

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

(formerly Potash Minerals Limited)



ACN 121 184 316

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**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

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This annual report covers the Buddy Platform Limited Group, consisting of Buddy Platform Limited ("Buddy" or the "Company") and its subsidiaries. The financial report is presented in Australian dollars.

The Company has the power to amend and reissue the financial report.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

## **Corporate Information**

**Directors:**

Richard Borenstein  
*Non-Executive Chairman*

David McLauchlan  
*CEO & Executive Director*

John van Ruth  
*Non-Executive Director*

Ananda Kathiravelu  
*Non-Executive Director*

Alexander Gounares  
*Non-Executive Director*

**Company Secretary:**  
Stuart Usher

**Lawyers:**

DLA Piper  
Level 31, Central Park  
152-158 St Georges Terrace  
Perth, WA 6000

**Auditors:**

Nexia Perth Audit Services Pty Ltd  
Level 3  
88 William Street  
Perth WA 6000

**Bankers:**

Westpac Banking Corporation  
108 Stirling Highway  
Nedlands WA 6009

**Website:**

[www.buddy.com](http://www.buddy.com)

**Registered Office:**

Suite 1, GF, 437 Roberts Road  
Subiaco WA 6008  
Telephone: + 61 8 6380 2555  
Facsimile: + 61 8 9381 1122

**Postal Address:**

P.O. Box 2138  
SUBIACO WA 6904

**Seattle Office:**

1418 3<sup>rd</sup> Avenue, Suite 300  
Seattle, Washington 98101  
USA  
Telephone: +1 206 745 9112

**Adelaide Office:**

Level 2, 333 King William Street  
Adelaide, SA 5000

**Home Stock Exchange:**

Australian Securities Exchange Limited  
Level 40  
Central Park  
152-158 St George's Terrace  
PERTH WA 6000

**ASX Code:**

BUD (Ordinary Shares)

**Share Registry:**

Link Market Services Limited  
Level 4, 152 St Georges Terrace  
PERTH WA 6000

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**DIRECTORS' REPORT**

Your Directors have pleasure in submitting their report together with the financial statements of the Company and its subsidiaries it controlled during the period, for the year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

**DIRECTORS**

The Directors in office at the date of this report and at any time during the year are as follows. Directors were in office for the entire period unless otherwise stated.

*Current Directors*

Mr David McLauchlan	- CEO & Executive Director	(Appointed 17 December 2015)
Mr Richard Borenstein	- Non-executive Chairman	(Appointed 17 December 2015)
Mr Alexander Gounares	- Non-executive Director	(Appointed 17 December 2015)
Mr John van Ruth	- Non-executive Director	(Appointed 11 February 2016)
Mr Ananda Kathiravelu	- Non-Executive Director	

*Directors who resigned during the year*

Mr Ben Binninger	- Non-Executive Director	(Resigned 17 December 2015)
Mr Richard Monti	- Non-Executive Director	(Resigned 17 December 2015)

**Mr David McLauchlan** – CEO & Executive Director (Appointed 17 December 2015)

**EXPERIENCE AND EXPERTISE**

David spent nearly eleven years at Microsoft Corporation (Redmond, WA) before leaving in 2011 to co-found Buddy Platform, Inc. While at Microsoft, David led business development for Microsoft's Zune hardware business, spent many years in Microsoft's Windows division and prior to that served in the Server & Tools division working on the Visual C++ product. His international business development experience is considerable, having closed inbound and outbound licensing deals for Microsoft with global partners and customers in the consumer, enterprise, B2B and component industries. In addition to his work in various product groups at Microsoft, David represented the company in several international standards setting organizations, including the USB Implementers Forum, Consumer Electronics Association, Digital Living Network Alliance (DLNA), Bluetooth SIG and the IEEE Printer Work Group.

David is the co-founder of TVinteract, LLC which developed software for on-air TV talent to curate and display social media in real-time, which was acquired in 2014. David has served as a Technology Partner Network advisor for the Bill & Melinda Gates Foundation for over three years and currently serves as a mentor for the Australian incubator "Innovyz START" and is an advisor to Melbourne-based "Bluedot Innovation" and Washington DC-based "Manalto".

Prior to moving to the United States, David was a management consultant at PricewaterhouseCoopers in Melbourne, Australia, and prior to that was a professional pianist in Adelaide, Australia.

David holds a Master of Engineering: IT, Telecommunications & Business Management, and a Bachelor of Electronic Engineering (Hons.) – both from the University of South Australia.

**SPECIAL RESPONSIBILITIES**

Chief Executive Officer

**OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES**

Nil

**OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS**

Nil

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**DIRECTORS' REPORT (CONTINUED)**

**Mr Richard Borenstein – Non-Executive Chairman** (Appointed 17 December 2015)

**EXPERIENCE AND EXPERTISE**

Rick Borenstein is a venture investor, advisor and board member with over 40 years of technology company experience. He currently advises 7 venture-financed companies and sits on several boards. Mr. Borenstein brings extensive business, finance, accounting and entrepreneurial skills to each company.

Rick co-founded Sequoia Partners in 1988 and currently serves as Chairman. Sequoia Partners is a "sell side" information technology mergers & acquisitions firm. Sequoia has a long history of executing premium transactions for venture capital companies and corporate technology investors. Mr. Borenstein started his entrepreneurial career after Wells Fargo when he conceived, built and sold 3 companies over the course of 4 years. Mr. Borenstein became President of IMSI in 1986, a \$50M per year consumer software products company. During his tenure, he took the company public in 1987 and initiated their strategy of growth through acquisition. This exposure to software company deal making convinced him that a small, "virtual", I.T. focused M&A company could be built successfully.

Mr. Borenstein's finance training started at Harvard Business School (M.B.A. 1972) and continued through White, Weld & Co., Salomon Brothers and Wells Fargo and Co. His early investment banking training included mergers and acquisitions, leveraged buy-outs, IPOs and off balance sheet financings. At Wells Fargo, he perfected his accounting skills as Deputy Controller of the Bank; he learned lending and bank/brokerage company finance while serving as the Bank's senior brokerage industry banking officer; and he improved his deal making skills as President of Wells Fargo Investment Company, the Bank's venture capital subsidiary. Rick invested in a group of companies that have since gone on to become some of the best-known names in the Bay Area technology sector.

Mr. Borenstein grew up in New York City, and attended the University of Michigan before going to Harvard Business School. He has taught entrepreneurship at the Center for Entrepreneurship at the U of M and at San Quentin Prison (SF Bay Area) as part of The Last Mile program there.

**SPECIAL RESPONSIBILITIES**

Chairman of the Board

Member of the audit and risk committee

Member of the remuneration and nomination committee

**OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES**

Nil

**OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS**

Nil

**Mr Alexander Gounares– Non-Executive Director** (Appointed 17 December 2015)

**EXPERIENCE AND EXPERTISE**

Alex Gounares is the founder and CEO of Polyverse Corporation, a stealth mode cyber security company focused on protecting data center applications from large scale data breaches and disruption. Previously, Alex led Concurix Corporation, a maker of Node.js profiling tools. These tools were acquired by Strongloop Inc and integrated into the Strongloop Arc platform.

Prior to Concurix, Alex served as AOL's Chief Technology Officer. In this role, he led all aspects of AOL's technology strategy, platform development and external technology partnerships. He was responsible for all of AOL's global engineering, IT, and operations functions. In addition, he served as a member of the company's Global Executive Operating Committee.

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**DIRECTORS' REPORT (CONTINUED)**

Alex joined AOL from Microsoft, where he was Corporate Vice President and Chief Technology Officer for the company's Online Services Division. During his tenure at Microsoft, Gounares led significant strategic and technical operations for some of the company's most important projects including Microsoft's global advertising platform, Bing search, MSN and Microsoft Virtual Earth. Alex also served for three years as Technology Advisor to Microsoft Chairman and founder Bill Gates, as well as Corporate Vice President of Corporate Strategy in Microsoft's Finance Department. Prior to joining Microsoft in 1993, Alex worked at Los Alamos National Laboratory. He has founded four start-ups and is also an inventor on more than 150 U.S. patents filed and pending. Alex holds a bachelor's degree cum laude in Computer Science from Princeton University.

***SPECIAL RESPONSIBILITIES***

Chairman of the remuneration and nomination committee

***OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES***

Nil

***OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS***

Nil

**Mr Ananda Kathiravelu - Non-Executive Director**

***EXPERIENCE AND EXPERTISE***

Ananda Kathiravelu has been in the financial services funds management and stock broking industries for over 20 years. He holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment. Mr Kathiravelu is the Managing Director of Armada Capital Ltd, a corporate advisory company that has been involved in providing strategic corporate advice and services to listed and unlisted public companies including, Pryme Oil and Gas Ltd, CuDeco Ltd (formally known as Australian Mining Investments Ltd), Meridian Minerals Ltd (formally Bellevue Resources Ltd), Promesa Ltd, Mineq Ltd, Coronado Ltd and Intium Energy Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions. His focus is on the small cap resources and emerging business sectors.

***SPECIAL RESPONSIBILITIES***

Member of the remuneration and nomination committee

***OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES***

Promesa Limited (Executive Director)

Weebit Nano Ltd previously named Radar Iron Ltd (Non-Executive Director)

***OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS***

Nil

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**DIRECTORS' REPORT (CONTINUED)**

**Mr John van Ruth – Non-Executive Director** (Appointed 11 February 2016)

***EXPERIENCE AND EXPERTISE***

Mr. van Ruth is currently Chief Executive Officer of Operation Finders Foundation, and holds a number of non-executive directorships. Prior to his work in the not for profit sector, he spent four years as Chief Financial Officer for Coopers Brewery, the largest Australian owned Brewery. Before Coopers Brewery, Mr. van Ruth held a number of senior executive roles with other iconic South Australian companies including the RAA of SA, Inc., Adelaide Bank and Faulding. His early career was with professional services firms EY, KPMG and Arthur Andersen with particular focus on strategic advisory services in emerging technologies in Australia, Netherlands and Canada.

Mr. van Ruth's other non-executive directorships include Chair of the Chartered Accountants ANZ SA/NT Regional Council and councillor on the Chartered Accountants ANZ joint governing council. He is also a councillor on the Australian Institute of Company Directors (AICD) SA Regional Council, and member of the National AICD Director Professional Development Oversight Committee.

***SPECIAL RESPONSIBILITIES***

Chairman of the audit and risk Committee

***OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES***

Nil

***OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS***

Nil

**Mr Ben Binninger – Non-Executive Director** (Resigned 17 December 2015)

***EXPERIENCE AND EXPERTISE***

Mr G.A "Ben" Binninger was the Chief Executive Officer of Potash Minerals Limited's potash investments subsidiary, Citadel Capital Holdings Inc ("Citadel"), and was appointed as Non-Executive Director of Potash Minerals Limited on 14 October 2011. Mr Binninger, who is resident in California, has a long and distinguished career that includes several senior executive leadership roles. His experience in resource companies includes Rio Tinto, ARCO, Hercules and EXXON. These roles include oversight of businesses in 24 countries ranging in size from a few million dollars to a billion dollars.

***OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES***

Nil

***OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS***

Nil

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**DIRECTORS' REPORT (CONTINUED)**

**Mr Richard Monti** – Non-Executive Director (Resigned 17 December 2015)

***EXPERIENCE AND EXPERTISE***

Richard Monti has qualifications in Geology (Bachelor of Science with Honours from the University of Western Australia) and Finance (Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia). He has gained broad experience over a twenty nine year career working in the technical, marketing and financial fields of the international exploration and mining industry.

Mr Monti has worked for a number of international and Australian companies including Anaconda Nickel, RTZ Exploration, the North Group and the Normandy Group. During a seven year term at Anaconda Nickel he held General Manager positions in technical, corporate/commercial and marketing fields. He has also held positions on the boards of a number of ASX listed and private mining companies.

***OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES***

Pacifico Minerals Limited (formerly Jaguar Minerals Limited) (Non-Executive Chairman)  
Troy Resources Limited (Non-Executive Director)

***OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS***

Azimuth Resources Limited  
Poseidon Nickel Limited  
Triton Minerals Limited  
Whitestar Resources Limited (formerly Whinnen Resources Limited)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**COMPANY SECRETARY**

**Mr Stuart Usher** - (Appointed 9 November 2015)

Mr Usher is a CPA and Chartered Company Secretary with 20 year's extensive experience in the management and corporate affairs of public listed companies. He holds a Bachelor of Business degree and an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

**Mr Christopher Watts** – (Resigned 9 November 2015)

Chris is the Director of Regency Audit Pty Ltd, a corporate audit and advisory service, in Western Australia. With close to 20 years professional and commercial experience in auditing, financial accounting, assurance and due diligence – he previously held the position as Director of Audit and Corporate Services at a national chartered accounting firm.



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**CHAIRMAN'S REPORT**

Dear Fellow Shareholders,

The Board of Buddy Platform Limited is pleased to present to our shareholders the Buddy Platform Limited Annual Report for the year ended 30 June 2016 (FY16).

To say the past year has been transformative would be to state the obvious. Our company started the year as Potash Minerals, a moribund mining company and ended the year as a fast growing, superbly positioned platform player in the IoT solutions arena. All of the pre-requisites for re-listing were satisfied at the end of December, 2015, and as part of the process, we raised A\$15.6M of new capital to fund our growth. Under the leadership of our CEO, David McLauchlan, we have built our capabilities in all areas of the company and stand on the precipice of a wide open, nascent but huge marketplace that is looking for solutions such as the ones we offer.

Of course there are substantial challenges ahead as we engage in a market where seemingly every technology company of note has staked out a position. To that end, we intentionally established milestones for the issuance of share performance rights that were designed to force our management team and Board to demonstrate market traction in a substantive way. Just 7 months after our re-listing (and over a year earlier than we forecast), we met and exceeded the first milestone (of daily transactions on our platform), and are well on our way to meeting the second one.

Much of this increased traffic is due to our success in hiring outstanding management for both Sales and Marketing. Our new VP Sales, Tim Ritchie and our VP Marketing, Brian Seitz have come together over the past six months to put Buddy on the IoT map by conceiving and executing a trade show related strategy that brought us a huge amount of recognition and valuable leads. We were relatively low key at the "International CES" in Las Vegas (30 new leads). We followed that up with a booth, a meeting space and scores of meetings at "Mobile World Congress" in Barcelona (100 new leads). Finally, at "IoT World" in Santa Clara, California we were a "highlight" of the show (over 450 new leads!). We built a "smart city named Buddyville" out of thousands of Lego bricks to demonstrate many of our platform's capabilities, while using real-world hardware. We invited 4 of our technology partners to our booth to talk about their solutions running on Buddy. It was a huge hit. Our sales pipeline has increased many fold and our opportunities are larger. It is clear that our customers and prospects are seeking solutions, rather than technology tools, and that is what we deliver with our vertical, open standards-based solution.

Platform expansion and product development are at the heart of any software company. Under the leadership of VP Product & Engineering, Habib Haydarian, we've doubled our development staff in both Seattle and Adelaide. Our Adelaide office now has 6 developers and our Seattle development team is up to 11. New customers such as Noveda, Scout Alarm, Sears, Lono and plenty of others have brought significant new volume to the platform which maintained a 99.9% up time operating performance to June. In addition, we succeeded in developing a high-volume, highly scalable, fully functional Parse implementation substantially similar to the Facebook-hosted original. Led by our Adelaide based cloud engineering team, Buddy now offers scalability, stability and functionality not available in any other hosted Parse Server offering. 1.1 million applications currently run on the Facebook/Parse Server that will be shut down in January 2017, and we expect to attract a good number of those applications to the Buddy Platform with our Parse on Buddy product.

Our business development efforts in Australia are starting to hit scale, under the guidance and efforts of GM Australia, Adam Schultz. We've learnt that there's a tremendous market opportunity in Australia, and as the only provider in our market that can offer a locally-hosted and supported

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product, the market is ripe for the picking. Expect to see us continue to grow our investment in Australia accordingly.

In May and June, we announced our intent to acquire two companies that will provide shareholders with exposure to two existing, well-managed and expanding businesses operating in the IoT industry. Together they will significantly enhance our solution set and allow us to deliver the “complete” product package our customers want to buy. Noveda's technology enables customers to manage data and insights from connected devices in the energy and water sector. Zentri provides flexible components, a global device management system, secure product authentication, over the air software updates, remote product diagnosis and analytics and integration into all IoT cloud platforms. Both companies bring significant existing and potential customer relationships to the combined company. The acquisitions of both Noveda and Zentri will position Buddy to be a globally competitive “silicon to visualization” IoT data platform with the ability to grow quickly.

Looking forward to FY17 and beyond, we will continue to enhance shareholder value by investing in our technology, people and marketplace to create an industry leading IoT data management platform.

On behalf of the Board of Directors, I would like to thank our shareholders for the tremendous support and encouragement they continue to provide our company. We would also like to thank and acknowledge the effort and support of our employees, customers and technology partners. We look forward to continuing the journey with you in the coming year.

Richard N. Borenstein  
Chairman of the Board

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**CHIEF EXECUTIVE OFFICER'S REPORT**

Dear Fellow Shareholders,

As we reflect back on what has unquestionably been the most exciting year in Buddy's history, I wanted to take a moment to reflect both on what we've learnt from our past year of operations as well as where we expect to take the business in the coming year.

Around the middle of last year, as we were preparing to begin the process of listing Buddy on the ASX, we surveyed the landscape and found a very early stage yet hugely hyped market for Internet of Things ("IoT") technologies. Our go-to-market strategy revolved around offering a middleware IoT data management platform. We expected to sell a technology point solution into a rapidly growing, but still very small market.

Our ASX listing injected new capital into our business and we were able to immediately ramp up our sales, marketing and business development efforts. In doing so, we got closer to customers and we grew to understand their purchasing processes. Perhaps not surprising, we learnt that a technology component sale to non-expert customers in a still-emerging space was challenging. Our sales cycle lengths grew to new highs, and we discovered that we weren't uniquely or completely solving our customers' problems.

In short, our customers were not shopping for technologies, they were shopping for solutions. As one member of our team declared, "we need to stop selling drills, and start selling holes!". Buddy's IoT platform is certainly a technology component that customers needed, but more so, they needed someone to piece together the entire solution (inclusive of that platform).

Immediately after Mobile World Congress 2016 (late February), we decided to expand our capabilities by investing in partnerships to fill the gaps that Buddy's platform had for a solutions-buyer. Two key partnerships were with Noveda Technologies and Zentri, Inc. – but there were several others of real importance, such as with Splunk and Gimbal. These new partnerships enabled Buddy to go to market with an end-to-end solution that appealed to a very important (and we believe, untapped) segment of the market – the "basic adopters".

By listening to our customers and forming strong relationships with partners, we discovered that a huge market existed at the opposite end of the spectrum from where all the hype was. We discovered a whole segment of customers looking for solutions to business problems that didn't need VR or AI or machine learning or prediction analysis. We found customers that just wanted to solve a business problem – regardless of whether the solution involved "IoT" or not – and who had budget to spend on a solution. We found customers that needed exactly the offering that Buddy and our partners had pieced together. That's called product-market fit, and we found it in a way we'd not recognized before.

Our sales and marketing teams responded to what we found, and the results were immediate. After seeing our sales cycles reach 7 to 8 months, I can report that our top deals are now closing in 3 months or sometimes even less. The good news is that our average deal size is increasing – we started the year with average deal sizes sub-A\$75,000 and now the average size of a deal in our pipeline is nearly A\$300,000 (and this will increase even further following the closing of the acquisitions of Noveda and Zentri). In other words, our solutions-based approach is resulting in bigger deals closing faster.

Just recently, we announced that Buddy secured a new customer deal worth over A\$1.2 million, and I can now reveal this customer to be "Thor Industries" (one of the world's largest recreational

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vehicle manufacturers). We're excited to work with such a prestigious customer, but even more pleased about why we were selected. It came down to Buddy's ability to deliver a complete solution that will help Thor Industries lead in both business innovation, and customer experiences.

Of course, this does not mean that Buddy doesn't still offer the Buddy Platform as a stand-alone product. We do, and it continues to be at the core of what we do. When the market matures sufficiently to the point where customers are purchasing point technology offerings to integrate into their broader businesses, we'll be happy to sell the Platform as a stand-alone product. In the meantime, we're happy to be primarily focused on selling solutions.

This solution selling approach aligns with the data we're seeing around the marketplace and anecdotally from competitors in the space – namely that just like web or cloud hosting, there is considerable down-ward pricing pressure on IoT data hosting products. Having said that, we've got tremendous first party evidence that budgets are opening up for solution development. That bodes extremely well for Buddy.

Buddy's solution-based approach focuses on a vast market of organizations that aren't looking to IoT as a science project, but rather have business processes that can be improved by the application of IoT or have questions that can be answered by the application of the technology. I like to tell the team that we need to be singularly focused on making our customers smarter and richer. By applying our solution to their business, oftentimes we can do both.

Our acquisitions of Noveda and Zentri firmly bolster this strategy. Once closed, these deals will give Buddy a true "silicon to visualization" product offering, and will allow us to be very competitive on a global basis in this space. For the first time, we are now building proofs of concept and winning commercial deals that span silicon, data management and consumption (visualizations). Our ability to service customer's needs from top to bottom with a Buddy offering opens up tremendous new markets for us.

Success will also require us to have the discipline to say "no", as well as to say "yes". Analysts predict literally trillions of dollars to be spent in the coming decade on IoT. This market is vastly too big for any one company to service alone. For this reason, we welcome competition, and anticipate reaching partnership deals with organizations that may otherwise be considered partially or substantially competitive. The free flow of data between systems will necessitate such cooperation, and the benefits that will result will drive increased engagement and customer spend over the medium to long term.

Our success in this space has the potential to be very substantial indeed. At the coming shareholder meeting on October 14<sup>th</sup>, the Board is asking shareholders to approve (amongst other things) a change in the scale of activities for the business. This is necessitated by the jump in revenues, data traffic and customer numbers that will result from combining the Buddy, Zentri and Noveda businesses.

