has not paid any amount or provided any benefit (whether cash, securities or otherwise), or agreed to do so, to any Director, or to any entity in which a Director is a member or partner, either to induce that Director to become, or to qualify him as a director of the Company, or for services rendered by him or by the entity in connection with the formation or promotion of the Company.

7.3 Directors' Security Holdings

Directors are not required under the Company's Constitution to hold any Shares. Set out in the table below are details of the existing relevant interests of the Directors in Shares at the date of this Information Memorandum.

Director	Shares	% Interest
Gary Castledine	4,814,712	1.12%
Stephen Harrison	35,375,545	8.25%
Neville Bassett	2,500,000	0.58%
Warren Barry	1,000,000	0.23%
Todd Trevillion	Nil	Nil

Set out in the table below are details of the anticipated relevant interests of the Directors in Securities upon Completion.

Director	Shares	% Interest	Class A	Class B
-----------------	---------------	-------------------	----------------	----------------

			Performance Shares ³	Performance Shares ³
Gary Castledine	4,814,712	0.78%	Nil	Nil
Stephen Harrison	35,375,545	5.76%	Nil	Nil
Neville Bassett	2,500,000	0.41%	Nil	Nil
Warren Barry ¹	40,312,500	6.57%	19,125,000	19,125,000
Todd Trevillion ²	40,622,916	6.62%	19,762,912	19,762,912

Notes

- 1 Mr Barry is the controller of one of the Vendors, Barry Consulting, and will have a relevant interest in the Consideration Securities to be issued to Barry Consulting.
- 2 Mr Trevillion is the controller of one of the Vendors, Spruson Corporation, and will have a relevant interest in the Consideration Securities to be issued to Spruson Corporation.
- 3 Refer to Section 12.2 for the terms and conditions of the Performance Shares.

7.4 Remuneration of Directors

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders, which is currently \$500,000 per annum. The annual remuneration (inclusive of superannuation or GST) payable to each of the Existing Directors as at the date of this Information Memorandum is \$60,000.

Following completion of the Acquisition it is proposed that the Directors' fees will be \$60,000 per annum for non-executive Directors (inclusive of superannuation or GST).

The remuneration of the executive Directors and key management personnel will be determined by the Board. A summary of the material terms of employment of Mr Warren Barry (the proposed interim Chief Executive Officer), Mr Todd Trevillion (Executive Director) and key management personnel are outlined in Sections 7.6(a), 7.6(b) and 7.7.

The annual remuneration payable to each of the Directors (following completion of the Acquisition) is as follows:

Director	Annual Remuneration
Gary Castledine	60,000 ¹
Stephen Harrison	60,000 ¹
Warren Barry	276,000 ²
Todd Trevillion	276,000 ²

1 Inclusive of superannuation or GST

2 Exclusive of superannuation or GST

Non-Executive Directors are expected to do approximately two days work for the Company per month and receive consulting fees of up to \$2,000 a day for any additional consulting services. Consulting fees and the scope of services to be provided are agreed with the Company prior to providing the services.

Consulting fees of \$60,000 were due and payable to Mr Stephen Harrison during the 2015 financial year. This amount was satisfied by the issue of 3,000,000 Shares subsequent to year end. The issue of these Shares was approved by Shareholders at the 2015 Annual General Meeting of the Company.

For details of the Directors' interests in securities in the Company refer to Section 7.3 above.

7.5 Senior Management and Consultant Profiles

In addition to the executive capacity of Mr Warren Barry and Mr Todd Trevillion, who will be respectively the interim Chief Executive Officer and an Executive Director of the Company upon completion of the Acquisition, the following persons will comprise the key management personnel of the Company upon completion of the Acquisition.

Brent Trimmell-Ritchard Group Commercial and Innovations Director

Prior to the formation of The Gruden Group, Brent was an Executive Director of Gruden Holdings Pty Ltd (the company which previously conducted the digital agency business currently conducted by Gruden) for 20 years. Starting out studying commercial design he began his career as an Interactive Graphic Designer. During that time he worked across a broad spectrum of creative disciplines from print, TV and then finally settling within the web/digital industry. Utilising 20+ years' experience in the design and understanding of customer needs, Brent assists The Gruden Group's major clients/brands to tap into their creative channels and expand the impact of their online presence, with a focus on delivering successful business outcomes.

Recent developments have seen Brent move into the role of Group Commercial and Innovations Director, with a focus on leading the sales team's strategic direction and growth, and also looking to grow and develop various partners networks and drive innovation across the group.

Andrew Vidler Managing Director, Government Practice (Part of Gruden)

Andrew is the Managing Director of the Government Practice, a business unit of Gruden that is dedicated to the delivery of clever digital solutions for the public sector that offer comprehensive service, excellent value-for-money and that address the particular information security needs for the sector. His current passion is assisting government agencies to leverage the cloud, social media and mobile technology to drive citizen engagement and business efficiency.

Andrew has achieved a successful career working within information technology since 1996. After gaining experience within the retail and investment banking sectors, Andrew developed a long-term affection for the delivery of government services using digital business solutions. His formal qualifications cover computer programming, project management, organisational change management, and he was awarded an MBA with distinction in 2011.

Ross Ioppolo

Chief Operating Officer

Ross is a veteran of 20 + years experience in senior management, commercial and operations roles in accounting, analysis and corporate finance not only in Australia but in Europe, USA and South America. His management experience is cut from varied industries like telecommunications, media/entertainment, mining, engineering services, energy, property/oil and gas, and travel. Ross is a member of the Institute of Chartered Accountants of Australia and has worked for a range of conglomerates including Downer, Leighton, Rio Tinto, The Walt Disney Studios and KPMG.

7.6 Agreements with Directors or Related Parties

(a) Contractor Agreement – Warren Barry - Executive Director and Interim Chief Executive Officer

The principal terms of the contractor agreement with Mr Barry are as follows:

- (i) A base salary of \$276,000 per annum (exclusive of statutory superannuation).
- (ii) Entitlement to participate in incentive plans at the Board's discretion however no determination has been made at this stage.
- (iii) Other industry standard provisions for a senior executive of a public listed company.

(b) Contractor Agreement – Todd Trevillion - Executive Director

The principal terms of the contractor agreement with Mr Trevillion are as follows:

- (i) A base salary of \$276,000 per annum (exclusive of statutory superannuation).
- (ii) Entitlement to participate in incentive plans at the Board's discretion however no determination has been made at this stage.
- (iii) Other industry standard provisions for a senior executive of a public listed company.

(c) Other

Entities related to Mr Warren Barry and Mr Todd Trevillion are Vendors of The Gruden Group and will receive the securities noted in Section 7.3 for their securities currently held in The Gruden Group.

(d) Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Existing Directors, and is proposing to enter into similar deeds of indemnity, insurance and access with each of the Proposed Directors upon their appointment. Under these deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

7.7 Agreements with Key Management Personnel

Refer to Sections 7.6(a) and 7.6(b) for a summary of the proposed key terms for Mr Warren Barry's contractor agreement for the position of Executive Director and Interim Chief Executive Officer and Mr Todd Trevillion's contractor agreement for the position of Executive Director.

(a) **Brent Trimnell-Ritchard – Group Commercial and Innovations Director**

The Company and Mr Trimnell-Ritchard are proposing to enter into an executive services agreement for Mr Trimnell-Ritchard's role as Group Commercial and Innovations Director of the Company, effective on Completion of the Acquisition.

The principal proposed terms of the executive services agreement with Mr Trimnell-Ritchard are as follows:

- (i) A base salary of \$245,314.12 per annum (inclusive of statutory superannuation).
- (ii) The agreement has no fixed term and may be terminated:
 - (A) by either party without cause with 6 months' notice, or in the case of the Company, immediately with payment in lieu of notice;
 - (B) by the Company with immediate effect following a material breach or for gross misconduct.
- (iii) Possible entitlement to participate in incentive plans at the Board's discretion however no determination has been made at this stage.
- (iv) Other industry standard provisions for a senior executive of a public listed company.

(b) **Andrew Vidler - Managing Director, Government Practice (Part of Gruden)**

Gruden and Mr Vidler have entered into a senior management agreement for Mr Vidler's role as Managing Director, Government Practice.

The principal terms of the senior management agreement with Mr Vidler are as follows:

- (i) A base salary of \$192,000 per annum (exclusive of statutory superannuation).
- (ii) Commission of 5% on the net profitability after all expenditure and tax of the Gruden Government Practice Unit have been determined and approved by the Executive Management Team.
- (iii) The agreement has no fixed term and may be terminated:
 - (A) by either party without cause with 8 weeks' notice, or in the case of the Company, immediately with payment in lieu of notice;

- (B) by the Company with immediate effect following a material breach or for gross misconduct.
- (iv) Possible entitlement to participate in incentive plans at the Board's discretion however no determination has been made at this stage.
- (v) Other industry standard provisions for a senior executive of a public listed company.

(c) **Ross Ioppolo - Chief Operating Officer**

Gruden and Mr Ioppolo have entered into an executive services agreement for Mr Ioppolo's role as Chief Operating Officer.

The principal terms of the executive services agreement with Mr Ioppolo are as follows:

- (i) A base salary of \$250,000 per annum (exclusive of statutory superannuation).
- (ii) Mr Ioppolo received a sign-on bonus of \$5,000 and will receive a further bonus of \$10,000 after completion of his six month probationary period (April 2016).
- (iii) Subject to Shareholder approval, Mr Ioppolo will be granted 7,000,000 Options exercisable into Shares on or before the date that is three years from the date of grant. The Options will be issued in two tranches as follows:
 - (A) 3,500,000 Class A Options exercisable at \$0.05 per Option and vesting one year from date of grant; and
 - (B) 3,500,000 Class B Options exercisable at \$0.10 per Option and vesting two years from the date of grant.

The grant of the Options will be subject to further vesting conditions based on key performance indicators to be agreed between the parties.

- (iv) The agreement has no fixed term and may be terminated:
 - (A) by Mr Ioppolo without cause with 8 weeks' notice. The Company may pay Mr Ioppolo in lieu of the notice period;
 - (B) by the Company with immediate effect in the event of serious or willful misconduct; and
 - (C) by the Company by reason of redundancy in which case the Company will pay Mr Ioppolo 4 months gross salary.
- (v) Possible entitlement to participate in incentive plans at the Board's discretion however no determination has been made at this stage, other than the Options noted above.
- (vi) Other industry standard provisions for a senior executive of a public listed company.

7.8 Corporate Governance

This summary identifies the key corporate governance policies and practices adopted by the Company's Board. The Board is committed to ensuring continued investor confidence in the operations of the Company and in maintaining high standards of corporate governance in the performance of their duties.

The role of the Board

The role of the board of Directors is to provide strategic guidance to the Company (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within the Company.

The Board will always retain ultimate authority over the management and staff of the Company and its related bodies corporate.

In performing its role, the Board should act, at all times:

- (a) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, as well as its employees, customers and the community;
- (b) in a manner designed to create and continue to build sustainable value for shareholders;
- (c) in accordance with the duties and obligations imposed upon them by the Company's constitution and applicable law; and
- (d) with integrity and objectivity, consistently with the ethical, professional and other standards set out in the Company's corporate governance policies.

Responsibilities of the Board

The Board is responsible for the overall corporate governance of the Company including:

- (a) appointment of the Chief Executive Officer and other senior executives and determination of their terms and conditions including remuneration and termination;
- (b) driving the strategic direction of the company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- (c) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (d) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and disposals;
- (e) approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- (f) approving the annual, half yearly and quarterly reports and accounts;

- (g) approving significant changes to the organisational structure;
- (h) approving the issue of any shares, options, equity instruments or other securities in the Company;
- (i) approving the terms of ASX releases in accordance with the Continuous Disclosure policy in place from time to time;
- (j) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- (k) recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- (l) meeting with the external auditor, at their request, without management being present.

Composition of the Board

Under the Company's constitution, the minimum number of Directors is three and the maximum number is nine. The Board at the date of this Information Memorandum comprises of three Directors, namely Gary Castledine, Stephen Harrison and Neville Bassett. Upon Completion of the Acquisition, the Board will comprise of four Directors, namely Gary Castledine, Stephen Harrison, Warren Barry and Todd Trevillion. The Directors consider the size and composition of the Board is appropriate given the current size and status of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, they may establish committees to assist in carrying out various responsibilities of the Board. Such committees will be established by a formal charter.

The Board delegates the management of the Company's business and day to day operation to the Managing Director who is authorised, in turn, to delegate such powers conferred on him or her to members of the senior management group.

The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

Independence of Directors

The Board considers the issue of independence with regard to a set of questions outlined in the Board Charter. The issue is considered in light of a materiality threshold relevant to the particular time of the issue.

Independent professional advice

The Directors are entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the Board Charter.

Securities trading policy

The Company has adopted a formal policy for dealing in the Company's securities by Directors and employees and their related entities (in accordance with Listing Rule 12.9). The securities trading policy regarding allowable dealings is that those persons should:

- (a) not deal in the Company's securities while in possession of price sensitive, non-public information; and
- (b) only trade in the Company's securities after receiving clearance to do so from a designated clearance officer, where clearance may not be provided in defined "blackout periods".

The securities trading policy is available on the Company's website at www.exoma.net.

Remuneration policy

The Company has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain suitably skilled non-executive directors, while incurring a cost that is acceptable to shareholders.

The Company aims to reward key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company in order to:

- (a) reward key management personnel for company and individual performance against targets set by reference to appropriate benchmarks;
- (b) align the interests of key management personnel with those of shareholders;
- (c) link reward with the strategic goals and performance of the Company; and
- (d) ensure total remuneration is competitive by market standards.

Fixed remuneration is reviewed annually by the whole Board and the process consists of a review of company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices. Key management personnel are given the opportunity to receive fixed remuneration in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Remuneration packages may contain any or all of the following:

- (a) annual salary base with provision to recognise the value of the individual's personal performance and their ability and experience;
- (b) rewards, bonuses, commissions, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution;
- (c) Share participation - the Company proposes to implement the Employee Option Plan (refer to Section 12.4 for further details); and

- (d) other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the Managing Director.

Remuneration of executives will be reviewed annually by the Board. Determination of Non-Executive Director's fees is with regard to the long term performance of the Company.

Continuous disclosure policy

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

The continuous disclosure policy of the Company ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of an announcement to the ASX and placed on the Company's website.

