

**REPUBLIC GOLD LIMITED**  
**ACN 106 399 311**  
**Supplementary Bidder's Statement**

**1 Important information**

This is the first supplementary bidder's statement (**Supplementary Bidder's Statement**) under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**) issued by Republic Gold Limited ACN 106 399 311 (**Republic**), in connection with Republic's off-market takeover offer (**Takeover Offer**) to acquire all of the fully paid ordinary shares in Big Review TV Limited ACN 164 025 129 (**BRTV**) contained in Republic's bidder's statement dated 9 October 2014 (**Original Bidder's Statement**).

This Supplementary Bidder's Statement supplements, and should be read together with Republic's Original Bidder's Statement dispatched to BRTV shareholders on 10 October 2014.

Unless the context requires otherwise, terms defined in the Original Bidder's Statement have the same meaning in this Supplementary Bidder's Statement.

A copy of this Supplementary Bidder's Statement was lodged with ASIC on 22 October 2014. Neither ASIC nor any of its officers take any responsibility for the content of this Supplementary Bidder's Statement.

**2 Theoretical share price of Republic**

Section 2.3 of the Original Bidder's Statement set out a theoretical share price of Republic on a post Consolidation basis and assuming 100% acceptances are received under the Takeover Offer and that the maximum of \$3 million in gross proceeds is raised under the anticipated Prospectus Offer.

Shareholders should not place any reliance on the information in section 2.3 of the Original Bidder's Statement. Republic has determined that, on balance, this material may not be helpful to BRTV Shareholders.

Pursuant to this Supplementary Bidder's Statement, the Original Bidder's Statement is changed as set out below:

- (a) section 2.3 of the Original Bidder's Statement is deleted, and replaced with the following: "**2.3 Not used**"; and
- (b) the following text in the first bullet point in section 2.2 of the Original Bidder's Statement (which contains a cross-reference to the theoretical share price analysis) is deleted:

"The potential share price of the Merged Group post completion of the transactions contemplated in this document is set out by way of an example approach to that valuation in **section 2.3** below under the heading "Theoretical Share Price of Republic"."

### 3 Overview of Republic

In section 3.1 of the Original Bidder's Statement, Republic disclosed that Republic has two wholly owned subsidiaries, Republic East Africa Limited (**REAL**) and African Stellar Mozambique Limitada (**ASMoz**).

Pursuant to this Supplementary Bidder's Statement, the Original Bidder's Statement is changed as set out below:

- (a) Republic makes the following amendment to the third paragraph of section 3.1 of the Original Bidder's Statement (marked-up in this Supplementary Bidder's Statement for clarity):

"As at the date of this document, Republic has two wholly owned (within the group) subsidiaries, Republic East Africa Limited (**REAL**) and African Stellar Mozambique Limitada (**ASMoz**) with **REAL** being the effective parent company of **ASMoz**. Under a Quota Sale and Purchase Agreement between Republic, **REAL** and Auroch Minerals NL ACN 148 966 545 (**Auroch**) dated 11 June 2014, Republic has agreed to sell all of the share capital of **ASMoz** to Auroch. Republic and Auroch are currently working together to close the final condition of the transaction which requires registration by a Mozambican government agency of the transfer of the Quotas (similar to shares) in **ASMoz** from Republic and **REAL** to Auroch. Further details are provided at **section 3.3** below. **AZMoz** is the only asset of **REAL** and once that company is sold, it will continue to be a subsidiary of Republic. Republic has no plans to use this entity as an investment vehicle for any other assets and may consider effecting a voluntary winding up of this entity."

### 4 Overview of BRTV and BRTV – Operations and Strategy

Sections 4.1 and 4.5 in the Original Bidder's Statement set out an overview of BRTV and BRTV – Operations and strategy respectively.