This jump is quite significant. We've shared full details on the terms of the acquisition of both Noveda and Zentri – deals that are expected to be all-scrip transactions. On the Noveda side, the deal is capped at US\$24 million, with the consideration paid being a declining year on year multiple of revenues generated. Accordingly, Noveda could reach their earn out cap by contributing US\$8 million in revenue in year 1, US\$24 million in revenue in year 3, or some midpoint in between. However, with US\$110 million in five-year revenue opportunity (from previously disclosed deals such as Energy Ottawa and the New York State Energy Research & Development Authority), we're very bullish on the impact to the business of the Noveda acquisition.

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Similarly, Zentri. In order for the acquisition of Zentri to result in the maximum possible earn out, Zentri would need to contribute ~US\$18.45 million in revenue to the business by December 2017. These figures were projected by Zentri on the basis of their sales forecasts and resourcing in various global locations. The combination of Noveda and Zentri with Buddy indicates clearly why a change in the scale of activities for the business is happening.

In each case – both Zentri and Noveda need to staff up their sales & marketing resources, and so that process has already begun. Both Zentri and Noveda are generating revenue today, and we're already bidding on new projects or competing for customer deals together. The working relationship between the three of us is strong, and we expect this only to grow with time.

For the short to medium term, shareholders should expect Buddy to continue going to market with a clear solutions-driven product offering. We expect this to be the majority of our business with direct platform/technology sales being a minority of the overall business. As the market matures, the technologies will become more broadly understood and customer demand for piecemeal components will re-emerge. By that time we'll have a very broadly tested and scaled data management platform to sell into that market.

There's never been a more exciting time to be at Buddy, or to be invested in the Internet of Things. Shareholders can expect big things of us in FY17. As we've striven to do this year, we'll continue to provide investors and shareholders with as much information and transparency as our circumstances will permit.

Kind regards,



**David McLauchlan**  
CEO, Buddy Platform Limited

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**DIRECTORS' REPORT (CONTINUED)**

**PRINCIPAL ACTIVITIES**

Buddy Platform Limited ("Buddy" or the "Group") provides one of the world's first data aggregation and management platforms for the IoT and connected devices. Buddy advances The Quantified Economy™ by providing the critical infrastructure by which businesses and organizations can, in real-time, access and analyze the data generated by connected devices, and unlock the economic opportunities delivered by this data. Buddy Platform users represent a wide variety of industries, including airlines, agriculture, automotive, consumer electronics, robotics, software development, telecommunications, and transportation. Buddy is headquartered in Seattle, Washington, with offices in Adelaide, Australia.

**RESULTS**

The net loss after tax for the year ended 30 June 2016 amounted to \$26,132,338 (2015: \$3,652,022) much of which is attributable to the acquisition of Buddy Platform, Inc. and the re-listing on the ASX. This is particularly evident when considering the share based payments made, the consideration paid and finance & administration costs during this period.

The primary costs for the business are salaries and research & development expenditure, which is very much in line with the costs expected for a technology company supporting a product of the Buddy Platform's technical complexity.

While the Company has recorded cash on hand at 30 June 2016 as A\$10.8 million, it should be noted that since this period a subsequent capital raised was successfully conducted and as of 31 August 2016, the Company's cash on hand is approximately A\$14 million. Accordingly, the Company is extremely well resourced to pursue the business opportunity at hand.

**DIVIDENDS**

There were no dividends paid or declared during the year.

**OPERATING AND FINANCIAL REVIEW**

The board of Buddy Platform Limited ("Buddy" or "the Company") is pleased to present its activities report for the year ending 30 June 2016.

On 30 December 2015, ASX-listed Potash Minerals Limited and US-based Buddy Platform, Incorporated successfully completed a reverse takeover and merger which resulted in a re-listing of the company as Buddy Platform Limited.

In doing so, Buddy concluded a capital raise of A\$15.2 million by way of a heavily over-subscribed public offer, an SPP offer and the exercise of legacy (ASX:POKO) options.

Buddy selected Adelaide, South Australia as its base of Australian operations and engineering development centre. This selection was made in large part due to the cooperation and support of the Government of South Australia. This facility, located in the heart of the Adelaide CBD, supports the Australian engineering team, the General Manager (Australia) and US-based staff on rotation through the Australian office.

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**DIRECTORS' REPORT (CONTINUED)**

In April, Buddy announced that the Company was collaborating with Facebook to release a product based on their hugely popular "Parse" developer offering. While Facebook had made public their plans to shut down the Parse product, the 1.1 million developers worldwide who relied upon Parse for their mobile applications to work needed to find an alternative offering. Buddy announced that the Company would offer a Buddy-hosted version of Parse, developed with the support and input of the Parse team at Facebook. The Company advised the market that a late (northern) summer launch date was envisaged, and the Buddy team is well on track to deliver on that commitment.

The Company attended the IoT World trade show in Santa Clara, California in May 2016, and used the opportunity to showcase the Buddy Platform, the Company's partners (Zentri, Noveda, Ubicquia, Marvell Semiconductor and others) and a model smart city demonstration built from over 13,000 pieces of Lego (called "Buddyville"). The show was a tremendous success, and capped off a trio of major technology and IoT events attended by Buddy staff – the Consumer Electronics Show (CES) in Las Vegas, Mobile World Congress (MWC) in Barcelona and IoT World in Santa Clara.

On 18 May 2016, Buddy announced that it had entered into a letter of intent to acquire the assets and business of Noveda Technologies, Incorporated. Noveda was a customer of the Company, and manages a growing business in the area of energy resource monitoring and verification. Noveda is further expanding into other smart grid/smart city solutions such as connected street lamps and civic lighting.

The terms of the Noveda deal were announced to the market and affirmed the transaction as an all-stock (or cash, at Buddy's election) deal where the consideration paid was to be decreasing multiples of revenue generated in the first, second and third year after deal closure. The deal is capped at US\$24 million in value.

Recent announcements by Buddy have provided investors with insight into some of the incredible opportunities that Noveda and Buddy will jointly be able to deliver into once the acquisition is completed. In a shareholder update published to the ASX on June 23, 2016 the Company shared 10 contracted customers of Noveda's, including Deutsche Bank, Comcast, Prudential, Rolls Royce, Avis Budget, the New York City Department of Education, Honeywell, CBRE, Johnson Controls and a US Federal Government agency.

More specific details were shared about a particular customer – Energy Ottawa – whereby Noveda has entered into a contract to provide energy monitoring software and services for smart/connected metering devices. The contract provides for a 5-year deal covering 350,000 meters targeted up to US\$5M (A\$6.8M) per month at contract maturity.

The Company further shared that Noveda's existing customer contracts target upwards of US\$15M – US\$20M (A\$20.3M to A\$27M) in revenues over the coming 36 months.

Subsequent to the end of Q4, Noveda announced that it was selected to be one of two providers of real-time energy management ("RTEM") services to the New York State Energy Research & Development Authority ("NYSERDA").

NYSERDA has pledged US\$36M to two new initiatives aiming to increase the energy efficiency of New York's commercial buildings through RTEM, forming part of a US\$72M commitment over 10 years. Noveda was selected as one of only two providers (and the only US provider) for the RTEM program which will fund 30% of installation costs and service charges for up to 5 years, provided grantees purchase their RTEM installation and service from one of the approved providers.

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**DIRECTORS' REPORT (CONTINUED)**

Buddy management remains extremely pleased with the engagement between Noveda and Buddy's engineering and business teams, and looks forward to concluding the acquisition transaction.

On 30 June 2016, Buddy announced that it had entered into an indicative term sheet to acquire California & Sydney-based connected product platform, Zentri Inc. Zentri is a leading secure IoT software as a service provider, with a suite of technologies designed to help devices securely connect to the cloud. Zentri's Secure Connected Platform for IoT helps customers get connected devices to market in weeks instead of years. Leveraging ZentriOS, a complete product operating system for a wide range of commonly available IoT chipsets, Zentri offers customers a global device management system, secure product authentication, seamless over the air software updates, remote product diagnosis and analytics, and integration into popular IoT cloud platforms (such as the Buddy Platform).

In respect of the proposed acquisition of Zentri, shareholders are reminded that management at Zentri is committing to a maximised earn-out model based on at least US\$14.4 million (A\$19.3 million) of revenue being contributed to the overall Buddy business by end of calendar year 2017.

The Zentri deal is an all-stock (or cash, at Buddy's election) deal where the consideration paid is a mix of fixed payments and revenue-based earnouts, with the maximum consideration paid being capped at 280,000,000 shares of Buddy. Shareholders are advised that this is slightly amended from the terms previously disclosed (down 20,000,000 from the former total of 300,000,000 shares per the original indicative term sheet), and reflects an agreement from both Buddy and Zentri to slightly adjust the payment schedule. Full details on the revised terms will be published in the Notice of Shareholder Meeting that has been submitted to the ASX for approval.

At the Annual General Meeting (AGM) held on 9 November 2015, shareholders approved the Performance Share class of securities, which would convert upon the Company reaching certain milestones thus:

- One third (1/3) of all Performance Shares shall convert upon the Company logging 20,000,000 total discrete connections to any Buddy server or service by any approved network connected hardware or software application per day for no less than 3 consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;
- One third (1/3) of all Performance Shares shall convert upon the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;
- One third (1/3) of all Performance Shares shall convert upon the Company satisfying the following milestones within a period of 36 months from the date of completion of the Capital Raising:
  - total daily device interactions with the Buddy Platform exceed 50,000,000 per day for no less than 3 consecutive weeks; and
  - total number of devices creating new connections to Buddy exceeding 1,000,000 per week for no less than 3 consecutive weeks.

In late June 2016, Buddy reached the metric prescribed to trigger the first tranche conversion of the Performance Shares, of 20,000,000 total discrete connections to Buddy's systems. In mid-July 2016 (in FY17), this milestone was reached (ie: the metric was reached or exceeded for 3 consecutive weeks), which triggered the first conversion event for the Performance Shares.



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**DIRECTORS' REPORT (CONTINUED)**

At the conclusion of the fiscal year, Buddy employed 22 staff across the Company's facilities in Seattle, Washington and Adelaide, South Australia. Notable hires in the period include Mr. Tim Ritchie as Vice President of Sales, Mr. Adam Schultz as General Manager (Australia) & Vice President of Business Development, Mr. Brian Seitz as Vice President, Marketing & Communications and Mr. Habib Heydarian as Vice President of Product & Engineering.

The Company continues to hold 22,690,612 shares in Weebit Nano Limited (formerly Radar Iron Limited, now ASX:WBT).

In addition to the Board of Directors members that joined the Company from Buddy Platform, Inc. (Rick Borenstein, David McLauchlan and Alex Gounares), the Board announced the appointment of Mr. John van Ruth as a director of the Company. Mr. van Ruth is currently Chief Executive Officer of Operation Finders Foundation, and holds a number of non-executive directorships. Prior to his work in the not for profit sector, Mr. van Ruth spent four years as Chief Financial Officer for Coopers Brewery, the largest Australian owned brewery. Before Coopers Brewery, he held a number of senior executive roles with other iconic South Australian companies including the RAA of SA, Inc., Adelaide Bank and Faulding. Mr. van Ruth's early career was with professional services firms EY, KPMG and Arthur Andersen with particular focus on strategic advisory services in emerging technologies in Australia, Netherlands and Canada. Mr. van Ruth and the Buddy Platform, Inc. directors all joined Potash director Mr. Ananda Kathiravelu to form the new Buddy Platform Limited Board of Directors.