Shareholder communication

The Board strives to ensure that Shareholders are provided with full and timely information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders:

- (a) through the release of information to the market via the ASX;
- (b) through the distribution of the annual report and notice of annual general meeting;
- (c) through half-yearly and quarterly reports being placed on the Company's website;
- (d) through letters and other forms of communications directly to Shareholders; and
- (e) by posting relevant information on the Company's website.

Ethical standards and business conduct

The Board recognises the need for Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the Board intends to maintain a reputation for integrity. The Company's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of the Company. The code of conduct and further details of these standards can be found on the Company's website.

ASX Corporate Governance Principles and Recommendations

Where possible and having regard to the size and nature of the Company's operations, the Board has adopted the Corporate Governance Principles and Recommendations (3rd Edition) issued by the ASX Corporate Governance Council. As a listed entity the Company has been required to report any departures from the principles and recommendations in its annual report. The Company's departures from the principles and recommendations, as at the date of re-admission to the Official List, are set out in the table below.

Recommendation	Nature of departure	Explanation for departure
1.5	Measurable objectives for achieving gender diversity have not been established or disclosed.	<p>The Company has not formally established measurable objectives for achieving gender diversity given the current stage of its operations and number of employees.</p> <p>The Company has however adopted a Diversity Policy which outlines the Company's objectives in the provision of equal opportunities in respect of employment and employment conditions. The Diversity Policy is available on the Company's website. The Company will review the requirement to set and report on measurable objectives for achieving gender diversity as the Company's operations and employee numbers grow.</p>
1.6	Process for periodically evaluating the performance of the Board, its committees and individual directors have not been established or disclosed.	<p>The Company has not adopted any formal procedures for the review of the performance of the Board, however the Board has adopted an on-going self-evaluation process to measure its own performance, which is currently considered to meet the Board's obligations sufficiently.</p> <p>The review process takes into consideration all of the Board's key areas of responsibility and accountability and is based on an amalgamation of factors including capability, skill levels, understanding of industry complexities, risks and challenges, and value adding contributions to the overall management of the business.</p> <p>The Company will review the requirement to establish a formal process of performance evaluation as the Company's operations and size of the Board grows.</p>

Recommendation	Nature of departure	Explanation for departure
1.7	Process for periodically evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken.	<p>The Company does not currently have any senior executives.</p> <p>A process for periodically evaluating the performance of senior executives will be implemented as warranted and as senior appointments are made.</p>
2.1	The Board has not established a nomination committee.	<p>The functions that would be performed by a nomination committee are currently performed by the full Board.</p> <p>Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.</p>
2.2	Have and disclose a board skills matrix.	<p>In view of its size the Board does not maintain a formal skills matrix that sets out the mix of skills and diversity that the Board aims to achieve in its membership.</p> <p>The current Board members represent individuals that have extensive business and industry experience as well as professionals that bring to the Board their specific skills in order for the company to achieve its strategic, operational and compliance objectives. Their suitability to the directorship has been determined primarily on the basis of their ability to deliver outcomes in accordance with the company's short and longer term objectives and therefore deliver value to shareholders.</p>
4.1	The Board has not established an audit committee.	<p>The functions that would be performed by an audit committee are currently performed by the full Board.</p> <p>Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these</p>

Recommendation	Nature of departure	Explanation for departure
		responsibilities to a sub-committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.
7.1	The Board has not established a risk management committee.	<p>The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee and does not consider it appropriate to delegate these responsibilities to a sub-committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.</p> <p>These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.</p> <p>The Board reviews risks to the company at regular Board meetings.</p> <p>The company manages material business risks under a risk management policy which is available on its website.</p>
8.1	The Board has not established a remuneration committee.	<p>The functions that would be performed by a remuneration committee are currently performed by the full Board.</p> <p>Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.</p>

8. Financial Information

8.1 Introduction

This section sets out the historical financial information and pro-forma financial information. The basis for preparation and presentation is set out below.

The Directors of the Company are responsible for the preparation and fair presentation of the Historical and Pro-forma Statements of Financial Position including the determination of the pro-forma adjustments which have been prepared in accordance with Australian Accounting Standards and Interpretations and other mandatory professional reporting requirements in Australia (AGAAP), which ensure compliance with IFRS. Pitcher Partners has prepared an Independent Limited Assurance Report in respect of the historical and pro-forma financial information in Section 9 of this Information Memorandum.

The Historical and Pro-forma Statements of Financial Position included in the Information Memorandum are presented in an abbreviated form and do not include all the disclosures required by AGAAP, applicable to annual financial reports prepared in accordance with the Corporations Act.

8.2 Historical Financial Information of the Company and the Gruden Group

The audited Historical Consolidated Statement of Financial Position of the Company and audited Historical Statements of Financial Position of each entity in The Gruden Group (comprising Blackglass, Mobile Den and Gruden) as at 30 June 2015 are set out in Section 0.

The 30 June 2015 Historical Consolidated Statement of Financial Position of the Company is the last publicly reported (audited) financial position and has been derived from the audited financial statements of the Company for the 30 June 2015 financial year. Additional historical financial information of the Company is set out in Annexure A to this Information Memorandum. The 30 June 2013 and 30 June 2014 financial statements of the Company were audited by PricewaterhouseCoopers, which issued unqualified audit opinions. The 30 June 2015 financial statements of the Company were audited by Pitcher Partners, which issued an unqualified audit opinion.

The 30 June 2015 Historical Statements of Financial Position of The Gruden Group entities are the last audited statements of financial position for each entity and have been derived from the audited financial statements of each entity for the year ended 30 June 2015. Additional historical financial information of The Gruden Group entities is set out in Annexure B to this Information Memorandum. During the 2015 financial year the Vendors undertook a restructure of their companies. As part of this restructure, with effect from 31 January 2015, Gruden (which is one of the Sale Companies that the Company is acquiring) acquired the digital agency “Gruden” business from the company that previously conducted that business, being Gruden Holdings Pty Ltd. Accordingly Annexure B also includes the financial information of Gruden Holdings Pty Ltd. The financial statements of The Gruden Group entities for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 were audited by UHY Haines Norton Chartered Accountants, which issued unqualified audit opinions, with the exception of –

- Qualified audit reports were issued on the financial reports of Mobile Den for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 due to UHY Haines Norton Chartered Accountants not

being able to obtain sufficient documentation on the assumptions and estimates made by management in calculation of the capitalised internally developed intangible assets recognised at a value of \$533,071, \$493,091 and \$439,783 respectively in the statement of financial position and amortisation expense of \$nil, \$39,980 and \$53,307 respectively in the income statement. The audit opinions on the financial statements were modified accordingly.

- A disclaimer of opinion audit report was issued on the financial report of Gruden Holdings Pty Ltd (the company which previously conducted the digital agency business currently conducted by Gruden) for the year ended 30 June 2013 due to UHY Haines Norton Chartered Accountants not being able to obtain adequate accounting and statutory records for the comparative financial year ended 30 June 2012 to permit the application of necessary audit procedures. Whilst they were able to perform audit procedures to obtain sufficient appropriate audit evidence for the statement of financial position as at 30 June 2013, the impact of opening balances on the current financial performance and cash flows prevented them from forming an opinion on the financial report taken as a whole. Accordingly, no opinion was expressed on the financial report.

It should also be noted that the financial statements of Gruden Holdings Pty Ltd have been prepared on a liquidation basis for the years ended 30 June 2014 and 30 June 2015.

The Historical Statements of Financial Position have been presented in \$AUD which is the functional currency of the Company and each entity in The Gruden Group.

The Directors and the Proposed Directors confirm that there has been no material change in the combined financial position of the Company and The Gruden Group since 30 June 2015.

The audited financial statements (inclusive of significant accounting policies) of Blackglass, Mobile Den and Gruden Holdings Pty Ltd for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 and the audited financial statements (inclusive of significant accounting policies) of Gruden for the period ended 30 June 2015 are incorporated by reference into this document and are available on the Company's ASX platform and (free of charge) by request to the Company on +61 7 3226 5600.

8.3 Pro-forma Financial Information

The pro-forma financial information comprises:

- (a) the Pro-forma Consolidated Statement of Financial Position as at 30 June 2015; and
- (b) selected notes to the Pro-forma Consolidated Statement of Financial Position.

The Pro-forma Consolidated Statement of Financial Position has been prepared based on the audited Statements of Financial Position of the Company and controlled entities, Blackglass, Mobile Den and Gruden as at 30 June 2015, and on the basis that the following transactions and adjustments (the pro-forma adjustments) had occurred at that date.

- (a) Issue of 185 million Shares as purchase consideration for the acquisition of 100% of the share capital in The Gruden Group;
- (b) Issue of 90 million Class A Performance Shares as additional purchase consideration for the acquisition of The Gruden Group which convert to Shares of the same number (subject to the achievement of a performance milestone);

- (c) Issue of 90 million Class B Performance Shares as additional purchase consideration for the acquisition of The Gruden Group which convert to Shares (subject to the achievement of a performance milestone);
- (d) Elimination of The Gruden Group inter-entity receivables and payables;
- (e) Derecognition of the Company – CNOOC joint operation related balances and recognition of the net receivable from wind-up;
- (f) Recognition of The Gruden Group intangibles at fair value and related deferred tax liability;
- (g) Payment of consulting fees owing at 30 June 2015 of \$120,000 by way of share issue of 6 million Shares; and
- (h) Payment of Acquisition related consulting, legal and accounting fees of \$200,000.

The table below sets out the Historical Statements Financial Position of the Company and The Gruden Group, the pro-forma adjustments and the Pro-forma Consolidated Statement of Financial Position as at 30 June 2015. The Pro-forma Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Directors' view of the future financial position.

HISTORICAL & PRO-FORMA STATEMENTS OF FINANCIAL POSITION

30 JUNE 2015

	Historical (Audited) Company \$	Historical (Audited) Blackglass \$	Historical (Audited*) Mobile Den \$	Historical (Audited) Gruden \$	Pro-Forma Adjustments \$	Pro-Forma (Reviewed) Consolidated Group \$
Current Assets						
Cash and cash equivalents	6,757,173	202,119	94,817	338,381	(194,038)	7,198,452
Receivables	193,475	364,107	61,066	888,475	(34,618)	1,472,505
Other financial assets	6,500	-	-	-	-	6,500
Other assets	-	21,793	7,277	72,535	-	101,605
	6,957,148	588,019	163,160	1,299,391	(228,656)	8,779,062
Non-Current Assets						
Receivables	172,131	-	-	-	(60,000)	112,131
Related entity loans receivable	-	602,109	-	346,201	(898,767)	49,543
Other financial assets	358,651	-	-	-	-	358,651
Property, plant & equipment	-	13,642	-	35,988	-	49,630
Deferred tax assets	-	33,025	-	203,740	-	236,765
Intangible assets	-	-	439,783	4,430	7,534,348	7,978,561
	530,782	648,776	439,783	590,359	6,575,581	8,785,281
Total Assets	7,487,930	1,236,795	602,943	1,889,750	6,346,925	17,564,343
Current Liabilities						
Payables	448,545	811,102	426,915	532,276	(208,656)	2,010,182
Current tax liability	-	51,639	-	101,065	-	152,704
Provisions	-	111,319	28,728	325,237	-	465,284
Other liabilities	-	13,200	-	113,407	-	126,607
	448,545	987,260	455,643	1,071,985	(208,656)	2,754,777
Non-Current Liabilities						
Payables	234,155	-	-	-	-	234,155
Related entity loans payable	-	-	755,388	173,525	(898,767)	30,146
Borrowings	-	-	-	247,000	-	247,000

Deferred tax liability	-	-	-	-	1,659,200	1,659,200
Provisions	-	21,705	3,029	29,101	-	53,835
	234,155	21,705	758,417	449,626	760,433	2,224,336
Total Liabilities	682,700	1,008,965	1,214,060	1,521,611	551,777	4,979,113
Net Assets / (Liabilities)	6,805,230	227,830	(611,117)	368,139	5,795,148	12,585,230
Equity						
Share capital	24,603,232	19,430	2,300	2,000	5,956,270	30,583,232
Reserves	3,991,838	-	-	-	-	3,991,838
Retained Earnings / (Accumulated Losses)	(21,789,840)	208,400	(613,417)	366,139	(161,122)	(21,989,840)
	6,805,230	227,830	(611,117)	368,139	5,795,148	12,585,230

* A qualified audit report was issued on the financial report of Mobile Den for the year ended 30 June 2015 due to UHY Haines Norton Chartered Accountants not being able to obtain sufficient documentation on the assumptions and estimates made by management in calculation of the capitalised internally developed intangible assets recognised at a value of \$439,783 in the statement of financial position. The audit opinions on the statement of financial position was modified accordingly.

The Pro-forma Consolidated Statement of Financial Position should be read in conjunction with the following notes set out in this section.

8.4 Summary of Significant Accounting Policies

The Historical and Pro-forma Statements of Financial Position have been prepared in accordance with the measurement and recognition requirements, but not all of the disclosure requirements of the Corporations Act 2001, including applicable Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board for the presentation of financial information for inclusion in an Information Memorandum for Australia.

Material financial accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation

The Historical and Pro-forma Statements of Financial Position have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Company and The Gruden Group entities are for-profit entities for financial reporting purposes under Australian Accounting Standards.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de recognised from the date that control ceases.

Non controlling interests in the result of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

(c) ***Business combinations***

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issues or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the gain is immediately recognised in the consolidated statement of comprehensive income.

Acquisition related costs are expensed as incurred.

(d) ***Foreign currency translations and balances***

Functional and presentation currency

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised in other comprehensive income.

(e) **Revenue**

Revenue from sale of goods/licensing of software products is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods/licensing of software products to the customer.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.
- Revenue from fixed price and construction contracts is recognised by reference to the stage of completion of the contract activity at the balance date, determined as the proportion of contract costs incurred for work to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent they have been agreed with the customer. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Rent revenue (net of any incentive paid to the lessee) is recognised on a straight line basis over the rental term.

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

Grants from government, including Australian Research and Development tax offsets, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(f) **Income tax**

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 neither accounting nor taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Cash and cash equivalents include cash on hand and at banks, short term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(g) *Financial instruments*

Classification

The group classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Held to maturity investments

Fixed term investments intended to be held to maturity are classified as held to maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including intercompany balances and loans from or other amounts due to director related entities.

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Impairment of financial assets

The carrying amount of financial assets is reviewed annually by director to assess whether there is any objective evidence that a financial asset is impaired.