Pursuant to this Supplementary Bidder's Statement, the Original Bidder's Statement is changed as set out below:

- (a) The following text in section 4.1 of the Original Bidder's Statement is deleted:

**"Growing Video Market** – Globally, IP video traffic will be 79% of all consumer Internet traffic in 2018, up from 66% in 2013. This percentage does not include video exchanged through peer-to-peer (**P2P**) filesharing. The sum of all forms of video (TV, video on demand, Internet, and **P2P**) will be in the range of 80% to 90% of global consumer traffic by 2018.

**Market Shift Towards Online Video Marketing** – It is estimated that over 80% of senior marketing executives now use online video content in their marketing programs. This is in response to consumers being 27 times more likely to click through online video advertisements rather than standard banners. Digital video advertisement spend in the US alone is predicted to increase to over \$8 billion by 2016.

Video is now the most shared brand content on Facebook and social sharing of video advertisements had increased nearly fifty times in the last eight years. Notably, social video advertisements have a 91% completion rate (watched all the way through)."

- (b) In the graph in section 4.5 of the Original Bidder's Statement the following speech bubbles are deleted:
  - (i) "Review Market \$25bn+  
On-line Video Market \$50bn+"
  - (ii) "SME market entry from top, down, immediate addressable market \$1.1bn"
  - (iii) "Mobile video app (Instagram app value \$1bn)"
- (c) The following text in section 4.5(a) of the Original Bidder's Statement is deleted:

"The market for this offering has been independently validated and valued at over \$1 billion in 4 key markets."

## 5 Risks

Section 11.4(c) in the Original Bidder's Statement sets out potential litigation risks affecting Republic.

Pursuant to this Supplementary Bidder's Statement, the Original Bidder's Statement is changed as set out below:

- (a) Republic makes the following amendment to section 11.4(c) of the Original Bidder's Statement (marked-up in this Supplementary Bidder's Statement for clarity):

The risk of litigation is a general risk of Republic's business. So far as the directors of Republic are aware, however, there is no current, pending or threatened litigation, arbitration proceeding, administrative appeal, or criminal or governmental prosecution in which Republic or its subsidiaries is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of Republic. There are, however, several discussions yet to be resolved but none of them would generate a negative outcome in excess of \$50,000 cost in aggregate. For completeness, there are, however, ongoing confidential discussions with a former employee of Republic in relation to various leave entitlement (unpaid leave) claims. While Republic believes that any such claims are of a spurious nature given its analysis that any and all leave entitlement payments have been made in full, it anticipates that its potential maximum liability, if any, is likely to be in the order of less than USD\$15,000. However, the Company is vigorously rejecting these claims based on the evidence it has which is contrary to the claims of the former employee.

## 6 Revised pro forma statement of financial position for the Merged Group

Section 6.3 of the Original Bidder's Statement sets out a pro forma statement of financial position of the Merged Group as at 30 June 2014 assuming that the acquisition of BRTV has been completed as at 30 June 2014 on the basis of 100% acceptance of the Takeover Offer (and not taking into account the anticipated Prospectus Offer).

Republic's accountants, Gunderson-Briggs Chartered Accountants have reviewed in detail the recognised best accounting practice in the context of transactions analogous to the Takeover Offer, including commentary from the IFRS Interpretation Committee, and the applicable accounting standards. Based on that review, Republic has determined that a revised pro-forma statement of financial position for the Merged Group should be made available/disclosed under this Supplementary Bidder's Statement.

The revisions have been made on the following basis:

- (a) the IFRS Interpretations Committee recently made comments in respect of the accounting principles to be applied to a transaction of this sort. In particular the comments noted:
  - (i) it is inappropriate to apply AASB 3 *Business Combinations*; and

- (ii) the accounting is to be undertaken on a substance over form basis ie the transaction gives effect to a takeover of Republic by BRTV, and is to be done in accordance with AASB 2 *Share-based Payment*, AASB 12 *Intangible Assets* and the *Conceptual Framework*.