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 11 July 2016 the Company completed an over-subscribed private placement to institutional & sophisticated investors to raise A\$4.5 million at a price of A\$0.10 by way of a private placement.

On 18 July 2016, the Company announced that it had successfully completed the First Performance Milestone of hosting 20,000,000 discrete connections per day for 3 consecutive weeks. The full cost has been brought to account to reflect the first milestone being achieved and is shown as a share based payment. The full cost reflected in the period is \$4,456,667.

On 30 August 2016, the Company provided an update to shareholders on the progress being made with the acquisitions of Noveda Technologies and Zentri. The Company advised that it had completed, to its satisfaction, its due diligence investigations on both Noveda and Zentri and is close to finalising a notice of meeting to obtain the requisite approvals for the acquisitions. The Company also updated shareholders of commercial traction achieved by Buddy, Noveda and Zentri individually and together, and refer readers to the relevant announcement as posted to the ASX.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There have been no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report or the financial statements.

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**DIRECTORS' REPORT (CONTINUED)**

**ENVIRONMENTAL REGULATION**

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Group's past operations were subject to various environmental regulations under the Federal and State Laws of Australia and the USA.

The majority of the Group's past activities involve low level disturbance associated with exploration drilling programs.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

During the financial year, the Company has paid a premium of \$44,500 excluding GST (2015: \$5,500) to insure the Directors and Company Secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

**DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY**

As at the date of this report, the interests of the Directors in ordinary shares, listed and unlisted options of the Company were:

Director	Shares		Performance Shares		Performance Rights		Options	
	Held Directly	Held Indirectly	Held Directly	Held Indirectly	Held Directly	Held Indirectly	Held Directly	Held Indirectly
David McLauchlan	115,643,487	-	66,500,000	-	-	-	-	-
Richard Borenstein	-	14,522,547	10,000,000	-	2,344,454	-	854	-
Alexander Gounares	-	-	7,500,000	-	1,943,683	-	401,625	-
Ananda Kathiravelu	63,333	43,333	-	-	-	-	-	-
John van Ruth	-	11,479	2,500,000	-	-	-	-	-
<b>TOTAL</b>	<b>115,706,820</b>	<b>14,577,359</b>	<b>86,500,000</b>	<b>-</b>	<b>4,288,137</b>	<b>-</b>	<b>402,479</b>	<b>-</b>

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**DIRECTORS' REPORT (CONTINUED)**

**MEETINGS OF DIRECTORS**

During the financial year, meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Directors	Directors meetings		Audit committee meetings		Remuneration and nomination committee meetings	
	Meetings Attended	Meetings Attended	Meetings Eligible to Attend	Meetings Eligible to Attend	Meetings Eligible to Attend	Meetings Eligible to Attend
David McLauchlan	4	4	-	-	-	-
Richard Borenstein	4	4	1	1	1	1
Alexander Gounares	4	4	-	-	1	1
Ananda Kathiravelu	5	5	-	-	1	1
John van Ruth	3	3	1	1	-	-
Ben Binninger	1	1	-	-	-	-
Richard Monti	1	1	-	-	-	-

**REMUNERATION REPORT (AUDITED)**

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2016. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report.

This remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes those executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

Directors:

Mr David McLauchlan	(Executive Director & CEO)
Mr Richard Borenstein	(Non-executive Chairman)
Mr Alexander Gounares	(Non-executive Director)
Mr Ananda Kathiravelu	(Non-executive Director)
Mr John van Ruth	(Non-executive Director)

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**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

Remuneration Policy

Remuneration of Directors and Key Management Personnel is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. The Board will devote times on an annual basis to discuss the level and composition of remuneration for the Directors and Key Management Personnel and will ensure such remuneration is appropriate and not excessive. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report in the Annual Report. The full Board determines all compensation arrangements for Directors and has a Remuneration Committee to assist the Board in monitoring and reviewing any matters of significance affecting the remuneration of the Board and employees of the Company. It is also responsible for setting performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The Remuneration committee charter is available on the Company's website at [www.buddy.com](http://www.buddy.com).

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). It is the policy of the Company to compensate Directors in share based payments only through the issue of Performance Shares (subject to any necessary Shareholder and regulatory approvals).

Fees for non-executive Directors are linked to the performance of the Group through the issue of Performance Shares and Performance Rights. This aligns Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee option plans that may exist from time to time.

Executive Remuneration

Executive Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes). The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and the remuneration and nomination committee. Executive Directors are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any director's fees in addition to their remuneration arrangements.

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**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

Fixed Remuneration

All KMP's are remunerated on a consultancy basis based on services provided by each person. The Board will review KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The fixed remuneration of the Company's KMP is detailed in the table below.

Variable Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and key management personnel. Currently, this is facilitated through the issue of Performance Rights and Incentive Rights to key management personnel to encourage the alignment of personal and shareholder interests. The issue of these securities formed part of the Consideration Securities as a result of the acquisition of Buddy Inc. The Company believes this policy will be effective in increasing shareholder wealth.

*Principles used to determine the nature and amount of variable remuneration: relationship between remuneration and company performance*

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and future years. Due to the nature of the Group's principal activities the Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX, and the market capitalisation of the Group.

**Service Contracts**

*Non-Executive Directors*

The key terms of the Non-Executive Director letters of appointment are as follows:

- Term of agreement – ongoing subject to annual review.
- Directors' Fees – the issue of Performance Shares on initial appointment.
- There is no notice period stipulated to terminate the contract by either party.

Apart from their duties as Directors, some Non-Executive Directors may undertake work for the Company over and above the specific duties of a Non-Executive Director.

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**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

*Executives*

Remuneration and other terms of employment for the Executive Director and Chief Executive Officer are formalised in service agreements. Other major provisions of the agreement relating to remuneration are set out below:

**Executive Services Agreement - David McLauchlan**

The Company and David McLauchlan entered into an Executive Services Agreement for his role as Chief Executive Officer commencing on the date of settlement of the Company's acquisition of Buddy Platform, Inc. being 17<sup>th</sup> December 2015.

The material terms of the Executive Services Agreement (ESA) are as follows:

- (a) Salary: Under the ESA, Mr McLauchlan receives:
  - (i) an annual salary of US\$250,000; and
  - (ii) a re-quotation bonus of US\$100,000 upon the Company being reinstated to trading on the Official List of the ASX following Settlement. This was paid subsequent to listing on the ASX on 30<sup>th</sup> December 2015.
  
- (b) Performance Bonus: The Company may, at any time, pay Mr McLauchlan, a performance-based bonus over and above the Salary.
  
- (c) Restraint of Trade: Upon termination of the ESA, Mr McLauchlan will be subject to a restraint of trade period of up to 6 months.
  
- (d) Mr McLauchlan is employed on an at-will employment relationship with the Company which may be terminated at any time by either Mr McLauchlan or the Company upon notice to the other, for any or no reason, with or without prior notice or cause. Further, the Company can demote, transfer, suspend or otherwise discipline him in its sole discretion.

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**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

**Remuneration of Directors and Executives**

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Buddy Platform Limited are set out in the following table:

**Key Management Personnel of Buddy Platform Limited**

2016	Short Term Benefits		Post-Employment Benefits	Share Based Payments			
Key Management Personnel	Salary and Fees \$	Bonus	Non-Monetary \$	Super-annuation \$	Performance Shares & Rights <sup>(3)</sup> \$	Total \$	% Performance Related
<b>Directors</b>							
David McLauchlan (Appointed 17 Dec-15)	255,798 <sup>(1)</sup>	136,426 <sup>(1)</sup>	12,250 <sup>(1)(2)</sup>	-	3,644,929	4,049,403	90%
Richard Borenstein (Appointed 17 Dec-15)	-	-	-	-	835,351	835,351	100%
Alexander Gounares (Appointed 17 Dec-15)	-	-	-	-	505,812	505,812	100%
John van Ruth (Appointed 11 Feb-16)	-	-	-	-	137,027	137,027	100%
Ananda Kathiravelu	29,500		-	1,045	-	30,545	-
Ben Binninger (Resigned 17 Dec-15)	26,000		-	-	-	26,000	-
Richard Monti (Resigned 17 Dec-15)	20,000		-	760	-	20,760	-
<b>Total</b>	<b>331,298</b>	<b>136,426</b>	<b>12,250</b>	<b>1,805</b>	<b>5,123,119</b>	<b>5,604,898</b>	<b>91%</b>

<sup>(1)</sup> Converted from USD to AUD using average rate from 17 Dec-15 to 30 Jun-16

<sup>(2)</sup> Non-monetary benefits include health and dental

<sup>(3)</sup> Includes the full valuation of 1/3 of Performance Shares on the achievement of Milestone 1, remainder of cost includes Milestone 2 & 3 based on vesting conditions

2015	Short Term Benefits		Post-Employment Benefits	Share Based Payments		
Key Management Personnel	Salary and Fees \$	Non-Monetary \$	Super-annuation \$	Options \$	Total \$	% Performance Related
<b>Directors</b>						
Ananda Kathiravelu	24,000	-	2,280	-	26,280	-
Ben. Binninger	28,000	-	-	-	28,000	-
Richard Monti	24,000	-	2,280	-	26,280	-
<b>Total</b>	<b>76,000</b>	<b>-</b>	<b>4,560</b>	<b>-</b>	<b>80,560</b>	<b>-</b>

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**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

Shareholdings of Key Management Personnel

The number of ordinary shares of Buddy Platform Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities for the year ended 30 June 2016 is as follows:

<b>Directors</b>	<b>Held at 1 July 2015</b>	<b>Movement During Year</b>	<b>Change due to appointment/ (resignation)</b>	<b>Held at 30 June 2016</b>
David McLauchlan (Appointed 17 Dec-15)	-	-	115,643,487	115,643,487
Richard Borenstein (Appointed 17 Dec-15)	-	-	14,522,547	14,522,547
Alexander Gounares (Appointed 17 Dec-15)	-	-	-	-
John van Ruth (Appointed)	-	-	11,479	11,479
Ananda Kathiravelu	133,332	(26,666)	-	106,666
Ben Binninger (Resigned 17 Dec-15)	15,000	-	(15,000)	-
Richard Monti (Resigned 17 Dec-15)	2,774,166	(1,254,166)	(1,520,000)	-
<b>Total</b>	<b>2,922,498</b>	<b>(1,280,832)</b>	<b>128,642,513</b>	<b>130,284,179</b>

Option Holdings of Key Management Personnel

The number of options over ordinary shares in Buddy Platform Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2016 is as follows:

<b>Directors</b>	<b>Held at 1 July 2015</b>	<b>Conversion</b>	<b>Expiry of Options</b>	<b>Change due to appointment/ (resignation)</b>	<b>Held at 30 June 2016</b>	<b>Vested and exercisable at 30 June 2016</b>
David McLauchlan (Appointed 17 Dec-15)	-	-	-	-	-	-
Richard Borenstein (Appointed 17 Dec-15)	-	-	-	854	854	747
Alexander Gounares (Appointed 17 Dec-15)	-	-	-	401,625	401,625	96,936
John van Ruth (Appointed)	-	-	-	-	-	-
Ananda Kathiravelu	66,668	-	(66,668)	-	-	-
Ben Binninger (Resigned 17 Dec-15)	-	-	-	-	-	-
Richard Monti (Resigned 17 Dec-15)	1,387,083	(1,387,083)	-	-	-	-
<b>Total</b>	<b>1,453,751</b>	<b>(1,387,083)</b>	<b>(66,668)</b>	<b>402,479</b>	<b>402,479</b>	<b>97,683</b>



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**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

Directors	Held at 1 July 2014	Conversion	Expiry of Options	Exercised	Held at 30 June 2015	Vested and exercisable at 30 June 2015
A. Kathiravelu	1,566,668	-	(1,500,000)	-	66,668	66,668
G. Binninger	1,000,000	-	(1,000,000)	-	-	-
R. Monti	2,387,083	-	(1,000,000)	-	1,387,083	1,387,083
<b>Total</b>	<b>4,953,751</b>	<b>-</b>	<b>(3,500,000)</b>	<b>-</b>	<b>1,453,751</b>	<b>1,453,751</b>

Performance Shares of Key Management Personnel

The number of Performance Shares in Buddy Platform Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2016 is as follows:

Directors	Held at 1 July 2015	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2016	Vested and exercisable at 30 June 2016
David McLauchlan (Appointed 17 Dec-15)	-	-	66,500,000	66,500,000	22,166,667
Richard Borenstein (Appointed 17 Dec-15)	-	-	10,000,000	10,000,000	3,333,333
Alexander Gounares (Appointed 17 Dec-15)	-	-	7,500,000	7,500,000	2,500,000
John van Ruth (Appointed)	-	-	2,500,000	2,500,000	833,333
Ananda Kathiravelu	-	-	-	-	-
Ben Binninger (Resigned 17 Dec-15)	-	-	-	-	-
Richard Monti (Resigned 17 Dec-15)	-	-	-	-	-
<b>Total</b>			<b>86,500,000</b>	<b>86,500,000</b>	<b>28,833,333</b>

Performance Rights of Key Management Personnel

The number of Performance Rights in Buddy Platform Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2016 is as follows:

Directors	Held at 1 July 2015	Conversion	Change due to appointment/ (resignation)	Held at 30 June 2016	Vested and exercisable at 30 June 2016
David McLauchlan (Appointed 17 Dec-15)	-	-	-	-	-
Richard Borenstein (Appointed 17 Dec-15)	-	-	2,344,454	2,344,454	2,051,397
Alexander Gounares (Appointed 17 Dec-15)	-	-	1,943,683	1,943,683	607,401
John van Ruth (Appointed)	-	-	-	-	-
Ananda Kathiravelu	-	-	-	-	-
Ben Binninger (Resigned 17 Dec-15)	-	-	-	-	-
Richard Monti (Resigned 17 Dec-15)	-	-	-	-	-
<b>Total</b>			<b>4,288,137</b>	<b>4,288,137</b>	<b>2,658,798</b>

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**DIRECTORS' REPORT (CONTINUED)**

**REMUNERATION REPORT (AUDITED) (CONTINUED)**

Share-based Compensation

Share-based compensation for the Directors in the current year were issued as Performance Shares, Performance Rights and Replacement options.

Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Armada Capital Limited, a company of which Mr Ananda Kathiravelu is Managing Director, was paid brokerage fees as lead manager to the Public Offer under a Prospectus dated 3 November 2015 and received a fee equal to 6% of the total funds raised based on normal commercial terms. Armada Capital also provided investor relations and marketing support to the Company on normal commercial terms during the year for which it received a monthly fee of \$4,000 under a marketing and investor relations agreement with the Company.

A summary of the total fees paid and payable to Armada Capital Limited for the year ended 30 June 2016 were as follows:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Brokerage on capital raising <sup>(1)</sup>	768,750	24,843
Investor relations and marketing support	48,000	48,000
<b>Total</b>	<b>816,750</b>	<b>72,843</b>

<sup>(1)</sup> Includes brokerage fees paid to sub-underwriters

Loans to Key Management Personnel

	Balance at 1 July 2015	Balance at 30 June 2016	Highest balance during period
	\$	\$	\$
David McLauchlan (Appointed 17 Dec- 15)	-	75,000 <sup>(1)</sup>	100,000

<sup>(1)</sup> Loan funds were advanced to David McLauchlan on 1 January 2016 into an ANZ Bank account for the primary purpose of using Company funds in establishing an office in Adelaide, South Australia. This was required ahead of the lengthy time it took to change the bank signatories on the change of control of the Company that occurred on 17 December 2015. Of the \$100,000 transferred, \$25,000 was spent and on 19 September 2016 \$72,500 has been transferred back to Buddy Platform Limited's account at Westpac. There remains \$2,500 outstanding which will be transferred back henceforth, completing the reconciliation of these funds. No interest was charged as the funds were only used only for Company purposes.

**\*\*\*\*\*END OF AUDITED REMUNERATION REPORT\*\*\*\*\***

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**DIRECTORS' REPORT (CONTINUED)**

**LIKELY DEVELOPMENTS**

Likely developments in the operations of the Group have been disclosed in the Operating and Financial Review section of the Directors' Report.

**CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Buddy Platform Ltd support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. For a detailed analysis of the Company's Corporate Governance Policies, visit the corporate governance section of our website at [www.buddy.com](http://www.buddy.com).

**AUDITORS INDEPENDENCE DECLARATION**

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2016 has been received and can be found on page 23.

**AUDITOR**

Nexia Perth Audit Services Pty Ltd continues in office in accordance with Section 327 of the Corporation Act 2001.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

**SHARE OPTIONS**

Shares under Option

As at 30 June 2016, there existed the following unlisted options.

<b>Date Granted</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Shares Under Option</b>	<b>Vested &amp; Exercisable</b>
17-Dec 2015	17-Dec 2020	10.0c	2,807,715	1,109,510
9-Nov 2015	30-Nov 2017	12.5c	40,000,000	40,000,000
9-Nov 2015	30-Nov 2017	3.0c	12,500,000	12,500,000
			<b>55,307,715</b>	<b>53,609,510</b>

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the year and up to the report date, 13,137,969 ordinary shares were issued as a result of the exercise of an option.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**DIRECTORS' REPORT (CONTINUED)**

**Performance Shares**

As at 30 June 2016, there existed the following unlisted Performance Shares

<b>Date Granted</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number</b>	<b>Vested</b>
17-Dec 2015	17-Dec 2020	Nil	95,500,000	31,833,333

The Performance Shares will convert upon satisfaction of any one of the following milestones:

(i) One third (1/3) of all Performance Shares held by the Holder as at the date of issue of the Performance Shares (Issue Date) shall convert upon Buddy (or its subsidiaries) logging 20,000,000 total discrete connections to any Buddy server or service (Interactions) by any approved network connected hardware or software application (Device) per day for no less than 3 consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

(ii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with (New Connection) exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

(iii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon Buddy (or its subsidiaries) satisfying the following milestones within a period of 36 months from the date of completion of the Capital Raising:

(A) total daily device interactions with the Buddy Platform exceed 50,000,000 per day for no less than 3 consecutive weeks; and

(B) total number of devices creating new connections to Buddy exceeding 1,000,000 per week for no less than 3 consecutive weeks.

As at the date of this report Milestone 1 has been achieved with vesting conditions satisfied. Refer to the remuneration report for further details of the performance shares of Key Management Personnel.

**Performance Rights**

As at 30 June 2016, there existed the following unlisted Performance Rights

<b>Date Granted</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number</b>	<b>Vested</b>
17-Dec 2015	17-Dec 2020	Nil	32,803,491	24,124,264

Performance rights vest in equal tranches on a quarterly basis, holders cannot elect to convert a performance right prior to 17-Dec-2016.

**Employee Incentive Rights**

As at 30 June 2016, there existed the following unlisted Employee Incentive Rights.

<b>Date Granted</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number</b>	<b>Vested</b>
17-June 2016	17-Dec 2019	Nil	32,095,620	3,935,484

Performance rights vest in equal tranches on a quarterly basis.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**DIRECTORS' REPORT (CONTINUED)**


**AUDIT SERVICES**

During the year the following fees were paid or payable for services provided by the auditor.

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>Audit Services</i>		
Amounts payable to auditor of parent entity	65,150	28,350
	<b>65,150</b>	<b>28,350</b>

There were no non-audit services performed by the auditor during the year (2015: Nil).

Signed in accordance with a resolution of the Directors.

DocuSigned by:  
  
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David McLauchlan  
CEO & Executive Director

Date: 30 September 2016

**Auditor's independence declaration under section 307C of the Corporations Act 2001**

To the directors of Buddy Platform Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

**Nexia Perth Audit Services Pty Ltd**

Amar Nathwani

**Amar Nathwani**  
*Director*

Perth  
30 September 2016

**Perth Office**

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**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME**  
**For the year ended 30 June 2016**

	Note	Consolidated	
		Buddy Platform Limited 30 June 2016 \$	Buddy Platform Limited 30 June 2015 \$
Service revenue	4	43,478	-
Finance income	4	96,422	23,151
Advertising & marketing expenses		(511,838)	-
Financial, administration, insurance and compliance costs		(1,375,482)	(341,926)
Consulting and contracting expenses		(132,507)	(118,810)
Depreciation		(38,525)	-
Impairment of exploration and evaluation expenditure		-	(3,164,558)
Impairment of available-for-sale financial assets		-	(272,287)
IT & web costs		(242,785)	-
Employee benefits expense	5	(2,017,409)	(84,866)
Share based payments	18 & 5	(11,311,424)	-
Profit on loss of significant influence in equity accounted investment		-	307,274
Option fee paid pre-acquisition		(500,000)	-
Research & development		(518,108)	-
Share based payment for listing services	16	(9,624,160)	-
<b>Profit / (Loss) before income tax expense</b>		<b>(26,132,338)</b>	<b>(3,652,022)</b>
Income tax benefit	7	-	-
<b>Loss for the year</b>		<b>(26,132,338)</b>	<b>(3,652,022)</b>
<i>Other Comprehensive Income / (Loss):</i>			
Items that may be reclassified subsequently to profit or loss:			
Revaluation of investments		45,603	-
Foreign currency translation differences for foreign operations		(125,321)	417,007
Other comprehensive income / (loss) for the period, net of tax		(79,718)	417,007
<b>Total Comprehensive Loss for the year</b>		<b>(26,212,056)</b>	<b>(3,235,015)</b>
<i>Loss attributable to:</i>			
Owners of the parent		(26,212,056)	(3,321,529)
Non-controlling interest		-	(330,493)
<i>Total Comprehensive Income Loss attributable to:</i>			
Owners of the parent		(26,212,056)	(2,904,522)
Non-controlling interest		-	(330,493)
Basic & Diluted Profit / (Loss) per share - cents per share	6	(5.63)	(3.38)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2016**