Where such objective evidence exists, the group recognises impairment losses.

(h) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	Shorter of term of lease or life of asset	Straight line
Plant and equipment at cost	3-5 years	Straight line
Office equipment at cost	5 years	Straight line
Computer equipment at cost	1-3 years	Straight line

(i) Interest in joint arrangements

Joint operations

The group's share of the assets, liabilities, revenues and expenses of joint operations are included in the respective items of the statements of financial performance and position. The group had a 50% interest in a joint operation with CNOOC Galilee Gas Company (CNOOC), to jointly explore four ATPs in the Galilee Basin in Queensland. Under the terms of the Farm in Agreement, CNOOC earned a 50% participating interest in these permits by funding the first \$50 million of exploration expenditure. Under the terms of the agreement, all further expenditure in relation to the permits was to be funded on a 50/50 basis, unless otherwise agreed. This agreement was subject to a Withdrawal Deed dated 30 January 2015.

Joint ventures

The group's interest in joint venture entities are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture entity is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. The profit or loss of the joint venture entity is recognised in profit or loss. The group has no interests in joint ventures.

(j) Intangibles

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(k) *Exploration and evaluation*

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights of tenure of the areas of interest are current, and at least one of the following conditions are also met:
 - the exploration and evaluation expenditure are expected to be recouped through successful development and exploration of the area of interest; or
 - by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations, in or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(l) Impairment of non financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(o) Employee benefits

(i) Short term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short term employee benefits in the form of compensated absences such as

annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Long term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The group makes contributions to defined contribution superannuation plans in respect of employee services rendered during the period. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(iv) Share based payments

The group operates share based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(p) Contributed equity

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

(q) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

(r) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

8.5 Cash and Cash Equivalents

	\$
Reconciliation of movements in pro-forma cash and cash equivalents	
Cash and cash equivalents at 30 June 2015	7,392,490
Derecognition of the Company-CNOOC joint operation balances	(54,038)
Refund of tenement deposits	60,000
Payment of acquisition related professional fees	(200,000)
Total pro-forma cash and cash equivalents	<u>7,198,452</u>

8.6 Receivables

	\$
Reconciliation of movements in pro-forma receivables	
<i>CURRENT</i>	
Receivables - current at 30 June 2015	1,507,123
Recognition of receivable on wind-up of joint operation	54,038
Elimination of The Gruden Group inter-entity balances	(88,656)
Total pro-forma receivables - current	<u>1,472,505</u>
<i>NON-CURRENT</i>	
Receivables – non-current at 30 June 2015	172,131
Refund of tenement deposits	(60,000)
Total pro-forma receivables – non-current	<u>112,131</u>

8.7 Intangible Assets

	\$
Reconciliation of movements in pro-forma intangible assets	
Intangible assets at 30 June 2015	444,213
Adjustment to reflect fair value of intangible assets	5,530,668 ⁽¹⁾
Recognition of goodwill on business combination	2,003,680 ⁽²⁾
Total pro-forma intangible assets	<u>7,978,561</u>

(1) Represents the incremental fair value of significant customer contracts for the 2016 financial year based on a multiple of one times forecast.

(2) Goodwill represents the difference between the fair value of the purchase consideration of \$5,860,000 and the identifiable net assets of \$3,856,320.

8.8 Payables

	\$
Reconciliation of movements in pro-forma payables	
Payables at 30 June 2015	2,218,838
Payment of consulting fees by way of share issue	(120,000)
Elimination of The Gruden Group inter-entity balances	<u>(88,656)</u>
Total pro-forma payables	<u>2,010,182</u>

8.9 Deferred Tax Liability

	\$
Reconciliation of movements in pro-forma deferred tax liability	
Deferred tax liability at 30 June 2015	-
Adjustment to reflect the deferred tax liability on the difference between the fair value of intangible assets and their tax cost base	<u>1,659,200</u>
Total pro-forma deferred tax liability	<u>1,659,200</u>

8.10 Related Entity Loans

	\$
Reconciliation of movements in pro-forma related entity loans	
RECEIVABLE	
Related entity loans receivable – at 30 June 2015	948,310
Elimination of The Gruden Group inter-entity balances	<u>(898,767)</u>
Total pro-forma related entity loans receivable	<u>49,543</u>

	\$
Reconciliation of movements in pro-forma related entity loans	
PAYABLE	
Related entity loans payable – at 30 June 2015	928,913
Elimination of The Gruden Group inter-entity balances	<u>(898,767)</u>
Total pro-forma related entity loans payable	<u>30,146</u>

8.11 Contributed Equity

	Ref	Number	\$
Reconciliation of pro-forma share capital			
Contributed equity capital at 30 June 2015		422,846,696	24,626,962
Payment of consulting fees by way of share issue		6,000,000	120,000
Purchase consideration			
- Ordinary shares	(i)	185,000,000	3,700,000
- Class A Performance shares	(ii)	90,000,000	1,440,000
- Class B Performance shares	(iii)	90,000,000	720,000
Elimination of pre-Acquisition share capital of The Gruden Group			(23,730)
Total pro-forma share capital		793,846,696	30,583,232

- (i) The fair value of the Shares (\$0.02) has been determined based on the fair value of the equity instruments of The Gruden Group as at the acquisition date, as this represents a more reliable measure of the fair value of the purchase consideration.
- (ii) The fair value of Class A Performance Shares is based on a probability of 80% for the achievement of a specified performance milestones.
- (iii) The fair value of Class B Performance Shares is based on a probability of 40% for the achievement of a specified performance milestones.

8.12 Accumulated Losses

	\$
Reconciliation of movements in pro-forma accumulated losses	
Accumulated losses at 30 June 2015	(21,828,718)
Payment of acquisition related professional fees	(200,000)
Elimination of pre-acquisition retained earnings in The Gruden Group	38,878
Total pro-forma accumulated losses	(21,989,840)

9. Investigating Accountant's Report



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 30
345 Queen Street
Brisbane
Queensland 4000
Tel: 07 3222 8444
Fax: 07 3221 7779

Postal Address:
GPO Box 1144
Brisbane
Queensland 4001

www.pitcher.com.au
info@pitcherpartners.com.au

Pitcher Partners is an association of independent firms
Brisbane|Melbourne|Sydney|Perth|Adelaide|Newcastle

ROSS WALKER
KEN OGDEN
NIGEL FISCHER
TERESA HOOPER
MARK NICHOLSON
PETER CAMENZULI
JASON EVANS
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

16 March 2016

The Directors
Exoma Energy Limited
C/- West Star Capital Pty Ltd
Level 45
108 St Georges Terrace
PERTH WA 6000

Dear Sirs,

INDEPENDENT LIMITED ASSURANCE REPORT ON EXOMA ENERGY LIMITED HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION

We have been engaged by Exoma Energy Limited to report on the historical financial information and pro forma historical financial information of Exoma Energy Limited and its subsidiaries ("Exoma") and Gruden Pty Ltd, Mobile Den Pty Ltd and Blackglass Pty Ltd ("the Gruden Group") as at 30 June 2015 for inclusion in the Information Memorandum dated on or about March 2016 and relating to the proposed issue of 185 million consideration ordinary shares and 180 million performance shares in Exoma Energy Limited for the acquisition of the Gruden Group. Exoma and the Gruden Group are collectively referred to as "the Exoma Group".

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

Exoma is an Australian public company and is listed on the ASX.

Historically, Exoma was an exploration and development company which was focused on the exploration of coal seam gas, shale oil / gas and conventional oil in the Galilee Basin with its joint venture partner CNOOC. On 30 October 2014, Exoma announced that it was exiting the joint venture effective 1 January 2015 and would consider new investment opportunities.

On 18 December 2014, Exoma announced that it had entered into a heads of agreement to acquire a number of private companies specialising in fully integrated e-commerce and m-commerce point of sales applications and digital marketing services know as the Gruden Group.

The Information Memorandum contains details of the proposed acquisition of the shares in the Gruden Group by way of issuance of 185 million consideration ordinary shares, and 180 million performance shares which convert to ordinary shares based on the achievement of certain performance milestones.

Scope

Historical Financial Information

You have requested Pitcher Partners to review the following historical financial information of the combining entities included in the Information Memorandum in Section 8.3:

- the Statements of Financial Position as at 30 June 2015.

The historical financial information, as contained in Section 8.3, has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the combining entities adopted accounting policies. The historical financial information has been extracted from the financial reports of the combining entities for the year ended 30 June 2015, which were audited by Pitcher Partners (Exoma) and UHY Haines Norton (the Gruden Group) in accordance with the Australian Auditing Standards. Pitcher Partners and UHY Haines Norton issued unmodified audit reports, except as noted below. The historical financial information is presented in the Information Memorandum 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*.

As noted in Section 8.2 of the Information Memorandum, the Independent Audit Report of Mobile Den Pty Ltd dated 7 October 2015 issued by UHY Haines Norton contained qualification regarding the carrying amount of intangibles.

Pro Forma Historical Financial Information

You have requested Pitcher Partners to review the pro forma historical Statement of Financial Position as at 30 June 2015, contained in Sections 8.3, referred to as “the pro forma historical financial information”.

The pro forma historical financial information has been derived from the historical financial information of the combining entities, after adjusting for the effects of pro forma adjustments described in section 8.3 of the Information Memorandum. 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 Sections 8.3 and 8.4 of the Information Memorandum, 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 combining entity’s actual financial position.

Directors' Responsibility

The directors of Exoma and the Gruden Group are responsible for the preparation of the historical financial information. The directors of Exoma are responsible for the preparation of the pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our 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*.

A review 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 engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions*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 historical financial information, as described in Section 8.3 of the Information Memorandum, and comprising:

- the Statements of Financial Position as at 30 June 2015

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 8.4 of the Information Memorandum.

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 being the Statement of Financial Position as at 30 June 2015 is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Sections 8.3 and 8.4 of the Information Memorandum.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 8.1 of the Information Memorandum, which describes the purpose of the financial information, being for inclusion in the Information Memorandum. As a result, the financial information may not be suitable for use for another purpose.

Pitcher Partners has consented to the inclusion of this limited assurance report in the Information Memorandum the form and context in which it is included.

Liability

The directors of Exoma are responsible for:

- the content of the Information Memorandum, other than the content of our Independent Limited Assurance Report, and any other experts' reports;
- issuing the Information Memorandum; and
- the preparation and presentation of the financial information included in the Information Memorandum.

We do not assume any liability for information or statements included in the Information Memorandum other than our Independent Limited Assurance Report.

Declaration of Interest

Pitcher Partners does not have any interest in the outcome of this transaction other than in our engagement as Independent Accountant for which normal professional fees will be received.

Subsequent Events

The directors of Exoma have prepared a pro forma historical Statement of Financial Position of the combining entities as at 31 December 2015. This pro forma statement has been prepared from the reviewed Exoma financial statements, and Gruden management accounts (which have not been subject to review or audit) as at 31 December 2015. At the request of the directors, we have read the pro forma Statement of Financial Position as at 31 December 2015. The foregoing procedure is substantially less in scope than an examination, the objectives of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information and accordingly, we do not express an opinion. The foregoing procedure would not necessarily reveal matters of significance with respect the comments made in the following paragraph. Accordingly, we make no representation about the sufficiency of such a procedure for your purpose.

Nothing has come to our attention as a result of the procedure described above that causes us to believe that the pro forma combined net assets of Exoma and the Gruden Group as at 31 December 2015 have declined by greater than 10% since 30 June 2015.

Had we performed additional procedures, or had we made an examination of the pro forma Statement of Financial Position as at 31 December 2015, other matters might have come to our attention that would have been reported to you.

Yours faithfully
PITCHER PARTNERS



J. J. EVANS
Partner

Dated: 16 March 2016
Brisbane, Queensland

10. Risk Factors

Securities in the Company should be considered speculative because of the nature of the Company's business. There are numerous risk factors involved with the Company's business. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

10.1 Risks specific to the Acquisition

(a) Reinstatement to the official list of ASX

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Information Memorandum is issued to assist the Company to re-comply with these requirements. The Shares were suspended from the date of the General Meeting. It is anticipated that the Shares will remain suspended until Completion of the Acquisition, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.

(b) Reliance on key personnel

The Gruden Group currently employs or engages as consultants a number of key management and personnel, and the Gruden Group's future depends on retaining and attracting suitable qualified personnel particularly for its software development and in its market and sales roles given the complexity of its services and technologies. In particular Mr Warren Barry, Mr Todd Trevillion, Mr Brent Trimnell-Ritchard, Mr Andrew Vidler and Mr Ross Ioppolo are the key management of the Gruden Group. In the short term they will be responsible for business development initiatives and will also be the main driver of the Gruden Group.

The Gruden Group seeks to mitigate this risk through using a well-known and documented software development methodology which a large pool of experienced developers are familiar with; using well-known and well documented third-party development applications; and documenting the Gruden Group methodology and software processes. However, there is no guarantee that the Gruden Group will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects. In particular, an inability to recruit key personnel may affect the Gruden Group's ability to expand its operations.

(c) Competition and new technology

The industries in which the Gruden and Blackglass businesses are involved are highly competitive and are subject to increasing domestic and global competition which is fast-paced and fast-changing. The Gruden Group believes that these businesses have a competitive advantage through experience and expertise gained through long standing and successful relationships with clients in the public sector, and in particular the Gruden Group has preferred tenderer status on a number of Government panels (including cloud services panel) which reduces the barriers to entry to work with Government.

MobileDen has a first mover advantage in its industry and is an established business with existing clients and a suite of modules and functionality already built. However it expects a number of new competitors.

While the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of the Gruden Group's projects and business.

For instance, new technologies could overtake the advancements made by the Gruden Group which could negatively impact on the financial position and financial performance of the Company. As a consequence, the Gruden Group's current and future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability. Similarly, aggressive pricing or additional service offerings from competitors could require the Gruden Group to adjust its own pricing and service offerings to continue to generate business, which could negatively impact on the financial position and financial performance of the Company.

(d) Regulatory compliance

The Gruden Group's products must meet regulatory requirements which are subject to continual review including inspection by regulatory authorities. Failure by the Gruden Group or its suppliers to continuously comply with regulatory requirements or failure to take satisfactory corrective action in response to adverse inspection, could result in enforcement actions. In addition, if the Gruden Group expands its operations globally, the Company would be exposed to the regulatory environments of other jurisdictions.