The accounting treatment leads to no recognition of an intangible asset;

- (b) the application of AASB 10 *Consolidated Financial Statements* requires the consolidation:
  - (i) to be accounted for in the consolidated financial statements of the legal parent ie Republic;
  - (ii) to remove the investment of Republic in BRTV;
  - (iii) to equate the investment of BRTV to the fair value of a deemed issue of equity by BRTV to the former and now minority shareholders of Republic; and
  - (iv) to re-capitalise the equity of the consolidated entity to recognise the aggregate of the equity of BRTV immediately prior to the transaction, and the fair value of the deemed issue.

The accounting treatment leads to no recognition of an intangible asset in the form of goodwill on consolidation, and a restatement of issued equity, accumulated losses and reserves; and

- (c) the IFRS Interpretations Committee did not make an interpretation or an amendment to Standards in regard to a transaction of this type.

Pursuant to this Supplementary Bidder's Statement, the Original Bidder's Statement is changed as set out below:

- (a) the pro forma statement of financial position in section 6.3 of the Original Bidder's Statement is deleted and replaced with the following:

**Pro forma Statement of Financial Position  
Merged Republic Gold Limited and BRTV Limited  
(pre Prospectus Offer)  
As at 30 June 2014**

	<b>Ending Balance</b>
	<b>30-Jun-14</b>
	<b>\$</b>
<b>CURRENT ASSETS</b>	
Cash & cash equivalents	2,770,450
Trade and other receivables	160,858
Asset of disposal group classified as held for sale	310,000
<b>Total Current Assets</b>	<b>3,241,308</b>
<b>NON-CURRENT ASSETS</b>	
Property, plant and equipment	36,291
Web and App Platform	111,279
Deferred Tax Asset	217,860
<b>Total Non-Current Assets</b>	<b>365,430</b>
<b>TOTAL ASSETS</b>	<b>3,606,738</b>
<b>CURRENT LIABILITIES</b>	
Trade and other payables	264,843
<b>Total Current Liabilities</b>	<b>264,843</b>
<b>TOTAL LIABILITIES</b>	<b>264,843</b>
<b>NET ASSETS</b>	<b>3,341,895</b>
<b>EQUITY</b>	
Issued capital	4,114,846
Accumulated losses	(772,951)
<b>TOTAL EQUITY</b>	<b>3,341,895</b>

- (b) in the assumptions and adjustments to the pro forma statement of financial position set out in section 6.3(a) of the Original Bidder's Statement:
  - (i) section 6.3(a)(vii) of the Original Bidder's Statement is deleted and replaced with the words "(vii) Not Used;"; and
  - (ii) the following text is added to section 6.3(a) of the Original Bidder's Statement:
    - (A) "(viii) at the completion of the transaction BRTV holds a 72% interest in Republic and has control. BRTV is considered to be "the acquirer" and Republic is considered to be "the acquiree" for accounting purposes;";
    - (B) "(ix) the fair value of the transaction is based on a deemed issue of shares by BRTV to the shareholders of Republic equating to 28% of BRTV, being \$2,469,786;";
    - (C) "(x) the issued capital of the consolidated group is the total of the issued capital of BRTV, being \$1,645,060, and the fair value of the deemed issue of shares in (ix);";
    - (D) "(xi) the retained losses of the consolidated group is the aggregate of the retained losses of BRTV of \$549,115 and the expense of the unidentifiable intangible as a result of the transaction of \$223,836;"; and
    - (E) "(xii) the shareholder reserves of the consolidated group are the reserves of BRTV being \$nil."

## Approval of Supplementary Bidder's Statement

This Supplementary Bidder's Statement has been approved by a resolution passed by the directors of Republic.

Date: 22 October 2014

Signed for and on behalf of  
Republic Gold Limited  
by

A handwritten signature in black ink, appearing to be 'Ray Shorrocks', written over a horizontal line.

Ray Shorrocks  
Executive Chairman