	Note	Consolidated	
		Buddy Platform Limited	Buddy Platform Limited
		30 June 2016 \$	30 June 2015 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	10,835,739	1,073,305
Trade and other receivables	9	190,104	13,142
<b>Total current assets</b>		<b>11,025,843</b>	<b>1,086,447</b>
<b>Non-current assets</b>			
Other receivables	9	-	350,131
Property, plant & equipment	10	167,743	-
Investments	11	1,134,753	294,978
<b>Total Non-Current Assets</b>		<b>1,302,496</b>	<b>645,109</b>
<b>TOTAL ASSETS</b>		<b>12,328,339</b>	<b>1,731,556</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	228,193	125,052
Provisions	19	19,225	-
<b>Total Current Liabilities</b>		<b>247,418</b>	<b>125,052</b>
<b>TOTAL LIABILITIES</b>		<b>247,418</b>	<b>125,052</b>
<b>NET ASSETS</b>		<b>12,080,921</b>	<b>1,606,504</b>
<b>EQUITY</b>			
Share capital	13	27,994,674	30,450,232
Reserves		15,956,596	2,241,138
Accumulated losses		(31,870,349)	(28,734,787)
Equity attributable to owners of the parent		12,080,921	3,956,583
Non-controlling interest		-	<b>(2,350,079)</b>
<b>TOTAL EQUITY</b>		<b>12,080,921</b>	<b>1,606,504</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2016**

<b>Consolidated 2016</b>	<b>Issued Capital \$</b>	<b>Option Reserve \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Available for Sale Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Non- Controlling Interest \$</b>	<b>Total Equity \$</b>
Total equity at 1 July 2015	30,450,232	-	2,241,138	-	(28,734,787)	(2,350,079)	1,606,504
<b>Total Comprehensive Profit / (Loss) for the period</b>	-	-	-	-	(26,132,338)	-	(26,132,338)
Total other comprehensive income	-	-	(125,321)	45,603	-	-	(79,718)
Total Comprehensive Income / (Loss) for the period	-	-	(125,321)	45,603	(26,132,338)	-	(26,212,056)
Elimination of Potash Minerals Ltd accumulated losses date of acquisition 17 December 2015	-	-	(2,241,138)	-	29,825,797	-	27,584,659
Elimination of Potash Minerals Ltd Non-controlling interest on date of acquisition 17 December 2015	-	-	-	-	-	2,350,079	2,350,079
Recognition of accumulated losses of Buddy Inc. at 17 Dec 15	-	-	-	-	(6,829,021)	-	(6,829,021)
<b>Transactions with equity holders:</b>							
Shares issued during the period:							
Elimination of Potash Minerals on consolidation on date of acquisition 17 December 2015 (Note 13)	(33,079,026)	-	-	-	-	-	(33,079,026)
Buddy issued capital as at 17 Dec 2015 (Note 13)	6,524,335	-	-	-	-	-	6,524,335
Consideration for the acquisition of Potash (Note 13)	13,452,543	-	-	-	-	-	13,452,543
Shares issued pursuant to capital raising (Note 13)	12,500,000	-	-	-	-	-	12,500,000
Convertible notes converted to Buddy Share Capital (Note 13)	1,027,491	-	-	-	-	-	1,027,491
Option conversions (Note 13)	2,628,794	-	-	-	-	-	2,628,794
Costs of capital raising (Note 13)	(5,509,695)	-	-	-	-	-	(5,509,695)
Share based payments (Note 13 & 18)	-	11,311,424	-	-	-	-	11,311,424
Recognition of Buddy Option reserve (Note 13)	-	25,451	-	-	-	-	25,451
Fair value of options issued under prospectus (Note 13 & 18)	-	4,699,439	-	-	-	-	4,699,439
Total equity at 30 June 2016	<b>27,994,674</b>	<b>16,036,314</b>	<b>(125,321)</b>	<b>45,603</b>	<b>(31,870,349)</b>	<b>-</b>	<b>12,080,921</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**For the year ended 30 June 2015**

Consolidated 2015	Issued Capital \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Available for Sale Reserve \$	Accumulated Losses \$	Non- Controlling Interest \$	Total Equity \$
Total equity at 1 July 2014	29,989,494	4,127,440	1,824,131	-	(29,545,004)	(2,019,586)	4,376,475
<b>Total Comprehensive Profit / (Loss) for the year</b>					(3,321,529)		(3,321,529)
Total other comprehensive income	-	-	417,007	-		(330,493)	86,514
Total Comprehensive Income / (Loss) for the period	-	-		-	(3,321,529)	(330,493)	(3,235,015)
Foreign currency movements & Revaluation of financial asset	-	-	417,007	-	-	-	417,007
<b>Transactions with equity holders:</b>							
Shares issued during the period:	460,738	-	-	-	-	-	460,738
Share based payments	-	4,306	-	-	-	-	4,306
Options expired	-	(4,131,746)	-	-	4,131,746	-	-
Total equity at 31 December 2015	<b>30,450,232</b>	-	<b>2,241,138</b>	-	<b>(28,734,787)</b>	<b>(2,350,079)</b>	<b>1,606,504</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2016**

	Consolidated	
	Buddy Platform Limited	Buddy Platform Limited
	30 June 2016 \$	30 June 2015 \$
<b>Cash flows from operating activities</b>		
Interest received	96,422	23,151
Payment for option fee	(500,000)	
Payments for research & development	(518,108)	-
Payments to suppliers and employees	(4,491,034)	(496,476)
<b>Net cash flows used in operating activities</b>	<b>(5,412,720)</b>	<b>(473,325)</b>
<b>Cash flows from investing activities</b>		
Refund for bonds in favour of the company	350,131	25,779
Payments for capitalised exploration expenditure	-	(80,689)
Payments for plant and equipment	(52,450)	-
<b>Net cash flows used in investing activities</b>	<b>297,681</b>	<b>(54,910)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issue	12,500,000	460,843
Proceeds from conversion of options	2,628,794	
Capital Raising Costs	(810,142)	
<b>Net cash flows provided by financing activities</b>	<b>14,318,652</b>	<b>460,843</b>
Net increase/(decrease) in cash and cash equivalents held	9,203,613	(67,392)
Cash acquired in Buddy Inc. on date of acquisition	558,821	-
Cash and cash equivalents at the beginning of the period	1,073,305	1,140,697
<b>Cash and cash equivalents at the end of the period</b>	<b>10,835,739</b>	<b>1,073,305</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 June 2016**

**NOTE 1: REPORTING ENTITY**

Buddy Platform Limited (the "Company") is a company domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange (ASX:BUD). The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprises the Company and its subsidiaries (collectively referred to as the "Group").

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which does not form part of this financial report.

**NOTE 2: BASIS OF PREPARATION**

This general purpose financial report for the year ended 30 June 2016 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board.

The Consolidated Financial Statements and Notes of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Buddy Platform Limited was incorporated in Australia on 11 August 2006 as Transit Holdings Limited and is a company limited by shares. The Company changed its name to Potash Minerals Limited on 24 November 2011 and again to Buddy Platform Limited on 17 December 2015 on the acquisition of 100% of the issued shares of Buddy Platform Inc., a United States of America registered entity.

This Consolidated Financial Report was approved by the Board of Directors on 30 September 2016.

**Financial Position**

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has generated a loss after tax for the year ended 30 June 2016 of \$26,132,338 (2015: \$3,652,022), had a net working capital surplus of \$10,778,425(2015: \$961,395) at 30 June 2016 and experienced net cash outflows from operating activities for the year of \$5,412,720 (2015: \$473,325). The Company also has listed investments of \$1,134,753 (2015: \$294,978) that can be realised for cash. On 11 July 2016 the Company completed an over-subscribed private placement to institutional & sophisticated investors to raise A\$4.5 million at a price of A\$0.10 by way of a private placement.

Based on a cash flow forecast, current working capital, the Group has sufficient cash to fund its mandatory obligations for the period ending twelve months from the date of this report. The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and the working capital incorporating the capital raising completed on 11 July 2016.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 2: BASIS OF PREPARATION (CONTINUED)**

**Reverse Acquisition:**

On 17 December 2015 Potash Minerals Limited (now Buddy Platform Limited, the legal parent entity) acquired 100% of the issued shares of Buddy Platform Inc., a United States of America registered entity.

Buddy Platform, Inc., provides one of the world's first data aggregation and management platforms for the IoT and connected devices. Buddy advances the Quantified Economy by providing the critical infrastructure by which businesses and organizations can, in real time, access and analyse the data generated by connected devices, and unlock the economic opportunities delivered by this data. Buddy Platform users represent a wide variety of industries, including airlines, agriculture, automotive, consumer electronics, robotics, software development, telecommunications, and transportation. Buddy is headquartered in Seattle, Washington, with offices in Adelaide, Australia.

Under the terms of the transaction, Potash Minerals issued 499,999,956 Ordinary fully paid shares to the shareholders of Buddy Platform Inc., resulting in the shareholders of Buddy Platform Inc. holding 65% of the legal parent entity's issued capital.

Although Potash Minerals did not meet the definition of a business, the Group applied, by analogy, the guidance in AASB 3 on reverse acquisitions, resulting in Buddy Platform, Inc. (legal acquiree) being identified as the accounting acquirer and Potash Minerals Limited (the legal acquirer) being identified as the accounting acquiree. The Group consequently recognised a share-based payment of \$9,624,160 (Refer to Note: 16) in its statement of comprehensive income, effectively representing the cost of the listing. The cost is calculated as the difference in the fair value of the shares deemed to have been issued by Buddy Platform, Inc. (the non-listed entity) and the fair value of the accounting acquiree's (Potash Minerals Limited) identifiable net liabilities.

The impact of the reverse acquisition on each of the primary statements is as follows:

**Statement of Financial Position:**

The 30 June 2016 statement of financial position represents Buddy Platform Limited (formerly Potash Minerals Limited) and Buddy Platform Incorporated.

The comparative financial information for 30 June 2015 is that of Buddy Platform Limited (formerly Potash Minerals Limited).

**Statement of Profit or Loss and Other Comprehensive Income**

The 30 June 2016 statement of profit or loss and other comprehensive income comprises the results of Buddy Platform Limited (formerly Potash Minerals Limited) from 1 July 2015 to 17 December 2015 and then the consolidated results of Buddy Platform Limited (formerly Potash Minerals Limited) and Buddy Platform Incorporated from 17 December 2015 to 30 June 2016.

The comparative financial information for 30 June 2015 is that of Buddy Platform Limited (formerly Potash Minerals Limited).

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 2: BASIS OF PREPARATION (CONTINUED)**

**Statement of Changes in Equity**

The 30 June 2016 statement of changes in equity comprises Buddy Platform Limited (formerly Potash Minerals Limited) equity balances on 1 July 2015, its loss for the period and transactions with equity holders to 17 December 2015.

It then incorporates the consolidated equity balances, losses and transactions with equity holders for the period 17 December 2015 to 30 June 2016 of Buddy Platform limited (formerly Potash Minerals) and Buddy Platform Incorporated.

The comparative financial information for 30 June 2015 is that of Buddy Platform Limited (formerly Potash Minerals Limited).