In addition, the Gruden Group is currently seeking ISO certification of its management system. Failing to hold this certification may cause delays or refusal by some clients to deal with the products.

(e) Faults with products/services

The Gruden Group operates in the internet services arena. Internet-based services frequently contain undetected errors when first introduced or when new versions or enhancements are released. The Gruden Group has on occasion found defects in its services (although none which had had an adverse impact on customers) and new errors in its services may be detected in the future. If that occurs, the Gruden Group could lose future sales or customers or incur consequential liabilities. Consequently, there is a risk that users of the services provided may identify errors or defects which could harm the Gruden Group's reputation and business.

The Gruden Group outsources its contingency, backup and recovery risks to a well regarded cloud computer platform. However this system relies on the Gruden Group having reliable internet access. In the event that internet access is unavailable then the Gruden Group will not have access to its critical systems and data on the cloud which would negatively affect the Gruden Group's businesses.

(f) External Technology Risk

The Gruden Group has developed its own software in house, which is used in conjunction with off-the-shelf software to enable the functionality of its product offerings. Such software may be subject to external factors, such as deprecation of operating systems, libraries, components, third party interfaces, drivers, patches, compatibility, version conflict or obsolescence or other related issues. In addition, the software will require updating and maintenance. These external factors may also affect the ability of the Gruden Group to effectively upgrade and maintain its software. Furthermore, licensing and commercial conditions imposed by third party software companies may be unsustainable or impractical for the Gruden Group, causing a need to rely on other solutions or develop these in house. Should the Gruden Group have such issues it may affect the ability of the Gruden Group to successfully provide its products.

(g) Security and fraud risk

As with any internet application that provides financial transaction capabilities, security around the platform data and interactions is critical. The Gruden Group continually reviews security on and around the Mobile Den platform to ensure the platform is kept up to date and the security risks are mitigated. The Gruden Group's solutions for the Department of Finance are subject to independent review against the requirements set out in the Australian Signals Directorate's 'Information Security Manual' – the standard which governs the security of government ICT systems. In addition the Gruden Group has made third party fraud detection solutions available within the Mobile Wallet platform to mitigate fraud usage. However, use of this solution by the Gruden Group's clients is currently optional. Incidents of fraud can undermine trust in the efficacy of the Gruden Group's platforms, which may have a negative impact on the Gruden Group's businesses.

(h) Dependence on the internet and/or Cloud based services

Expansion in the sales of the Gruden Group's services depends on the continued acceptance of the internet and/or cloud as a communications and commerce platform for individuals and enterprises. The internet and/or cloud could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service.

The performance of the internet and its acceptance as a business tool has been harmed by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet and/or cloud does not remain a widespread communications medium and commercial platform, the demand for the Gruden Group's services would be significantly reduced, which would negatively affect the Company.

(i) Retention of Customers, Customer Service and reputational risk

The reputation of the Gruden Group and its products is important in attracting and retaining existing business and obtaining new business and key employees. Reputational damage could arise due to a number of circumstances, including errors or defects, inadequate services or unsatisfactory client outcomes. Negative publicity could adversely impact the reputation of the Gruden Group which may potentially result in a fall in the number of customers seeking the products and services of the Gruden Group.

There is a risk, particularly in the current financial environment, that some clients may go out of business or be acquired by other companies which may affect their continued use of the Gruden Group's services and platform. The Gruden Group has sought to minimise this risk by meeting with key clients and a number of these clients have engaged the Gruden Group for the next 12 – 24 months. The Gruden Group has also sought to ensure that it has solid developmental practices, including adding new features, and proper support channels in order to retain clients.

The Gruden Group is proposing to establish a fulltime office in Canberra to service its public sector clients based there and is also proposing to open an office in Western Australia. There is a risk that issues may arise from integrating the Gruden Group offices including a potential threat to existing relationships if there is poor communication between the new offices and the Gruden Group's clients.

(j) Relatively short term nature of contracts and concentration of revenue

While the Gruden Group has generally experienced continuity of clients and has many long term clients, a number of the key contracts of the Gruden Group are not on a long term basis and/or can be terminated with short notice. In particular, Blackglass typically provides services to its clients on an order by order basis relying on its standard terms and conditions. Gruden and Mobile Den also have some agreements with clients that have expired and are continuing on a rolling basis. These agreements can be terminated by either party immediately for convenience. A loss of a number of these contracts may significantly impact the operations or financial performance of the Company.

Currently the top five clients of the Gruden Group represent approximately 55% of revenue.

Given this concentration of revenue, the Gruden Group is highly reliant on the continued business of these clients. A loss of one of these clients may significantly impact the operations or financial performance of the Company.

(k) Protection of Intellectual Property Rights

The Gruden Group does not currently have any patent protection of its intellectual property and it currently considers that it is not economically beneficial to obtain any patent protection of its intellectual property based on a cost benefit analysis of seeking and maintaining protection. Accordingly, to protect its trade secrets, the Gruden Group relies on the copyright it has in its software code and on its intellectual property being kept confidential within the organisation. If the Gruden Group fails to protect its intellectual

property secrets, competitors may gain access to its technology which could harm the business.

The Company may be required to spend significant resources to monitor and protect the intellectual property acquired through the proposed Acquisition of the Gruden Group. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of the Gruden Group's rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel. In addition, unauthorized use of the "Gruden", "Blackglass" or "Mobile Den" brands in counterfeit products or services could not only result in potential revenue loss, but also have an adverse impact on its brand value and perception of product quality.

(l) Intellectual Property Infringement

The Gruden Group uses a combination of open source and third party licensed software to develop its own software and client's platforms, and relies on its ability to protect its intellectual property rights adequately. Failure to do so may result in competitors gaining access to its technology, which would harm the business. The Gruden Group currently has no issued patents and may be unable to obtain patent protection in the future. If any patents are issued in the future, they may not provide the Gruden Group with any competitive advantages, or may be challenged by third parties.

(m) Compliance with Licenses and infringement of Third Party Intellectual Property Rights

The Gruden Group licenses application software and source code from third parties. While the Gruden Group conducts audits to ensure it is complying with its licenses and the copyright in them, there is a risk that it may breach a license.

If a third party accuses the Gruden Group of not complying with a license or infringing a third party's intellectual property rights or if a third party commences litigation against the Gruden Group for breach of license or the infringement of patent or other intellectual property rights, the Gruden Group may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that the Gruden Group incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against the Gruden Group may be able to obtain injunctive or other equitable relief that could prevent the Gruden Group from further developing discoveries or commercialising its products. In the event of a successful claim of infringement against the Gruden Group, it may be required to pay damages and obtain one or more licenses from the prevailing third party (where it is not already doing so). If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent the Gruden Group from commercialising available products and could cause it to incur substantial expenditure.

(n) Sufficiency of funding

The Gruden and Blackglass businesses are cash flow positive and currently have a steady and proven income that allows the Gruden Group to operate without needing further capital investment. However, the Gruden Group's growth particularly through the further development of the MobileDen business and through opening new offices in Canberra and Western Australia will require substantial expenditure and may not result in further profitability being achieved.

There can be no guarantees that funds generated over time by the Gruden Group's business together with the Company's cash reserves will be sufficient to successfully achieve all the objectives of the Gruden Group's overall business strategy. Further funding of projects may be required by the Company to support the ongoing activities and operations of the Gruden Group, including the need to develop new services or enhance its existing services, enhance its operating infrastructure and to acquire complementary businesses and technologies.

Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(o) Foreign Exchange Risks

The Gruden Group expects to drive at least some of its foreseeable future growth in overseas markets. Consequently, it may generate revenue and incur costs and expenses in more than one currency. Accordingly, the depreciation and/or the appreciation of the relevant foreign currency, relative to the Australian Dollar would result in a foreign currency loss/gain. Any depreciation of the foreign currencies relative to the Australian Dollar may result in lower than anticipated revenue, profit and earnings. The Gruden Group will be affected on an ongoing basis by foreign exchange risks and will have to continually monitor this risk.

(p) Limited Trading History of Mobile Den

While the Gruden and Blackglass businesses have been operating profitably for a number of years, the MobileDen, which is expected to be instrumental in the Gruden Group's growth, has only been operating for a short period of time and during this period of operations it has operated at a loss. Given the limited trading history of MobileDen, there is uncertainty in relation to the Gruden Group's business, and investors should consider the Gruden Group's prospects in light of MobileDen's limited trading history. In addition, although the Gruden Group has been successful in generating revenues through the Gruden and Blackglass businesses, there is no guarantee that the Gruden Group will be able to continue to successfully generate revenue in the future. Consequently, there can be no

forecast or confirmation as to the Company's future performance following Completion of the Acquisition.

(q) Third Party Integration

The MobileDen business needs to ensure that it has the right products integrated into its platform to ensure that it is offering the best solutions to its customers. There is a risk that some companies may not want to integrate their products with MobileDen and may instead compete which may affect the quality of the services provide by MobileDen.

(r) Litigation

The Gruden Group is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Gruden Group.

(s) Insurance coverage

The Company faces various risks in connection with the Gruden Group and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Gruden Group maintains insurance coverage for its employees, as well as professional indemnity, product liability and third party liability insurance. However it does not maintain business interruption insurance or insurance against claims for certain property damage. The Company will need to review its insurance requirements periodically. If the Gruden Group incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

10.2 General Risks

(a) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration

stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) Economic and government risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(c) Investment risk

An investment in Securities should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Securities. The prices at which an investor may be able to trade the Securities may be above or below the price paid for the Securities. Shareholders must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

11. Material Contracts

11.1 Introduction

Set out below are summaries of the key provisions of contracts to which the Company is a party which are, or may be, material in terms of the operations of the Company or otherwise are, or may be, relevant to an investor in the Company. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read them in full.

11.2 Acquisition Agreement

The Company has entered into a share sale agreement dated 9 July 2015 with the Vendors to acquire 100% of the issued capital of the Gruden Group (**Acquisition Agreement**) on the following terms:

- (a) The consideration is:
 - (i) 185,000,000 Shares;
 - (ii) 90,000,000 Class A Performance Shares; and
 - (iii) 90,000,000 Class B Performance Shares,(together the **Consideration Securities**).
- (b) The Acquisition is conditional upon, and subject to, a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following conditions which remain outstanding at the date of this Notice:
 - (i) the Company obtaining all necessary regulatory approvals required in relation to the Acquisition including re-compliance with Chapters 1 and 2 of the Listing Rules;
 - (ii) the Company having a minimum of \$6,600,000 net cash and receivables, after taking into account any payments made to external advisors or consultants of the Company in connection with the Acquisition;
 - (iii) each Vendor signing such form of restriction agreement in respect of the Consideration Securities as may be required by the ASX; and
 - (iv) the ASX having provided written advice that it will relist the Company on ASX and grant quotation to the Consideration Securities and all Shares on issue following completion of the Acquisition, subject only to conditions that are acceptable to the Company.
- (c) The Vendors have acknowledged that some or all of the Consideration Securities may be escrowed in accordance with the requirements of ASX.
- (d) There are normal commercial warranties associated with the Acquisition.
- (e) The terms and conditions of the Performance Shares are in Section 12.2.

11.3 Gruden Group Agreements

Set out below are summaries of the material agreements to which the Gruden Group companies are a party and which may be material in terms of the operations of the Gruden Group, or otherwise are, or may be, relevant to an investor in the Company.

While the Gruden Group has a number of long term clients, it should be noted that some of the key contracts of the Gruden Group are not on a long term basis and/or can be terminated with short notice. Refer to the individual summaries below and the risk factor in Section 10.1(j) for further details.

Due to commercial sensitivity, the summaries do not include specific details of the fees paid pursuant to each agreement. However the top five clients of the Gruden Group represent approximately 55% of revenue. Of these clients:

- (a) 3 clients, representing 35% of revenue, are clients of Gruden; and
- (b) 2 clients, representing 20% of revenue, are clients of Blackglass.

It should be noted that, while the majority of the revenue of the Gruden Group is currently generated from the Gruden and Blackglass businesses, the future focus of the Company will be in growing the Mobile Den business and as such the Directors consider a number of the Mobile Den contracts are material because of the future potential of the relationship with the client.

(c) **NSW Department of Finance, Services and Innovation Agreement**

Gruden has entered into a customer contract with the NSW Department of Finance, Services and Innovation (**NSW DOF**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Gruden provides support and maintains software that it created for the NSW DOF.
- (ii) The agreement has an initial term of 12 months (until 30 September 2016) and can be extended by NSW DOF for a further 12 month period.
- (iii) NSW DOF pays a fixed monthly fee which covers support and bug fixes, maintenance, and managed services. Failure to meet a service level may result in Gruden providing rebates to NSW DOF. Fees for any projects will be agreed in advance based on an assessment of the work required for the project.
- (iv) Either party may terminate the agreement immediately for cause. If NSW DOF terminates the agreement for cause, it may obtain a reasonably similar alternative to the deliverable from a third party at Gruden's expense.
- (v) NSW DOF may terminate the agreement immediately for convenience, but if it does so then it must indemnify Gruden against all liabilities and expenses incurred as a result of termination and pay a fee of the greater of a set amount or the equivalent of three months fees based on the average fees payable over the preceding period of the agreement.
- (vi) In relation to intellectual property ownership:

- (A) each party retains ownership of its existing intellectual property at the commencement date and any adaptation, translation or derivative of that intellectual property is transferred or assigned to the owner upon creation. To the extent that NSW DOF requires that intellectual property, Gruden grants it a non-exclusive licence to that material; and
- (B) any intellectual property rights in new material that is incorporated into a deliverable is transferred or assigned to NSW DOF and NSW DOF grants Gruden a non-exclusive, perpetual, irrevocable, royalty free, transferable licence to use and exploit the intellectual property rights in that material. This excludes any intellectual property which is based on trade secrets or proprietary information of Gruden or any open source software, which will be retained by Gruden.

