

23 May 2016

Dear Shareholder

NON-RENOUNCEABLE ENTITLEMENT ISSUE

Newzulu Limited (**Newzulu** or the **Company**) is undertaking a non-renounceable entitlement issue to shareholders and performance rights holders of 208,815,958 new fully paid ordinary shares (**New Shares**) at an issue price of \$0.01 each to raise up to approximately \$2,088,159, before costs (**Entitlement Issue** or **Offer**). Gleneagle Securities is Underwriter to the Entitlement Issue, with Seven West Media and Tiga Trading Pty Ltd (**Thorney**) acting as joint sub-underwriters.

The Company will pay Gleneagle Securities a management fee equal to 3% of the amount underwritten (being \$62,645) and a capital raising fee equal to 3% of the amount underwritten (being \$62,645).

The funds raised from the Entitlement Issue will be used to grow sales revenues from Newzulu's Technology, Content and Creative Services business units, with a particular focus on the USA market. Additionally, the proceeds will be used for general working capital and to cover costs of the Entitlement Issue.

The Entitlement Issue will be offered to shareholders and performance rights holders registered at the Record Date (as defined below) with a registered address in Australia or New Zealand (**Eligible Shareholders**) on the basis of one (1) New Share for every four (4) Shares held.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- + You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlement**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Computershare Investor Services (**Share Registry**) by no later than 5:00pm (AWST) on 22 June 2016, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.01 per New Share).
- + You may wish to accept all of your Entitlement and apply for Shares under the Shortfall Offer. To take up all your Entitlements and apply for Shares under the Shortfall Offer you will need to ensure your application money for the Entitlements you wish to take up and the Shares you wish to apply for under the Shortfall Offer is received by the Share Registry by no later than

5:00pm (AWST) on 22 June 2016, by completing and returning your Entitlement and Acceptance Form (including the Shares under the Shortfall Offer that you wish to apply for) together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form plus the amount being applied for under the Shortfall Offer OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.01 per New Share).

- + You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5:00pm (AWST) on 22 June 2016, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.01 per New Share).
- + You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

The Prospectus relating to this issue has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website (company announcements section, ASX code: NWZ). The timetable for the Entitlement Issue is set out below:

Lodgement of Prospectus with the ASIC	19 May 2016
Lodgement of Prospectus & Appendix 3B with ASX	19 May 2016
Notice sent to Shareholders	23 May 2016
Ex date	24 May 2016
Record Date for determining Entitlements	25 May 2016
Prospectus sent out to Shareholders and the Company announces this has been completed	27 May 2016
Last day to extend the Closing Date	17 June 2016
Closing Date	22 June 2016
Shares quoted on a deferred settlement basis	23 June 2016
ASX notified of under subscriptions	27 June 2016
Issue date for Shares. Deferred settlement trading ends.	29 June 2016
Trading of Shares issued under the Offers	30 June 2016

All dates, other than the date of lodgement of the Prospectus with ASIC, are indicative only. The Company reserves the right to amend any of the important dates, in consultation with the Underwriter, without prior notice but subject to the Corporations Act and the ASX Listing Rules.

Shares – Completion of Employee Offer, Tranche 2 Placement and Cornerstone Investor Placement

Following completion of the Employee Offer and after Shareholder approval is obtained for the Tranche 2 Placement and Cornerstone Investor Placement at a general meeting to be held on 8 June

2016 (**General Meeting**), the Company will have the following Shares on issue:

	Number
Shares currently on issue	834,163,832
Shares offered pursuant to the Employee Offer ¹	30,000,000
Shares offered pursuant to the Tranche 2 Placement (subject to Shareholder approval at the General Meeting)	22,349,412
Shares offered pursuant to the Cornerstone Investor Placement (subject to Shareholder approval at the General Meeting)	368,846,610
Total Shares on issue after completion of the Tranche 2 Placement, Cornerstone Investor Placement and the Employee Offer	1,255,359,854

Shares – Completion of Entitlement Offer and Cleansing Offer

Following completion of the Entitlement Offer and the Cleansing Offer, the Company will have the following Shares on issue:

	Number
Shares on issue after completion of the Tranche 2 Placement, Cornerstone Investor Placement and the Employee Offer	1,255,359,854
Shares offered pursuant to the Entitlement Offer	208,815,958
Shares offered pursuant to the Cleansing Offer	1,000
Total Shares on issue after completion of the Entitlement Offer²	1,464,176,812

Options

	Number
Options currently on issue (all unlisted):	
Exercisable at \$0.30 on or before 30 June 2017	500,000
Exercisable at \$0.10 on or before 30 June 2017	24,000,000
Exercisable at \$0.075 on or before 31 August 2017	43,859,665
Exercisable at \$0.20 on or before 31 October 2017	2,000,000
Exercisable at \$0.20 on or before 9 February 2018	5,500,000
Exercisable at \$0.20 on or before 9 February 2018	5,000,000
Options offered pursuant to the Offers	Nil
Options to be issued to Mr Charles Koonen (subject to Shareholder approval at the General Meeting)	5,000,000
Options to be issued to Mr Marc Milgrom (subject to Shareholder approval at the General Meeting)	12,000,000
Options to be issued to Underwriter (subject to Shareholder approval at the General Meeting)	12,000,000
Options to be issued pursuant to the Cornerstone Investor Placement	

(subject to Shareholder approval at the General Meeting)	
Exercisable at \$0.02 on or before 3 years from the issue date	72,000,000
Exercisable at \$0.03 on or before 3 years from the issue date	18,000,000
Total Options on issue after completion of the Offers and completion of the Cornerstone Investor Placement²	199,859,665

Performance Rights

	Number
Performance Rights on issue at date of Prospectus ³	1,100,000
Performance Rights offered pursuant to the Offers	Nil
Performance Rights on issue after completion of the Offers	1,100,000

Notes

1. An offer to eligible employees pursuant to the Company's Employee Share Trust Plan is also being made pursuant to the Entitlement Issue prospectus. As the number of Shares to be issued under the Employee Offer is based on a volume weighted average share price at the time of issue, this number may be less than the number stated.
2. Assuming no Options are exercised.
3. The terms of the Performance Rights provide that, subject to the Corporations Act and the Listing Rules, if during the term of any Performance Right, the Company makes a pro rata issue of securities to Shareholders by way of a rights issue, the holder will be entitled to participate in the rights issue on the same terms as the Shareholders as if the holder held that number of Shares as is equal to the number of Shares issuable to the holder if all of the holder's Performance Rights were vested and converted into Shares prior to the record date for determining entitlement under the pro rata issue.

In calculating entitlements under the Entitlement Issue fractions will be rounded up to the nearest whole number.

Full details of the Entitlement Issue, including the underwriting, the rights attaching to shares, the full terms and conditions of the options and the use of funds are contained in the Prospectus that will be mailed to all Eligible Shareholders who are registered on the Record Date. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus. Instructions on how and when to apply under the Offer are set out in the Prospectus. Eligible Shareholders should read the Prospectus carefully.

If you require further information, please contact the Company Secretary on +61 8 9321 0715 between 8:30 am and 5:00 pm AWST or via email at investors@newzulu.com.

Yours faithfully



Charles C Koonen
Non-Executive Chairman