**Statement of Cash Flows**

The 30 June 2016 statement of cash flows comprises the cash transactions of Buddy Platform Limited (formerly Potash Minerals) from 1 July 2015 to 17 December 2015 and then the consolidated cash transactions of Buddy Platform Limited (formerly Potash Minerals Limited) and Buddy Platform Incorporated from 17 December 2015 to 30 June 2016. The comparative financial information for 30 June 2015 is that of Buddy Platform Limited (formerly Potash Minerals).

The financial report is presented in Australian dollars which is the presentation currency of the Group.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, except for available for sale financial assets which are measured at fair value.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

**A. Principles of Consolidation**

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Buddy Platform Limited and its subsidiaries at 30 June 2016 and the results of all subsidiaries for the year then ended. A subsidiary is any entity controlled by Buddy Platform Limited. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of Buddy Platform Limited.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which Buddy Platform has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3(G)).

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

**B. Segment Reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

**C. Income Tax**

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or 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.

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

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

The Company and its wholly-owned Australian resident subsidiaries have not formed a tax-consolidated Group as at balance sheet date.

**D. Goods and Services Tax and Similar Taxes**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except; where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the balance sheet are shown inclusive of GST.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**E. Trade and Other Receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which were classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

**F. Property, Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

- Computer Equipment                      4 years
- Software                                      3 years
- Office Equipment                          5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Business Combinations**

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Investment in Associated Entities**

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in an associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The balance dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Impairment**

**Impairment of Non-Financial Assets**

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit (group of assets) to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**Impairment of Financial Assets**

For available for sale (AFS) financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income (OCI) and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

**J. Share-Based Payments**

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model for services provided by employees or where the fair value of the goods or services received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Share-Based Payments (continued)**

At each balance date, the entity revises its estimates of the number of options that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

**K. Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**L. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

*Service Revenue*

Revenue from the sale of services is recognised by reference to the stage of completion over the term of the customer service agreement. Stage of completion is measured by reference to time incurred to date as a percentage of total time for each service delivery contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue from the sale of services is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates. The Group does not provide any extended warranties or maintenance contracts to its customers.

**L. Revenue recognition (continued)**

*Finance Income*

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

**M. Issued Capital**

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**N. Earnings per Share**

*i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

*ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**O. Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Foreign Currency Translation**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of this subsidiary is translated into the presentation currency of Buddy Platform Limited at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The accounting parent is Buddy Platform Incorporated (Buddy Inc) which has a Functional Currency of USD. Buddy Platform Limited is the accounting subsidiary and has a functional and presentational currency is AUD. The Group has chosen Australian dollars (AUD) as the presentation currency.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**Q. Employee benefits**

*Short-term Employee Benefits*

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

*Defined Contribution Superannuation Expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**R. Significant Accounting Estimates and Assumptions**

Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Share based payments*

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 18. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Comparative Information**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**T. Application of New and Revised Accounting Standards**

**New and amended standards adopted in the current year**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2015:

**AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'**

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

**New standards not yet adopted**

The following standards and interpretations have been issued by the AASB, but are not yet effective and have not been adopted by the Group for the period ending 30 June 2016. The Directors have not yet determined the impact of new and amending accounting standards and interpretations applicable 1 July 2016.

<b>Standard/Interpretation</b>	<b>Application date of the standard<sup>1</sup></b>	<b>Applies to financial year ended</b>
AASB 1057 <i>Application of Australian Accounting Standards</i>	1 January 2016	30 June 2017
AASB 2014-3 <i>Accounting for Acquisitions of Interests in Joint Operations - Amendments to AASB 11</i>	1 January 2016	30 June 2017
AASB 2014-4 <i>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</i>	1 January 2016	30 June 2017
AASB 2014-9 <i>Equity Method in Separate Financial Statements (Amendments to AASB 127)</i>	1 January 2016	30 June 2017

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**T. Application of New and Revised Accounting Standards (continued)**

Standard/Interpretation	Application date of the standard <sup>1</sup>	Applies to financial year ended
AASB 2015-1 <i>Annual Improvements to Australian Accounting Standards 2012-2014</i>	1 January 2016	30 June 2017
AASB 2015-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i>	1 January 2016	30 June 2017
AASB 2015-5 <i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i>	1 January 2016	30 June 2017
AASB 2015-9 <i>Amendments To Australian Accounting Standards – Scope And Application Paragraphs</i>	1 January 2016	30 June 2017
AASB 2016-1 <i>Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]</i>	1 January 2017	30 June 2018
AASB 2016-2 <i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	1 January 2017	30 June 2018
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 January 2018	30 June 2019
AASB 2014-10 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)</i>	1 January 2018	30 June 2019
AASB 9 <i>Financial Instruments</i>	1 January 2018	30 June 2019
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	30 June 2019
AASB 16 <i>Leases</i>	1 January 2019	30 June 2020

**NOTE 4: REVENUE**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Service revenues	43,478	-
Interest Income	96,422	23,151
<b>Total Revenue</b>	<b>139,900</b>	<b>23,151</b>

**NOTE 5: EMPLOYEE EXPENSES & SHARE BASED PAYMENTS**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax has been determined after:		
Employee benefit expense & Share Baed Payments		
Director Fees and superannuation	481,779	80,560
Other employee costs	1,535,630	-
Director equity settled share based payments - <sup>(1)</sup>	5,123,120	4,306
Other employee & consultant equity settled share based payments - <sup>(1)</sup>	6,188,304	-
<b>Total</b>	<b>13,328,833</b>	<b>84,866</b>

<sup>(1)</sup> Total Share Based payments for the year \$11,311,424 (note 18), of which \$5,123,120 were issued to directors.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 6: LOSS PER SHARE**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Basic and diluted profit & (loss) per share - cents	(5.63)	(3.38)
Profit/(Loss) used in the calculation of basic and diluted loss per share	(26,132,338)	(3,652,022)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	464,571,482	98,383,224
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share	464,571,482	98,383,224

Options are considered anti-dilutive in the current year due to loss position of the Company and are not included in the calculation of diluted earnings per share.

**NOTE 7: INCOME TAX**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Income tax expense</b>		
The major components of income tax expense are:		
<i>Current income tax</i>		
Current income tax charge	-	-
<i>Deferred income tax</i>		
Relating to movements in temporary differences	-	-
Income tax expense / (benefit) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	-	-

**(b) Amounts charged directly to equity**

There were no amounts charged directly to equity

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 7: INCOME TAX (CONTINUED)**

	Consolidated	
	2016	2015
	\$	\$
<b>(c) Numerical reconciliation between aggregate tax expense recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate</b>		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before income tax	(26,132,338)	(3,652,022)
Income tax benefit at the statutory income tax rate of 28.5%	(7,447,716)	(1,040,826)
Expenditure not allowable for tax purposes		
Share based payments	3,223,781	1,227
Legal fees		2,970
Buddy Platform Inc US losses	785,223	
Profit on loss of significant influence in equity accounted		(87,576)
Buddy Inc Listing Fee & Option Fee	2,885,386	
Research & Development	147,661	
Temporary differences		
Accruals		(4,317)
Impairment of capitalised exploration expenditure		901,899
Impairment of investment in associate		77,602
Exploration Expenditure capitalised but deductible for tax		(14,876)
Unrecognised Temporary Differences	63,326	
Capital raising costs deductible	(91,024)	(51,444)
Unrecognised tax losses	433,363	215,341
		-
<b>Income tax expense/(benefit)</b>	<b>-</b>	<b>-</b>

**NOTE 8: CASH AND CASH EQUIVALENTS**

	Consolidated	
	2016	2015
	\$	\$
<b>Reconciliation to Statement of Financial Position</b>		
Cash at bank	10,835,739	1,073,305
<b>Total Cash and Cash Equivalents</b>	<b>10,835,739</b>	<b>1,073,305</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

<sup>(1)</sup> Cash at bank is subject to floating interest rates at an effective interest rate of (2%) (2015: 2.1%)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 9: TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<u>Current</u>		
Trade receivables	18,568	-
Receivables from a related party (Note 17)	75,000	-
Other Receivables <sup>(1)</sup>	72,013	9,683
Prepayments	24,523	3,459
<b>Total Current Trade and Other Receivables</b>	<b>190,104</b>	<b>13,142</b>
 <u>Non-Current</u>		
Bureau of Land Management Government Bonds	-	350,131
<b>Total Non-Current Trade and Other Receivables</b>	<b>-</b>	<b>350,131</b>

<sup>(1)</sup> Other receivables are non-trade receivables, are non-interest bearing and have an average term of 3 months and generally receivable from the ATO for GST.

**NOTE 10: PROPERTY, PLANT & EQUIPMENT**

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
<i>Computer equipment</i>		
Opening balance	-	-
Additions	33,666	-
Disposals	-	-
Depreciation	(25,586)	-
Assets Acquired as part of the reverse acquisition	125,098	-
Total office equipment	133,178	-
 <i>Furniture &amp; Fittings</i>		
Opening balance	-	-
Assets Acquired as part of the reverse acquisition	3,861	-
Additions	8,680	-
Disposals	-	-
Depreciation	(5,386)	-
Total office equipment	7,155	-

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

	30 June 2016	30 June 2015
	\$	\$
<b>NOTE 10: PROPERTY, PLANT &amp; EQUIPMENT - continued</b>		
<i>Office Equipment</i>		
Opening balance	-	-
Additions	9,110	-
Disposals	-	-
Depreciation	(7,553)	-
Assets Acquired as part of the reverse acquisition	25,853	-
Total office equipment	<u>27,410</u>	-
<b>Net Book Value for Property, Plant and Equipment</b>	<u>167,743</u>	-

**NOTE 11: OTHER FINANCIAL ASSETS**

	Consolidated	
	2016	2015
	\$	\$
Available-for-sale financial assets carried at fair value <sup>(1)</sup>		
- Listed shares	1,134,753	294,978
<b>Total Other Financial Assets</b>	<u>1,134,753</u>	<u>294,978</u>
Opening balance	<b>294,978</b>	-
Reclassification of investment in Weebit Nano	-	567,265
Revaluation of Radar Iron as at the date of acquisition 17 December 2015 (Now renamed Weebit Nano Limited)	794,173	
Increase in fair value	45,602	
Impairment of available-for-sale financial asset <sup>(2)</sup>	-	(272,287)
<b>Closing balance of available-for-sale financial asset</b>	<u>1,134,753</u>	<u>294,978</u>

<sup>(1)</sup> Available-for-sale financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

<sup>(2)</sup> Due to a significant drop in the value of the Company's investment in Weebit Nano Limited, the movement in the fair value has been impaired in accordance with AASB 139 Financial Instruments: Recognition and Measurement

**NOTE 12: TRADE AND OTHER PAYABLES**

	Consolidated	
	2015	2015
	\$	\$
Trade payables <sup>(1)</sup>	194,307	114,815
Sundry payables and accrued expenses <sup>(2)</sup>	33,886	10,237
<b>Total Trade and Other Payables</b>	<u>228,193</u>	<u>125,052</u>

<sup>(1)</sup> Trade payables are non-interest bearing and are normally settled on 30-day terms

<sup>(2)</sup> Other payables are non-trade payables, are non-interest bearing and have an average term of 1 month.