(d) **Australian Government Department of Finance Agreement**

Gruden has entered into an operations services agreement with the Commonwealth of Australia represented by the Department of Finance (**Cth DOF**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Gruden provides information, technology and communications services to Cth DOF, including but not limited to, software development services, hardware maintenance services, software support services and systems integration services.
- (ii) The agreement has an initial term of 12 months (until 30 June 2016) and can be extended by Cth DOF for a further 12 month period.
- (iii) Cth DOF pays fixed monthly fees which cover cloud operations support services, information security services and AWS hosting services. The agreement sets out hourly rates for any additional services provided under the agreement.
- (iv) Cth DOF may terminate the agreement immediately for cause and Gruden may terminate the agreement with five business days notice if Cth DOF has not paid an invoice following Gruden giving notice of the failure to pay.
- (v) Cth DOF may terminate the agreement immediately or reduce the scope of the services provided under the agreement for convenience, but if it does so then it is liable for reasonable costs incurred by Gruden attributable to the termination (up to the total service charges payable under the agreement).
- (vi) In relation to intellectual property ownership:
 - (A) each party retains ownership of its existing intellectual property at the commencement date and any modifications, error corrections, translations or derivative of that intellectual property; and
 - (B) any intellectual property rights in new material that is incorporated into a deliverable vests in Gruden and Gruden

grants Cth DOF with a perpetual, irrevocable, non-exclusive, world-wide, royalty free, fully paid up license to the intellectual property rights in that material except a rights of commercial exploitation. Cth DOF has a right to sub-licence this licence.

Gruden has also entered into a head agreement with Cth DOF to sit on the Whole-of-Government Cloud Services Panel. As at the date of this Information Memorandum Gruden has not entered into any individual contracts under the head agreement.

(e) **Globus Agreement**

Gruden has entered into a service level agreement with Circuit Travel Pty Ltd (**Globus**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Gruden provides website support, bug fixes and maintenance for specific Globus websites and discretionary project work.
- (ii) The agreement had an initial term of 12 months (until 25 June 2014) but has continued on a rolling basis.
- (iii) Globus pays a fixed monthly fee and an hourly rate for any services provided over the hours covered by the monthly fee and for any project work.
- (iv) The agreement provides specific termination rights. However, given the agreement is now on a rolling basis, either party can terminate the agreement immediately for convenience.

(f) **Accor Agreement**

Gruden has entered into a services agreement with Allegiance Marketing Pty Ltd as trustee for Allegiance Marketing Unit Trust (**Accor**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Gruden built a website for Accor which has been completed, but Gruden also provides Accor with ad hoc services outside the scope of the website build.
- (ii) The agreement had an initial term until the website was completed (which has occurred) but the agreement has continued on a rolling basis.
- (iii) Accor pays fees as agreed between the parties based on the scope of the proposed ad-hoc services.
- (iv) The agreement provides specific termination rights. However, given the agreement is now on a rolling basis, either party can terminate the agreement immediately for convenience.
- (v) In relation to intellectual property ownership:
 - (A) Gruden retains all rights to the intellectual property in its existing material and source code and to the extent that any of Gruden's existing material is incorporated into, or supplied

with any part of the product delivered under the agreement, Gruden grants Accor an irrevocable, royalty and licence fee free, non-exclusive licence to use, adapt and exploit the existing material.

- (B) Any intellectual property rights in material other than as set out above, is assigned to Accor.

(g) **Ausgrid Agreement**

Gruden created an online outage information service for Ausgrid pursuant to a short form ICT agreement earlier in 2015. Since this project was completed, the agreement has continued on a rolling basis and Gruden has continued to provide ad hoc services to Ausgrid. Given the agreement is now on a rolling basis, either party can terminate the agreement immediately for convenience.

(h) **MyFiziq Agreement**

Gruden has entered into an application software and platform development agreement with MyFiziq Limited (**MyFiziq**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Gruden will provide software and platform development services to develop a native application for MyFiziq.
- (ii) The agreement has an initial term of 24 months (until 9 July 2017).
- (iii) The agreement provides an agreed fee for the completion of phase 1 of the project. The cost of phases 2 and 3 of the project is to be agreed between the parties. The fees for any additional services outside the scope of the project are to be agreed between the parties.
- (iv) MyFiziq may terminate the agreement with 30 days written notice. Either party may terminate the agreement immediately for cause.
- (v) Intellectual property rights are owned and managed in accordance with a memorandum of understanding between the parties which provides that:
 - (A) Gruden retains all rights to the intellectual property in its existing material at the commencement date of the memorandum of understanding (19 June 2015) and Gruden grants MyFiziq a royalty-free, perpetual, transferrable, non-exclusive licence to reproduce, modify, adapt and sub-licence the existing material.
 - (B) All intellectual property rights in the source code to the project software will vest immediately in MyFiziq immediately upon creation and MyFiziq owns all intellectual property rights to the MyFiziq product.
 - (C) Gruden is granted a limited licence to MyFiziq's intellectual property for the purposes of supplying the services pursuant to

the application software and platform development agreement.

(i) **Micros Agreement**

Gruden has entered into a software reseller agreement with Micros-Fidelio Australia Pty Ltd (**Micros**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Gruden has granted Micros a royalty-free non-exclusive perpetual worldwide right to distribute, for defined purposes, the Gruden software relating to mobile apps that integrate with Micros' existing systems and infrastructure offered through the application programming interface including the mobile ordering app, the mobile loyalty app and the loyalty and mobile ordering app, provided that Micros will seek Gruden's approval to sell the Gruden software outside of Australia. Micros has also been granted a non-exclusive, non-transferable, worldwide royalty-free licence to use the Gruden trademarks solely in connection with marketing, promotion, demonstration, sale and support of the Gruden software.
- (ii) Any services, including development services, support services or ad-hoc services, to be provided by Gruden to Micros will be provided pursuant to an agreed statement of work.
- (iii) The agreement had an initial term of two years (until 24 February 2015) but renews for additional 12 month periods unless either party gives notice of non-renewal at least 30 days before the end of the renewed term.
- (iv) In addition to app setup fees, which have been paid, Micros pays a monthly licence fee per store/outlet and a yearly support fee in relation to the apps and a monthly license fee per marker/game for add on modules. Micros also pays a setup fee for any additional campaigns or games required as agreed based on the scope of the work required.
- (v) Either party may terminate the agreement immediately for cause and may terminate the agreement for convenience with 30 days written notice. If the agreement is terminated then Micros' rights in the Gruden software and related documentation will continue for a period of 24 months but Micros will immediately cease to market or license the Gruden software and will have 60 days to facilitate the transfer of the billing of customer licence fees to Gruden.
- (vi) In relation to intellectual property ownership each party retains ownership of any intellectual property rights in their confidential information or software.

(j) **SmartTrans Agreement**

Mobile Den has entered into a distributor agreement with SmartTrans Limited (**SmartTrans**). The material terms of this agreement are:

- (i) Pursuant to the agreement:

- (A) Mobile Den has appointed SmartTrans an exclusive licence to market, distribute, sub-license and support various mobile applications developed on a project by project basis in line with pre-defined scope (**Software**) in China, and a non-exclusive license to do so outside of China or agreed terms on a project by project basis. SmartTrans may appoint a sales agent in China to distribute the Software and collect an end user fee; and
 - (B) SmartTrans has appointed Mobile Den as its partner of choice for the development and provision of mobile applications and mobile loyalty programs. Mobile Den will be offered the right to provide pricing estimates and fixed price quotations for the development of all products for distribution in China which may be accepted by SmartTrans at its discretion.
- (ii) The agreement continues until terminated in accordance with the termination provisions in the agreement.
 - (iii) SmartTrans pays a licence fee agreed in writing on a project by project basis which is based on a percentage of the software royalty actually received by SmartTrans from any sales agents or from any end user sub-licensed direct by SmartTrans.
 - (iv) From 12 June 2017, the agreement may be terminated by either party with 90 days written notice.
 - (v) Either party may terminate the agreement immediately for cause. In addition, if Mobile Den fails to perform an obligation due to a force majeure event which continues for 90 days, SmartTrans may terminate the agreement by notice.
 - (vi) In relation to intellectual property ownership:
 - (A) title to Software and all intellectual property rights relating to the Software (other than trademarks owned by SmartTrans) will remain the property of Mobile Den; and
 - (B) all intellectual property rights in any modifications made to the Software by SmartTrans will vest in SmartTrans.
 - (vii) If Mobile Den wishes to sell, assign or grant an interest in its right to the Software or the exclusive right to distribute or license the Software outside Chiina, or ceases to carry on its business, Mobile Den must notify SmartTrans and SmartTrans will have a first right of refusal to acquire those rights. If those rights are subsequently transferred to a third party, Mobile Den must assign its interest in this agreement to the third party.

(k) **QSRH Agreements**

Mobile Den has entered into an application software development and platform license agreement with Quick Service Restaurant Holdings Pty Ltd (**QSRH**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Mobile Den has developed a suite of mobile apps and provides software development services to QSRH.
- (ii) The agreement has an initial term of 3 years (until 12 August 2017).
- (iii) In addition to software implementation fees, which have been paid, QSRH pays a monthly licence fee and a monthly platform support and maintenance fee. In addition QSRH pays a percentage of all transactions based on a weekly settlement.
- (iv) Either party may terminate the agreement immediately for cause.
- (v) QSRH may terminate the agreement with 30 days written notice. If QSRH terminates the agreement:
 - (A) within 12 months of the date of the agreement, it must pay the remaining balance of any unpaid platform support and maintenance fee; and
 - (B) more than 12 months but within 24 months of the date of the agreement, it must pay 50% of the remaining balance of any unpaid platform support and maintenance fee.
- (vi) Mobile Den retains all rights to its existing intellectual property and source code and owns all underlying platform data.

Mobile Den has also entered into a service level agreement with QSRH which governs the support and maintenance relationship of the Mobile Den platform and the associated mobile and web apps developed for QSRH pursuant to the application software development and platform license agreement. Under this agreement, Mobile Den provides support and bug fixes, and maintenance services to QSRH for a fixed monthly fee, which will be reviewed at the end of the initial 12 month term. Mobile Den receives an hourly rate for any services provided over the hours covered by the monthly fee. This agreement continues until the end of the term of the application software development and platform license agreement.

(l) **Starbucks Agreement**

Mobile Den had previously entered into a application software licence agreement with Starbucks Coffee Company (Australia) Pty Ltd (**Starbucks**) pursuant to which Mobile Den granted Starbucks a non-exclusive, non-transferable license to use the licensed software in the QSR/Retail platform (excluding the source code) for a monthly licensing and hosing fee per store and an annual platform maintenance fee. Under the agreement, Mobile Den owns the licensed software and any intellectual property rights in it, all intellectual property rights in respect of any modifications or alterations to the licensed software and the source code. This agreement expired earlier this year and has continued on a rolling basis. Given the agreement is now on a rolling basis, either party can terminate the agreement immediately for convenience. However, the parties are currently negotiating terms of an application software development and platform license agreement to replace the application software licence agreement. This agreement will likely be based on Mobile Den's standard application software development and platform license agreement but the terms of the agreement have not yet been finalised.

(m) **Jamie's Italian Agreements**

Mobile Den has entered into an application software development and platform license agreement, dated January 2015, with Keystone Group Holdings Pty Ltd (**Jamie's Italian**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Mobile Den is developing a suite of mobile apps and provides software development services to Jamie's Italian.
- (ii) The agreement has an initial term of 3 years (until 20 January 2017).
- (iii) Jamie's Italian will pay software implementation fees for the development of the mobile apps. In addition, Jamie's Italian pays a monthly licence fee and a percentage of all transactions for the ordering/payment module.
- (iv) Either party may terminate the agreement immediately for cause.
- (v) Either party may terminate the agreement with 30 days written notice.
 - (A) If Mobile Den terminates the agreement fees payable will be all licence fees and transaction fees to the end of the month of termination.
 - (B) If Jamie's Italian terminates the agreement, fees payable will be all licence fees and transaction fees for the duration of the term of the agreement.
- (vi) Mobile Den retains all rights to its existing intellectual property and source code and owns all underlying platform data.

Mobile Den has also entered into a service level agreement with Jamie's Italian which governs the support and maintenance relationship of the Mobile Den platform and the associated mobile and web apps developed for Jamie's Italian pursuant to the application software development and platform license agreement. Under this agreement, Mobile Den provides support and bug fixes, and maintenance services to Jamie's Italian for a fixed monthly fee, which will be reviewed at the end of the initial 12 month term. Mobile Den receives an hourly rate for any services provided over the hours covered by the monthly fee. This agreement continues until the end of the term of the application software development and platform license agreement.

(n) **Lindt Agreement**

Mobile Den has entered into an application software license agreement with Lindt-Sprungli (Aust) Pty Ltd (**Lindt**). The material terms of this agreement are:

- (i) Pursuant to the agreement, Mobile Den has granted Lindt a non-exclusive, non-transferable license to use the licensed software in the QSR/Retail platform (excluding the source code).
- (ii) The agreement had an initial term of 2 years (until 28 November 2015) but has continued on a rolling basis until the parties negotiate a new agreement which is expected to be on similar terms.

- (iii) Lindt pays a monthly licence and hosting fee and an annual platform maintenance fee.
- (iv) Either party may terminate the agreement for cause. Once the initial term of the agreement expires and the agreement continues on a rolling basis, either party will be able to terminate the agreement immediately for convenience.
- (v) Mobile Den owns the licensed software and any intellectual property rights in it, all intellectual property rights in respect of any modifications or alterations to the licensed software and the source code.

(o) **Blackglass Agreements**

Blackglass typically enters into relationships with its clients on an as needed basis based on order confirmations which incorporate standard terms and conditions. The material clients of Blackglass are:

- (i) Betta Electrical;
- (ii) Direct Connect;
- (iii) Ashley and Martin; and
- (iv) Globus.

The key terms of an order confirmation and the standard terms and conditions are:

- (v) The order confirmation sets out the services to be provided and the agreed fee for the services.
- (vi) Services are typically provided for an agreed period (often short term) but either party can terminate the engagement immediately for cause.
- (vii) In relation to intellectual property ownership all software, animations, Efriend, music, designs and images produced by Blackglass for the client will remain the property of Blackglass and Blackglass grants to the client a perpetual, irrevocable, worldwide, non-exclusive, transferable and royalty-free licence to use, copy and communicate to the public the software, animations, Efriend, music, designs and images produced by Blackglass for the client.

12. Additional Information

12.1 Rights Attaching to Shares

The following is a broad summary of the more significant rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, 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 of the Company.

(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 fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable on all shares according to the amount paid up, or credited as paid up, on the shares, and otherwise in accordance with Part 2H.5 of the Corporations Act. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) **Winding-up**

If the Company is wound up, any property that remains after satisfaction of all debts and liabilities of the Company, the payment of the costs, charges and expenses of winding up and any adjustment of the rights of the contributories among the Shareholders must be distributed among the Shareholders in accordance with their respective rights.

(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 or the Listing Rules.

(f) **Variation of rights**

Pursuant to 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.

12.2 Terms and conditions of Performance Shares

For the purpose of these terms and conditions:

ASX means ASX Limited ACN 008 624 691 or, as the context permits, the securities exchange operated by that entity.

Class A Performance Share means a share issued on these terms and conditions as these terms and conditions relate to "Class A Performance Shares".

Class B Performance Share means a share issued on these terms and conditions as these terms and conditions relate to "Class B Performance Shares".

Change of Control Event means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional; or
- (b) the announcement by the Company that:

- (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
- (ii) the Court, by order, approves the proposed scheme of arrangement.

Holder means a holder of a Performance Share.

Gruden Group means the Sale Companies and the subsidiaries (as defined in the Corporations Act) of each the Sale Companies.

Performance Shares means a Class A Performance Share and/or a Class B Performance Share (as applicable).

Sale Companies means:

- (c) Gruden Pty Ltd ACN 602 396 654
- (d) Blackglass Pty Ltd ACN 114 807 340
- (e) Mobile Den Pty Ltd ACN 159 196 620

2. Conversion and expiry of Class A Performance Shares and Class B Performance Shares

- (a) **(Conversion on achievement of A Milestone)** Upon the Gruden Group in aggregate generating consolidated gross revenue in any 12 month consecutive period of at least \$10,000,000 (**A Milestone**), each Class A Performance Share will convert into a Share on a one for one basis.
- (b) **(A Expiry Date)** The A Milestone must be achieved on or before 5.00pm (EST) on the date which is 24 months from 1 February 2015 (**A Expiry Date**).
- (c) **(Conversion on achievement of B Milestone)** Upon the Gruden Group in aggregate generating consolidated gross revenue in any 12 month consecutive period of at least \$16,000,000 (**B Milestone**), each Class B Performance Share will convert into a Share on a one for one basis.
- (d) **(B Expiry Date)** The B Milestone must be achieved on or before 5.00pm (EST) on the date which is 24 months from Completion (**B Expiry Date**).
- (e) **(No conversion)** To the extent that:
 - (i) Class A Performance Shares have not converted into Shares on or before the A Expiry Date, then all such unconverted Class A Performance Shares held by each Holder will automatically consolidate into one Class A Performance Share and will then convert into one Share; and

- (ii) Class B Performance Shares have not converted into Shares on or before the B Expiry Date, then all such unconverted Class B Performance Shares held by each Holder will automatically consolidate into one Class B Performance Share and will then convert into one Share.
- (f) **(Conversion procedure)** The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (g) **(Ranking of shares)** Each Share into which the Performance Share will convert will upon issue:
 - (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - (ii) be issued credited as fully paid;
 - (iii) be duly authorised and issued by all necessary corporate action; and
 - (iv) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emptive rights and any transfer restrictions.

3. Conversion on change of control

- (a) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:
 - (i) the A Milestone and the B Milestone will be deemed to have been achieved; and
 - (ii) each Performance Share will automatically and immediately convert into Shares,

however, if the number of Shares to be issued as a result of the conversion of all Class A Performance Shares, together with the number of Shares to be issued as a result of the conversion of all Class B Performance Shares, due to a Change in Control Event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Class A Performance Shares and Class B Performance Shares to be converted will be prorated so that the aggregate number of Shares issued upon conversion of all Class A Performance Shares and all Class B Performance Shares is equal to 10% of the entire fully diluted share capital of the Company.

4. Rights attaching to Performance Shares

- (a) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the

Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.

- (c) **(No Voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No dividend rights)** A Performance Share does not entitle a Holder to any dividends.
- (e) **(Rights on winding up)** Each Performance Share entitles a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company, but only to the extent of \$0.0001 per Performance Share.
- (f) **(Not transferable)** A Performance Share is not transferable.
- (g) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
- (h) **(Quotation of shares on conversion)** An application will be made by the Company to ASX Limited for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.
- (i) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (j) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

12.3 Terms and Conditions of Employee Options

It is noted that Employee Options may also be subject to further vesting conditions based on key performance indicators agreed between the Company and the Option holder.

1. Entitlement

Each Employee Option entitles the holder to subscribe for one Share upon exercise of each Employee Option.

2. Exercise Price and Expiry Date

The Exercise Price, Vesting Date and Specified Expiry Date of each Employee Option is referred to in the below table.

Employee Option Class	Exercise Price	Vesting Date	Specified Expiry Date
Class A	\$0.05	One year from the	Three years from

		date of grant	the date of grant
Class B	\$0.10	Two years from the date of grant	Three years from the date of grant

The Employee Options will expire on that date (**Expiry Date**) which is the earlier of:

- (a) the Specified Expiry Date referred to in the above table; or
- (b) the making by the Board of a determination that the Employee has acted fraudulently, dishonestly or in breach of the Employee's obligations to the Company or any of its subsidiaries; or
- (c) as determined in accordance with item 3 below; or
- (d) as determined in accordance with item 4 below,

and thereafter no party has any claim against any other party arising under or in respect of the Employee Options.

3. Ceasing to be an Employee

If at any time prior to the Expiry Date of any Employee Options, an Employee ceases to be an Employee as a Good Leaver, the Employee, will be entitled to keep any Employee Options for which the relevant Vesting Date has passed (**Vested Employee Options**) and the Board, in its absolute discretion, shall determine the amount of any Employee Options for which the relevant Vesting Date has not passed (**Unvested Employee Options**) to vest.

If at any time prior to the Expiry Date of any Employee Options, an Employee ceases to be an Employee as a Bad Leaver:

- (a) in respect of any Vested Employee Options held, such Employee will have until the earlier of:
 - (i) three months from the date of ceasing to be an Employee; or
 - (ii) the Expiry Date of the Employee Options,
 to exercise the Employee Options, otherwise the Employee Options will automatically lapse; and
- (b) any other Employee Options will automatically lapse.

For the purposes of this item 2:

"Employee" means a person who is a full-time or permanent part-time employee or officer or director or company secretary of the Company or a related body corporate or such other person as the Board determines.

"Good Leaver" means an Employee who ceases to be an Employee by reason of retirement, permanent disability, redundancy or death or anyone determined by the Board as a good leaver on a case by case basis and at its absolute discretion.

"**Bad Leaver**" means an Employee who ceases to be an Employee by any reason other than as a Good Leaver.

4. Change in Control

Notwithstanding any other terms contained in the Plan Rules, upon the occurrence of a Change in Control Event the Board may determine (in its discretion):

- (a) that the Employee Options may vest and be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Change in Control Event provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Employee Options shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of Employee Options on like terms (having regard to the nature and value of the Employee Options) to the terms proposed under the Change in Control Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Employee Options shall immediately vest and become exercisable and if not exercised within 10 days, shall lapse.

For the purposes of this Item 4 "Change in Control Event" means:

- (c) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Employee Options); or
- (d) the announcement by the Company that:
 - (iii) Shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (iv) the Court, by order, approves the proposed scheme of arrangement; or
- (e) the occurrence of the sale of all or a majority of the Company's main undertaking; or
- (f) at the absolute discretion of the Board, the occurrence of a sale of at least 50% of the Company's main undertaking.

5. Exercise Period

The Employee Options are exercisable at any time after the Vesting Date in item 2 above and on or prior to the Expiry Date.

6. Notice of Exercise

The Employee Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Employee Option being exercised. Any Notice of Exercise of an Employee Option received by the Company will be deemed to be a notice of the exercise of that Employee Option as at the date of receipt.

7. Shares issued on exercise

Shares issued on exercise of the Employee Options rank equally with the then Shares of the Company.

8. Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Employee Options.

9. Timing of issue of Shares

After an Employee Option is validly exercised, the Company must, as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Employee Option:

- (a) issue the Share;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) do all such acts matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Share.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Employee Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options.

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Employee Option will be increased by the number of Shares which the option holder would have received if the option holder had exercised the Employee Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Employee Option.

13. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

14. Quotation of Employee Options

No application for quotation of the Employee Options will be made by the Company.

15. Employee Options not transferable

Employee Options are not transferable unless they are Vested Employee Options and only with the prior written approval of the Board of directors of the Company and subject to compliance with the Corporations Act.

16. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Employee Options with the appropriate remittance should be lodged at the Company's Registry.

12.4 Summary of the Employee Option Plan

- (a) The Directors, at their discretion, may issue Employee Options to Participants at any time, having regard to relevant considerations such as the Participant's past or potential contribution to the Company, and their period of employment with the Company.
- (b) Participants in the Employee Option Plan are full-time or part-time employees of the Company or a related body corporate (which includes Directors, the Company Secretary and officers) or such other persons as the Board determines. The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.
- (c) The Employee Option Plan is administered by the Directors of the Company, who have the power to:
 - (i) determine appropriate procedures for administration of the Employee Option Plan consistent with its terms;

- (ii) resolve conclusively all questions of fact or interpretation in connection with the Employee Option Plan;
 - (iii) delegate the exercise of any of its powers or discretions arising under the Employee Option Plan to any one or more persons for such period and on such conditions as the Board may determine; and
 - (iv) suspend, amend or terminate the Employee Option Plan.
- (d) Employee Options must be granted for nil monetary consideration or no more than nominal monetary consideration.
- (e) The exercise price of the Employee Options shall be determined by the Board in its discretion.
- (f) The Company must have reasonable grounds to believe that the number of Shares to be received on exercise of the Employee Options when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three years under:
 - (i) an employee incentive plan of the Company covered by ASIC Class Order 14/1000; or
 - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme, does not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares at the time the Offer to acquire Options is made (but disregarding any offer of Options that can be disregarded in accordance with relevant ASIC Class Orders).
- (g) The Shares to be issued on exercise of the Employee Options will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares.
- (h) The Board may determine the time periods or performance hurdles after which the Employee Options will vest and the percentage of Employee Options issued which will vest at each particular time. The Employee Option Plan provides for the release of vesting conditions at the Board's discretion in the event of a change of control of the Company.
- (i) An Employee Option must be exercised (if at all) not later than its expiry date and may only be exercised at any time after the Employee Option has vested. The Board may determine (in its absolute discretion) any further conditions of exercise consistent with the terms of the Employee Option Plan.
- (j) Employee Options will not be listed for quotation. However, the Company will make application to ASX for official quotation of all Shares issued on exercise of the Employee Options as soon as practicable after their Issue Date.
- (k) The Employee Options are not transferable unless vested and with the prior written approval of the Board and provided that the transfer complies with the Corporations Act.

- (l) If there is any reorganisation of the issued share capital of the Company, the rights of the Employee Option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
- (m) There are no participating rights or entitlements inherent in the Employee Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options.

12.5 Substantial Shareholders

At the date of this Information Memorandum, the following Shareholders holding a voting power in 5% or more of the Shares on issue.

Shareholder	Number of Shares Held	% interest as at the date of the Information Memorandum
Brian James Barker + Yolan Barker <Stardrift Super Fund A/C>	37,543,051	8.75%
MSJ Capital Pty Ltd <MSJ Family A/C> ¹	35,375,545	8.25%

Notes:

1. Mr Stephen Harrison is also a substantial holder by virtue of controlling MSJ Capital Pty Ltd.

On Completion the substantial shareholders will be as set out below.

Shareholder	Number of Shares Held	% interest upon Completion
Brian James Barker + Yolan Barker <Stardrift Super Fund A/C>	37,543,051	6.12%
MSJ Capital Pty Ltd <MSJ Family A/C> ¹	35,375,545	5.76%
Spruson Corporation ²	40,622,916	6.62%
Barry Consulting ³	40,312,500	6.57%
BTR Holdings Pty Ltd ATF Mushy One Trust ⁴	38,002,083	6.19%
ANT (A.C.T.) Nominees Pty Ltd ATF Butler Family Trust ⁵	39,312,501	6.40%

Notes:

1. Mr Stephen Harrison will also be a substantial holder by virtue of controlling MSJ Capital Pty Ltd.
2. Mr Todd Trevillion will also be a substantial holder by virtue of controlling Spruson Corporation.
3. Mr Warren Barry will also be a substantial holder by virtue of controlling Barry Consulting.
4. Mr Brent Trimmell-Ritchard will also be a substantial holder by virtue of controlling BTR Holdings Pty Ltd.
5. Mr Terence Butler will also be a substantial holder by virtue of controlling ANT (A.C.T.) Nominees Pty Ltd.

The Company will announce to the ASX details of its top-20 Shareholders (following Completion) prior to the Shares re-commencing trading on ASX.

12.6 Review of Executive Arrangements and Employee Incentive Scheme

The Directors have adopted the Employee Option Plan and will seek Shareholder approval pursuant to Listing Rule 7.2, exception 9(b) at a future general meeting of the Company to grant Employee Options under the Employee Option Plan (including to Ross Ioppolo (refer to Section 7.7(c) for further details.))

Following Completion, the Board of the Company will review and update the executive arrangements of the existing executives of the Sale Companies on terms to be agreed as part of a review within six months of Completion. Such review will include a review of the Company's employee incentive arrangements and an alignment of equity based incentives for all senior management in line with industry standards and peer group practice. No decision has been made whether the Company will adopt an additional employee incentive scheme or the type of scheme that may be adopted. No decisions have been made in relation to whether Directors will be eligible to participate or the number of securities that may be offered to Directors pursuant to any employee incentive plan.

12.7 Fees and Benefits

Other than as set out below or elsewhere in this Information Memorandum, no expert named in this Information Memorandum as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Information Memorandum, nor any entity in which such an expert is a member or partner, has, or had within two years before the date of this Information Memorandum, any interest in:

- (a) the promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company,

and no amounts (whether cash, securities or otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any such expert, or to any entity in which such an expert is a member or partner, either to induce that person to become, or to qualify him or her as a director of the Company, or for services rendered by him or her or by the entity in connection with the formation or promotion of the Company.

GTP Legal has acted as the solicitors to the Company in relation to this Information Memorandum and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay GTP Legal approximately \$30,000 for these services. A nominee of GTP Legal received 1,500,000 Shares in lieu of \$30,000 of fees for services provided in relation to the Acquisition. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding the date of this Information Memorandum, GTP Legal has invoiced the Company \$119,445 in fees which includes fees for services provided in relation to the Acquisition, due diligence in relation to the Acquisition and the preparation of the notice of meeting seeking approval of the Acquisition at the General Meeting.

Pitcher Partners has acted as investigating accountant and has prepared the Investigating Accountant's Report which has been included in Section 9 of this Information Memorandum. The Company estimates it will pay Pitcher Partners a total of \$62,700 for these services. Subsequently,

fees will be charged in accordance with normal charge out rates. During the 24 months preceding the date of this Information Memorandum, Pitcher Partners has received \$97,200 in fees from the Company.

12.8 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Information Memorandum, or any statement on which a statement in this Information Memorandum is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Information Memorandum; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any statements in, or omissions from any part of this Information Memorandum other than a reference to its name and a statement and/or any report (if any) included in this Information Memorandum with the consent of that party as specified in this section.

Pitcher Partners has given its written consent to being named as Investigating Accountant in this Information Memorandum and to the inclusion of the Investigating Accountant's Report in Section 9 and the financial information in Annexure A in the form and context in which the report and the financial information are included. Pitcher Partners has not withdrawn its consent prior to lodgement of this Information Memorandum with the ASX.

Pitcher Partners has given its written consent to being named as the auditor to the Company in this Information Memorandum and to the inclusion of the financial information in Annexure A in the form and context in which the financial information is included. Pitcher Partners has not withdrawn its consent prior to the lodgement of this Information Memorandum with the ASX.

UHY Haines Norton Chartered Accountants has given its written consent to being named as the auditor to the Gruden Group in this Information Memorandum and to the inclusion of the financial information in Annexure B in the form and context in which the financial information is included. UHY Haines Norton Chartered Accountants has not withdrawn its consent prior to the lodgement of this Information Memorandum with the ASX.

GTP Legal has given its written consent to being named as the lawyers to the Company in this Information Memorandum. GTP Legal has not withdrawn its consent prior to the lodgement of this Information Memorandum with the ASX.

12.9 Information Memorandum content requirements

In accordance with Listing Rule 1.4.1, the persons who have signed this Information Memorandum believe that this Information Memorandum contains all the information that would be required under section 710 of the Corporations Act if the Information Memorandum was a prospectus offering for subscription the same number of securities for which quotation will be sought.

ASX takes no responsibility for the contents of this Information Memorandum. The fact that ASX may readmit the Shares to quotation is not to be taken in any way as an indication of the merits of the Company or the Shares.

12.10 Supplementary information memorandum

The Company will issue a supplementary information memorandum if it becomes aware of any of the following between the date of this Information Memorandum and the date the Shares are reinstated to quotation on ASX:

- (a) a material statement in this Information Memorandum is misleading or deceptive;
- (b) there is a material omission from this Information Memorandum;
- (c) there has been a significant change affecting a matter included in this Information Memorandum; or
- (d) a significant new matter has arisen and it would have been required to be included in this Information Memorandum if it had arisen before the date of this Information Memorandum.

12.11 No requirement for capital

The Company has not raised any capital in the three months before the date of this Information Memorandum. The Company will not need to raise any capital in the three months after the date of this Information Memorandum.

The Board believes that, upon Completion, the Company will have sufficient working capital to achieve the Company's objectives as detailed in this Information Memorandum.

12.12 Litigation

To the knowledge of the Directors and the Proposed Directors, as at the date of this Information Memorandum, neither the Company nor The Gruden Group are involved in any legal proceedings and the Directors and the Proposed Directors are not aware of any legal proceedings pending or threatened against the Company or The Gruden Group.

12.13 Taxation

The acquisition and disposal of Securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of investing in the Company.

13. Directors' Authorisation

Each Director and Proposed Director consents to the lodgement of this Information Memorandum with ASX and has not withdrawn that consent prior to this Information Memorandum being lodged.

Signed by, or with written authorisation on behalf of, each Director and Proposed Director.

A handwritten signature in black ink that reads "Stephen Harrison". The signature is written in a cursive style and is underlined with a single, long, sweeping stroke.

Stephen Harrison
Director

17 March 2016

14. Glossary

Where the following terms are used in this Information Memorandum they have the following meanings:

A\$ or \$ means an Australian dollar.

Acquisition means the acquisition by the Company of the entire issued capital of The Gruden Group from the Vendors pursuant to the Acquisition Agreement.

Acquisition Agreement has the meaning given in the Section 11.1.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires).

Barry Consulting means Barry Consulting Pty Ltd ACN 154 131 889 ATF Barry Family Trust.

Blackglass means Blackglass Pty Ltd ACN 114 807 340.

Board means the board of Directors as constituted from time to time.

Class A Performance Share means a share issued on the terms and conditions set out in Section 12.2, as those terms relate to "Class A Performance Shares".

Class B Performance Share means a share issued on the terms and conditions set out in Section 12.2, as those terms relate to "Class B Performance Shares".

Completion means the completion of the Acquisition pursuant to the Acquisition Agreement.

Company means Exoma Energy Limited ACN 125 943 240, to be renamed The Gruden Group.

Consideration Securities has the meaning given in Section 11.1.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company at the date of this Information Memorandum and the Proposed Directors.

Employee means a person who is a full-time or part-time employee or officer or director of the Company or a related body corporate, or such other person as the Board determines.

Employee Option means an Option granted under the Employee Option Plan.

Employee Option Plan means the Company's employee option plan summarised in Section 12.4.

General Meeting means the general meeting of Shareholders held on 4 September 2015.

Gruden means Gruden Pty Ltd ACN 602 396 654.

Information Memorandum means this information memorandum.

Investigating Accountant's Report means the investigating accountants report in Section 9 of this Information Memorandum.

Invitation means a written invitation to an Employee to participate in the Employee Option Plan.

Listing Rules means the official listing rules of ASX.

Mobile Den means Mobile Den Pty Ltd ACN 159 196 620.

Official List means the official list of ASX.

Official Quotation means official quotation of the Company's Shares by ASX in accordance with the Listing Rules.

Participant means an Employee who has accepted an Invitation to participate in the Employee Option Plan.

Performance Share means a share issued on the terms and conditions set out in Section 12.2, comprising the Class A Performance Shares and the Class B Performance Shares.

Proposed Directors means the persons identified as proposed directors in the Corporate Directory, the details of whom are set out in Section 7.1.

Sale Companies means:

- (a) Gruden.
- (b) Blackglass.
- (c) Mobile Den.

Securities means Shares and Performance Shares or any combination of these as the context provides.

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

Shareholder means a holder of Shares.

Spruson Corporation means Spruson Corporation Pty Ltd ACN 122 706 450 ATF Booyah Family Trust.

The Gruden Group means the Sale Companies and their subsidiaries.

Vendors means the shareholders of the Sale Companies being:

- (a) Spruson Corporation.
- (b) BTR Holdings Pty Ltd ACN 131 714 988 ATF Mushy One Trust.
- (c) Barry Consulting.
- (d) Ant (A.C.T.) Nominees Pty Ltd ACN 068 424 457 ATF Butler Family Trust.
- (e) Marindo Nominees Pty Ltd ACN 008 927 179.

Annexure A – Historical Financial Information of the Company

(a) *Income Statements*

The following table provides a summary of the historical audited consolidated income statements of the Company for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. The income statements should be read in conjunction with all other information contained in this Information Memorandum. The historical audited consolidated income statements have been presented in \$AUD which is the functional currency of the Company.

COMPANY INCOME STATEMENTS	Year Ended		
	30 June 2013	30 June 2014	30 June 2015
	(Audited)	(Audited)	(Audited)
	\$	\$	\$
Revenue	3,180,729	683,092	494,015
Operating expenses			
Employee benefits expense	(1,002,477)	(759,538)	(465,656)
Depreciation expense	(261,417)	(157,801)	(29,314)
Other expenses	(3,890,315)	(4,033,386)	(1,722,710)
	(5,154,209)	(4,950,725)	(2,217,680)
Loss before income tax expense	(1,973,480)	(4,267,633)	(1,723,665)
Income tax expense	-	-	-
Loss for the year	(1,973,480)	(4,267,633)	(1,723,665)

The historical income statements have been derived from the audited financial statements of the Company for FY2013, FY2014 and FY2015.

(b) **Statements of Financial Position**

The following table provides a summary of the historical audited consolidated statements of financial position of the Company for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. The statements of financial position should be read in conjunction with all other information contained in this Information Memorandum. The historical audited consolidated statements of financial position have been presented in \$AUD which is the functional currency of the Company.

COMPANY STATEMENTS OF FINANCIAL POSITION	Year Ended		
	30 June 2013 (Audited) \$	30 June 2014 (Audited) \$	30 June 2015 (Audited) \$
Current assets			
Cash and cash equivalents	9,186,179	7,808,261	6,757,173
Receivables	208,121	271,875	193,475
Other financial assets	387,860	26,500	6,500
	<u>9,782,160</u>	<u>8,106,636</u>	<u>6,957,148</u>
Non-current assets			
Receivables	62,800	274,250	172,131
Other financial assets	358,651	358,651	358,651
Property, plant & equipment	330,540	50,321	-
Deferred exploration expenditure	2,976,416	-	-
	<u>3,728,407</u>	<u>683,222</u>	<u>530,782</u>
Total assets	13,510,567	8,789,858	7,487,930
Current liabilities			
Payables	400,636	88,390	448,545
Provisions	85,130	34,844	-
	<u>485,766</u>	<u>123,234</u>	<u>448,545</u>
Non-current liabilities			
Payables	282,877	137,729	234,155
	<u>282,877</u>	<u>137,729</u>	<u>234,155</u>
Total liabilities	768,643	260,963	682,700
Net assets	12,741,924	8,528,895	6,805,230
Equity			
Share capital	24,512,515	24,512,515	24,603,232
Reserves	4,027,951	4,082,555	3,991,838
Accumulated losses	(15,798,542)	(20,066,175)	(21,789,840)
	<u>12,741,924</u>	<u>8,528,895</u>	<u>6,805,230</u>

The historical statements of financial position have been derived from the audited financial statements of the Company for FY2013, FY2014 and FY2015.

Annexure B – Historical Financial Information of The Gruden Group

Set out in part 1 of this Annexure are tables providing a summary of the historical audited income statements of each of Blackglass and Mobile Den for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. During the 2015 financial year the Vendors undertook a restructure of the company which owned and operated the business of Gruden. As part of this restructure, with effect from 31 January 2015, Gruden commenced operating the digital agency “Gruden” business and Gruden Holdings Pty Ltd ceased to operate this business from this date. Accordingly part 1 of this Annexure also includes:

- (i) a summary of the historical audited income statements of Gruden Holdings Pty Ltd (the company which previously conducted the digital agency business currently conducted by Gruden) for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 which includes the 7 months to 31 January 2015 operations of the digital agency business; and
- (ii) a summary of the historical audited income statement of Gruden from incorporation on 17 October 2014 to 30 June 2015, including the 5 months to 30 June 2015 of operations of the digital agency business.

Set out in part 2 of this Annexure is a table providing pro forma historical combined income statement of The Gruden Group (comprising Blackglass, Mobile Den, Gruden and Gruden Holdings Pty Ltd) for the financial year ended 30 June 2015 after eliminating the effect of intercompany transactions between the members of the Gruden Group and various other pro forma adjustments as set out in that part.

Set out in part 3 of this Annexure are tables providing a summary of the historical statements of financial position of each of Blackglass, Mobile Den and Gruden Holdings Pty Ltd as at 30 June 2013, 30 June 2014 and 30 June 2015 and Gruden as at 30 June 2015.

The audited financial statements (inclusive of significant accounting policies) of Blackglass, Mobile Den and Gruden Holdings Pty Ltd for the three years ended 30 June 2015 and the audited financial statements (inclusive of significant accounting policies) of Gruden for the period ended 30 June 2015 are incorporated by reference into this document and are available on the Company’s ASX platform and (free of charge) by request to the Company on +61 7 3226 5600.

PART 1 – INCOME STATEMENTS OF THE COMPANIES COMPRISING THE GRUDEN GROUP

(c) **Blackglass**

The following table provides a summary of the historical audited income statements of Blackglass for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. The income statements should be read in conjunction with all other information contained in this Information Memorandum. The historical audited income statements have been presented in \$AUD which is the functional currency of Blackglass.

BLACKGLASS INCOME STATEMENTS	Year Ended		
	30 June 2013 (Audited) \$	30 June 2014 (Audited) \$	30 June 2015 (Audited) \$
Revenue and other income			
Revenue	3,065,848	3,263,535	4,190,161
Other income	4,599	4,669	4,936
	<u>3,070,447</u>	<u>3,268,204</u>	<u>4,195,097</u>
Operating expenses			
Employee benefits expense	(1,337,215)	(1,262,290)	(1,581,992)
Depreciation and amortisation expense	(16,563)	(7,547)	(8,581)
Merchant and member network costs	(1,412,879)	(1,612,243)	(2,261,572)
Doubtful debts expense	(34,152)	-	-
Other expenses	(194,427)	(163,820)	(217,755)
Finance costs	(1,328)	(1,921)	(8,005)
	<u>(2,996,564)</u>	<u>(3,047,821)</u>	<u>(4,077,905)</u>
Profit before income tax expense	73,893	220,383	117,192
Income tax expense	(23,761)	(53,572)	(43,472)
Profit for the year	<u>50,122</u>	<u>166,811</u>	<u>73,720</u>

The historical audited income statements have been derived from the audited financial statements of Blackglass for FY2013, FY2014 and FY2015.

(d) **Mobile Den**

The following table provides a summary of the historical audited income statements of Mobile Den for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. The income statements should be read in conjunction with all other information contained in this Information Memorandum. The historical audited income statements have been presented in \$AUD which is the functional currency of Mobile Den.

MOBILE DEN INCOME STATEMENTS	Year Ended		
	30 June 2013 (Audited*) \$	30 June 2014 (Audited*) \$	30 June 2015 (Audited*) \$
Revenue and other income			
Revenue	3,520	50,063	719,568
Other income	-	5,018	81,473
	<u>3,520</u>	<u>55,081</u>	<u>801,041</u>
Operating expenses			
Employee benefits expense	-	-	(464,309)
Contractors expense	(8,330)	(100,342)	(310,653)
Depreciation and amortisation expense	-	(39,980)	(53,307)
Consulting fees	-	-	(261,622)
Other expenses	(5,943)	(4,776)	(125,273)
Intangibles written off	(95,000)	-	-
Finance costs	(7)	-	(3,517)
	<u>(109,280)</u>	<u>(145,098)</u>	<u>(1,218,681)</u>
Loss before income tax expense	<u>(105,760)</u>	<u>(90,017)</u>	<u>(417,640)</u>
Income tax expense	-	-	-
Loss for the year	<u>(105,760)</u>	<u>(90,017)</u>	<u>(417,640)</u>

* Qualified audit reports were issued on the financial reports of Mobile Den for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 due to UHY Haines Norton Chartered Accountants not being able to obtain sufficient documentation on the assumptions and estimates made by management in calculation of the capitalised internally developed intangible assets recognised at a value of \$533,071, \$493,091 and \$439,783 respectively in the statement of financial position and amortisation expense of \$nil, \$39,980 and \$53,307 respectively in the income statement. The audit opinions on the financial statements were modified accordingly.

The historical audited income statements have been derived from the audited financial statements of Mobile Den for FY2013, FY2014 and FY2015.

(e) **Gruden**

The following table provides a summary of the historical audited income statement of Gruden for the period from incorporation on 17 October 2014 to 30 June 2015 including the acquired the digital agency business from 31 January 2015. The income statement should be read in conjunction with all other information contained in this Information Memorandum. The historical audited income statement has been presented in \$AUD which is the functional currency of Gruden.

GRUDEN INCOME STATEMENT	Period to 30 June 2015 (Audited) \$
Revenue and other income	
Revenue	1,984,910
Other income	48,720
	<u>2,033,630</u>
Operating expenses	
Employee benefits expense	(1,115,893)
Depreciation and amortisation expense	(8,570)
Hosting fees	(86,698)
Other expenses	(544,338)
Finance costs	(14,667)
	<u>(1,770,166)</u>
Profit before income tax expense	263,464
Income tax benefit	102,675
Profit for the year	<u><u>366,139</u></u>

The historical audited income statement has been derived from the audited financial statements of Gruden for FY2015.

(f) **Gruden Holdings Pty Ltd (the company which previously conducted the digital agency business currently conducted by Gruden)**

The following table provides a summary of the historical audited income statements of Gruden Holdings Pty Ltd for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015, including the seven months to 31 January 2015 of digital agency operations prior to Gruden commencing to conduct this business. The income statements should be read in conjunction with all other information contained in this Information Memorandum. The historical audited income statements have been presented in \$AUD which is the functional currency of Gruden Holdings Pty Ltd.

Gruden Holdings Pty Ltd Income Statements	Year Ended		
	30 June 2013 (Audited*) \$	30 June 2014 (Audited) \$	30 June 2015 (Audited) \$
Revenue and other income			
Revenue	5,112,134	4,802,422	2,072,541
Other income	239,208	311,766	81,136
	<u>5,351,342</u>	<u>5,114,188</u>	<u>2,153,677</u>
Operating expenses			
Changes in work in progress	28,714	(22,334)	(245,380)
Employee benefits expense	(3,214,875)	(3,118,748)	(1,224,941)
Depreciation and amortisation expense	(152,942)	(143,081)	(48,669)
Contractors expense	(1,001,655)	(754,079)	(256,835)
Merchant and member network costs	(284,418)	(267,942)	(89,290)
Doubtful debt expense	(14,075)	(193,321)	-
Other expenses	(823,118)	(666,872)	(565,863)
Impairment of related entity receivables	-	-	(508,678)
Finance costs	(31,785)	(42,912)	(22,526)
	<u>(5,494,154)</u>	<u>(5,209,289)</u>	<u>(2,962,182)</u>
Loss before income tax expense	<u>(142,812)</u>	<u>(95,101)</u>	<u>(808,505)</u>
Income tax benefit/(expense)	128,101	(43,408)	(147,789)
Loss for the year	<u>(14,711)</u>	<u>(138,509)</u>	<u>(956,294)</u>

* A disclaimer of opinion audit report was issued on the financial report of Gruden Holdings Pty Ltd (the Company which previously conducted the digital agency business currently conducted by Gruden) for the year ended 30 June 2013 due to UHY Haines Norton Chartered Accountants not being able to obtain adequate accounting and statutory records for the comparative financial year ended 30 June 2012 to permit the application of necessary audit procedures. Whilst they were able to perform audit procedures to obtain sufficient appropriate audit evidence for the statement of financial position as at 30 June 2013, the impact of opening balances on the current financial performance and cash flows prevented them from forming an opinion on the financial report taken as a whole. Accordingly, no opinion was expressed on the financial report.

The historical audited income statements have been derived from the audited financial statements of Gruden Holdings Pty Ltd for FY2013, FY2014 and FY2015.

PART 2 – PRO-FORMA COMBINED INCOME STATEMENT OF THE GRUDEN GROUP

The following table provides a summary of the pro-forma combined income statement of The Gruden Group for the financial year ended 30 June 2015. The income statement should be read in conjunction with all other information contained in this Information Memorandum. The pro-forma consolidated income statement has been presented in \$AUD which is the functional currency of The Gruden Group.

THE GRUDEN GROUP COMBINED INCOME STATEMENT	Year Ended 30 June 2015 (Un-Audited) \$
Revenue and other income	
Revenue	8,835,248
Other income	138,905
	<u>8,974,153</u>
Operating expenses	
Changes in work in progress	(245,380)
Employee benefits expense	(4,387,135)
Depreciation and amortisation expense	(119,127)
Contractors expense	(694,042)
Consulting fees	(261,622)
Hosing fees	(86,698)
Merchant and member network costs	(2,350,862)
Other expenses	(1,117,383)
Impairment of related entity receivables	-
Finance costs	(48,175)
	<u>(9,310,964)</u>
Loss before income tax expense	<u>(336,811)</u>
Income tax expense	(88,586)
Loss for the year	<u><u>(425,397)</u></u>

The pro forma combined income statement has been derived from the audited financial statements of Blackglass and Mobile Den, Gruden and Gruden Holdings Pty Ltd for FY2015.

The pro forma combined income statement has been prepared by eliminating the effects of intercompany revenue and expense transactions totalling \$209,292 between the members of the Gruden Group and the following adjustments:

- a) Reclassification of contractors expense of \$126,554 to ensure consistency of classification between the group; and
- b) Elimination of impairment of related entity receivables of \$508,678.

PART 3 – STATEMENTS OF FINANCIAL POSITION

(a) Blackglass

The following table provides a summary of the historical audited consolidated statements of financial position of Blackglass for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. The statements of financial position should be read in conjunction with all other information contained in this Information Memorandum. The historical audited consolidated statements of financial position have been presented in \$AUD which is the functional currency of Blackglass.

BLACKGLASS STATEMENTS OF FINANCIAL POSITION	As At		
	30 June 2013 (Audited) \$	30 June 2014 (Audited) \$	30 June 2015 (Audited) \$
Current assets			
Cash and cash equivalents	372,120	333,677	202,119
Receivables	365,657	429,999	364,107
Income tax receivable	22,449	26,370	-
Other assets	2,582	5,601	21,793
	<u>762,808</u>	<u>795,647</u>	<u>588,019</u>
Non-current assets			
Related entity loans receivable	-	-	602,109
Property, plant & equipment	9,872	12,848	13,642
Deferred tax asset	29,736	15,952	33,025
	<u>39,608</u>	<u>28,800</u>	<u>648,776</u>
Total assets	802,416	824,447	1,236,795
Current liabilities			
Payables	519,743	509,098	811,102
Current tax liability	-	-	51,639
Provisions	66,568	67,703	111,319
Other liabilities	88,008	-	13,200
	<u>674,319</u>	<u>576,801</u>	<u>987,260</u>
Non-current liabilities			
Related entity loans payable	-	100,000	-
Payables	6,289	11,754	21,705
	<u>6,289</u>	<u>111,754</u>	<u>21,705</u>
Total liabilities	680,608	688,555	1,008,965
Net assets	121,808	135,892	227,830
Equity			
Share capital	1,212	1,212	19,430
Retained earnings	120,596	134,680	208,400
	<u>121,808</u>	<u>135,892</u>	<u>227,830</u>

The historical audited statements of financial position have been derived from the audited financial statements of Blackglass for FY2013, FY2014 and FY2015.

(b) Mobile Den

The following table provides a summary of the historical audited statements of financial position of Mobile Den for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. The statements of financial position should be read in conjunction with all other information contained in this Information Memorandum. The historical audited statements of financial position have been presented in \$AUD which is the functional currency of Mobile Den.

MOBILE DEN STATEMENTS OF FINANCIAL POSITION	As At		
	30 June 2013 (Audited*) \$	30 June 2014 (Audited*) \$	30 June 2015 (Audited*) \$
Current assets			
Cash and cash equivalents	1,520	21,174	94,817
Receivables	76,422	17,624	61,066
Other assets	-	-	7,277
	<u>77,942</u>	<u>38,798</u>	<u>163,160</u>
Non-current assets			
Intangible assets	533,071	493,091	439,783
	<u>533,071</u>	<u>493,091</u>	<u>439,783</u>
Total assets	611,013	531,889	602,943
Current liabilities			
Payables	10,145	77,292	426,915
Provisions	-	-	28,728
	<u>10,145</u>	<u>77,292</u>	<u>455,643</u>
Non-current liabilities			
Related entity loans payable	706,208	649,534	755,388
Payables	-	-	3,029
	<u>706,208</u>	<u>649,534</u>	<u>758,417</u>
Total liabilities	716,353	726,826	1,214,060
Net assets	(105,340)	(194,937)	(611,117)
Equity			
Share capital	420	840	2,300
Accumulated losses	(105,760)	(195,777)	(613,417)
	<u>(105,340)</u>	<u>(194,937)</u>	<u>(611,117)</u>

* Qualified audit reports were issued on the financial reports of Mobile Den for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 due to UHY Haines Norton Chartered Accountants not being able to obtain sufficient documentation on the assumptions and estimates made by management in calculation of the capitalised internally developed intangible assets recognised at a value of \$533,071, \$493,091 and \$439,783 respectively in the statement of financial position and amortisation expense of \$nil, \$39,980 and \$53,307 respectively in the income statement. The audit opinions on the financial statements were modified accordingly.

The historical audited statements of financial position have been derived from the audited financial statements of Mobile Den for FY2013, FY2014 and FY2015.

(c) Gruden

The following table provides a summary of the historical audited statements of financial position of Gruden for the financial year ended 30 June 2015. The statements of financial position should be read in conjunction with all other information contained in this Information Memorandum. The historical audited statements of financial position have been presented in \$AUD which is the functional currency of Gruden.

GRUDEN STATEMENTS OF FINANCIAL POSITION	30 June 2015 (Audited) \$
Current assets	
Cash and cash equivalents	338,381
Receivables	888,475
Other assets	72,535
	<u>1,299,391</u>
Non-current assets	
Related entity loans receivable	346,201
Property, plant & equipment	35,988
Intangible assets	4,430
Deferred tax asset	203,740
	<u>590,359</u>
Total assets	<u>1,889,750</u>
Current liabilities	
Payables	532,276
Current tax liability	101,065
Provisions	325,237
Other liabilities	113,407
	<u>1,071,985</u>
Non-current liabilities	
Related entity loans payable	173,525
Borrowings	247,000
Provisions	29,101
	<u>449,626</u>
Total liabilities	<u>1,521,611</u>
Net assets	<u>368,139</u>
Equity	
Share capital	2,000
Retained earnings	366,139
	<u>368,139</u>

The historical audited statements of financial position have been derived from the audited financial statements of Gruden for FY2015.

(d) Gruden Holdings Pty Ltd (the company which previously conducted the digital agency business currently conducted by Gruden)

The following table provides a summary of the historical audited statements of financial position of Gruden Holdings Pty Ltd for the financial years ended 30 June 2013, 30 June 2014 and 30 June 2015. The statements of financial position should be read in conjunction with all other information contained in this Information Memorandum. The historical audited statements of financial position have been presented in \$AUD which is the functional currency of Gruden Holdings Pty Ltd.

GRUDEN HOLDINGS PTY LTD STATEMENTS OF FINANCIAL POSITION	As At		
	30 June 2013 (Audited*) \$	30 June 2014 (Audited) \$	30 June 2015 (Audited) \$
Current assets			
Cash and cash equivalents	6,595	167,529	305
Receivables	870,624	617,997	30,146
Inventories	267,714	245,380	-
Tax receivable	227,133	284,497	137,520
	<u>1,372,066</u>	<u>1,315,403</u>	<u>167,971</u>
Non-current assets			
Related entity loans receivable	881,412	931,356	-
Property, plant & equipment	195,979	119,312	-
Intangible assets	68,145	11,393	-
Deferred tax asset	139,069	147,789	-
	<u>1,284,605</u>	<u>1,209,850</u>	<u>-</u>
Total assets	<u>2,656,671</u>	<u>2,525,253</u>	<u>167,971</u>
Current liabilities			
Payables	1,111,022	1,181,580	1,025,251
Borrowings	292,412	255,510	47,263
Provisions	291,940	390,666	-
Other liabilities	87,347	22,056	-
	<u>1,782,721</u>	<u>1,849,812</u>	<u>1,072,514</u>
Non-current liabilities			
Related entity loans payable	607,464	580,851	-
Provisions	76,227	42,839	-
	<u>683,691</u>	<u>623,690</u>	<u>-</u>
Total liabilities	<u>2,466,412</u>	<u>2,473,502</u>	<u>1,072,514</u>
Net assets	<u>190,259</u>	<u>51,751</u>	<u>(904,543)</u>
Equity			
Share capital	2,126	2,126	2,126
Retained earnings/(Accumulated losses)	188,133	49,625	(906,669)
	<u>190,259</u>	<u>51,751</u>	<u>(904,543)</u>

* A disclaimer of opinion audit report was issued on the financial report of Gruden Holdings Pty Ltd (the company which previously conducted the digital agency business currently conducted by Gruden) for the year ended 30 June 2013 due to UHY Haines Norton Chartered Accountants not being able to obtain adequate accounting and statutory records for the comparative financial year ended 30 June 2012 to permit the application of necessary audit procedures. Whilst they were able to perform audit procedures to obtain sufficient appropriate audit evidence for the statement of financial position as at 30 June 2013, the impact of opening balances on the current financial performance and cash flows prevented them from forming an opinion on the financial report taken as a whole. Accordingly, no opinion was expressed on the financial report.

The historical audited statements of financial position have been derived from the audited financial statements of Gruden Holdings Pty Ltd for FY2013, FY2014 and FY2015.