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**NOTE 13: SHARE CAPITAL & RESERVES**

	#	\$
<b>CONSOLIDATED AND PARENT ENTITY 2016</b>		
<b>Ordinary Shares</b>		
<b>(a) Issued and Paid Up Capital</b>		
Fully paid ordinary shares	<b>759,532,819</b>	<b>27,994,674</b>
<b>(b) Movements in fully paid shares on issue</b>		
Opening balance	121,394,894	30,450,232
Options exercised	13,137,969	2,628,794
Elimination of Potash Minerals on consolidation on date of acquisition 17 December 2015	-	(33,079,026)
Buddy issued capital		6,524,335
Shares issued pursuant to prospectus	125,000,000	12,500,000
Buddy Inc Convertible notes converted to Buddy Platform Share Capital		1,027,491
Consideration for the Buddy acquisition	499,999,956	13,452,543
Costs of capital raising share options	-	(4,699,439)
Other Capital Raising Cost		(810,256)
<b>Balance as at 30 June 2016</b>	<b>759,532,819</b>	<b>27,994,674</b>
<b>(c) Share Options</b>		
	<b>Options</b>	
Opening Balance	<b>48,220,948</b>	-
Listed Options converted	(13,137,969)	-
Listed Options Expired	(35,082,979)	-
Recognition of Budd Inc. Option Reserve	-	25,451
Buddy replacement options*	2,807,715	112,256
Performance Shares issued under prospectus	95,500,000	5,234,447
Performance Rights issued under prospectus	32,803,491	3,381,939
Capital Raising Options issued under prospectus	40,000,000	4,699,439
Transaction Options issued under prospectus to consultants	12,500,000	2,163,414
Incentive rights issued to employees	32,095,620	419,368
<b>Balance at 30 June 2016</b>	<b>215,706,826</b>	<b>16,036,314</b>

Nature and Purpose of Reserves

1) Options Reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised. This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Includes share-based payments used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 18 for further details of these plans.

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**NOTE 13: SHARE CAPITAL & RESERVES - continued**

2) Foreign Currency Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

All other reserves are as stated in the consolidated statement of changes in equity.

**NOTE 14: OPERATING CASH FLOW INFORMATION**

	Consolidated	
	2015	2015
	\$	\$
Reconciliation of cash flow from operations with profit/(loss) after income tax:		
Loss for the year	(26,132,338)	(3,652,022)
Less - Noncash items:		
Share based payments	11,311,424	4,306
Excess deemed on acquisition	9,624,160	-
Impairment of exploration expenditure	-	3,164,558
Depreciation	38,525	-
Profit on loss of significant influence in equity accounted	-	(307,274)
Impairment of investment in associate	-	272,287
<i>Changes in assets and liabilities</i>		
Movement in trade creditors and accruals	(218,464)	34,246
Movement in other debtors and receivables	64,843	8,440
Movement in FX exchange	(100,870)	2,134
<b>Cash flows used in operations</b>	<b>(5,412,720)</b>	<b>(473,325)</b>

**NOTE 15: INTERESTS IN CONTROLLED ENTITIES**

The Company has the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Class of Shares	Percentage held	
			2016	2015
Buddy Platform Inc	USA	Ordinary	100%	-
Citadel Potash Pty Ltd	Australia	Ordinary	100%	100%
Citadel Capital Holdings Inc	USA	Ordinary	100%	100%
K2O Utah LLC	USA	Membership interests <sup>(1)</sup>	100% <sup>(1)</sup>	90%

<sup>(1)</sup> During the year Buddy Platform Ltd membership interest in K2O Utah LLC was 100%.



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**NOTE 16. REVERSE ACQUISITION**

Under the analogy of *AASB 3 Business Combinations*, the transaction between Buddy Platform Limited (formerly Potash Minerals Ltd) and Buddy Platform Incorporated is being treated as a reverse acquisition.

Consequently, the acquisition date fair value of the consideration transferred is based on the number of equity interests in the legal subsidiary would have to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition.

AASB 3 states that the consideration transferred in a business combination shall be measured at the fair value. AASB 3 states that the fair value transferred should be based on the most reliable measure. The fair value of the shares of consideration transferred were valued by reference to the quoted price of the shares of Buddy Platform Limited (formerly Potash Minerals Ltd).

Although Potash Minerals did not meet the definition of a business, The Group applied, by analogy, the guidance in AASB 3 on reverse acquisitions, resulting in Buddy Platform, Inc. (legal acquiree) being identified as the accounting acquirer and Potash Minerals Limited (the legal acquirer) being identified as the accounting acquiree. The Group consequently recognised a share-based payment of \$9,624,160 in its statement of comprehensive income, effectively representing the cost of the listing. The cost is calculated as the difference in the fair value of the shares deemed to have been issued by Buddy Platform, Inc. (the non-listed entity) and the fair value of the accounting acquiree's (Potash Minerals Limited) identifiable net liabilities.

**Assets acquired and liabilities assumed on the date of acquisition:**

Details of the acquisition are as follows:

	<b>Fair Value</b> <b>\$</b>
Cash and cash equivalents	15,139,158
Trade and other receivables	124,566
Financial Assets	1,089,149
Other Assets	22,354
Share application funds	(12,430,276)
Trade and other payables	(115,825)
Fair value of net assets	<b>3,829,126</b>
Share-based payment for listing services	<b>9,624,160</b>
Acquisition date fair value of the total consideration transferred	<b>13,453,286</b>
Acquisition date fair value of the total consideration transferred:	
Shares issued, at fair value	<b>13,453,286</b>

The acquisition occurred on 17 December 2015. The contribution to the Group results had the acquisition occurred on 1 July 2015 would be a loss of \$1,578,305.

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**NOTE 17: RELATED PARTY TRANSACTIONS**

a) *Parent and Ultimate Controlling Party*

The parent entity and ultimate controlling party is Buddy Platform Limited.

b) *Related Party Compensation*

**Compensation of key management personnel of the Group**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	479,974	76,000
Post-employment benefits	1,805	4,560
Share-based payments	5,123,119	-
<b>Total compensation paid to key management personnel</b>	<b>5,604,898</b>	<b>80,560</b>

The amounts disclosed in the table are the amounts recognised as an expense during the period related to key management personnel.

c) *Shares and Options held by Directors and Key Management Personnel*

Information on remuneration and shares and options held by Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

d) *Loans To and From Related Parties*

Key management personnel of the Group:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Director loans *	75,000	-
	<b>75,000</b>	<b>-</b>

\* The amount is classified as an other receivable

Terms and Conditions of Loans

*The ultimate parent*

The ultimate parent of the Group is Buddy Platform Limited and is based and listed on ASX in Australia. There were no transactions other than inter-company fund transfers to its wholly owned subsidiary Buddy Platform Inc. based in USA,

Loans between entities in the wholly owned Group are not interest bearing, unsecured and are payable upon reasonable notice having regard to the financial stability of the Company.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 17: RELATED PARTY TRANSACTIONS (CONTINUED)**

*Transactions with key management personnel*

*Director loans*

Loans to directors are interest free. A loan of \$100,000 was provided to David McLauchlan on 1 January 2016 into an ANZ Bank account for the primary purpose of using Company funds in establishing an office in Adelaide, South Australia. This was required ahead of the lengthy time it takes to change the bank signatories on the change of control of the Company that occurred on 17 December 2015. Of the \$100,000 transferred, \$25,000 was spent and on 19 September 2016 \$72,500 has been transferred back to Buddy Platform Limited's account at Westpac. There remains \$2,500 outstanding which will be transferred back henceforth, completing the reconciliation of these funds. No interest was charged as the funds were only used only for Company purposes.

Information on remuneration and shares and options, performance shares, performance rights held by Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

e) *Other Related Party Transactions*

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Armada Capital Limited, a company of which Mr Ananda Kathiravelu is Managing Director, was paid brokerage fees in relation to the capital raisings of Buddy Platform on normal commercial terms and also provided investor relations and marketing support to the Company on normal commercial terms during the year.

A summary of the total fees paid and payable to Armada Capital Limited for the year ended 30 June 2016 were as follows:

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Brokerage on capital raising	768,750	24,843
Investor relations and marketing support	48,000	48,000
<b>Total</b>	<b>816,750</b>	<b>72,843</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 30 June 2016**

**NOTE 18: SHARE BASED PAYMENTS**

The Company completed the following share-based payment transactions during the year:

	Issued	Grant Date	Expiry	Exercise Price	Fair value	Vested and Exercisable	\$ Value at 30 June 2016
Opening Balance	48,220,948						
Exercised	(13,137,969)						
Expired	(35,082,979)						
Performance Shares (a)	95,500,000	17//12/2015	17/12/2020	Nil	14 cents	31,833,833	5,234,447
Buddy replacement options (b)	2,807,715	17//12/2015	17/12/2020	10 cents	10 cents	1,109,510	112,256
Performance Rights (b)	32,803,491	17//12/2015	17/12/2020	Nil	14 cents	24,124,264	3,381,939
Transaction Options issued under prospectus issued to consultants (c)	12,500,000	9/11/2015	30/11/2017	3 cents	17.31 cents	12,500,000	2,163,414
Share Options issued for capital raising costs ( c)	40,000,000	9/11/2015	30/11/2017	12.5 cents	11.75 cents	40,000,000	4,699,439
Employee incentive performance (d) rights	32,095,620	17/06/2016	17/12/2019	Nil	10.4 cent	3,935,484	419,368
<b>Balance as at 30 June 2016</b>	<b>215,706,826</b>					<b>113,503,091</b>	<b>\$16,010,863</b>

- The total share based payments recognised in the statement of profit and loss \$11,311,424
- Total share based payments issued for capital raising services by corporate advisors \$4,699,439
- During the year 13,137,969 options were exercised to take up ordinary shares. The options were converted at a price of 20 cents per option.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 18: SHARE BASED PAYMENTS (Continued)**

- During the year 35,082,979 options expired. The expired options had an exercise price of 20 cents.
- During the year the Company granted 215,706,826 options. The weighted average exercise price of the options granted was \$0.026
- As at the end of the year the Company had 113,503,091 vested options. The vested options had a weighted average exercise price of \$0.048
- As at the year end the Company had a total of 215,706,826 (2015: 48,220,948) unissued ordinary shares on which options are outstanding with a weighted average exercise price of \$0.026 (2015: 20 cents). The weighted average contractual life of the outstanding options of 3.27 years

Terms & Conditions and Valuation assumptions of the share based payments arrangements:

**(a) Performance Shares:**

The Performance Shares were issued on 17 December 2015 when the Company completed its 100% acquisition of the issued capital of Buddy Platform Inc. and was completed in accordance with a Prospectus dated 3 November 2015 and Shareholder approval on 9 November 2015. The performance shares were valued using the following assumptions:

Performance Shares were deemed to be valued at \$0.14 based on the following inputs:

Underlying share price	\$0.139 per share
Share exercise price	Nil
Effective date	17 December 2015
Share expiry date	17 December 2020

The issue was made to key management and employees who have an impact on the group's performance, and will vest over a period of 5 years subject to meeting performance milestones as listed below.

**(Milestones):** The Performance Shares will convert upon satisfaction of any one of the following milestones:

- (i) One third (1/3) of all Performance Shares held by the Holder as at the date of issue of the Performance Shares shall convert upon Buddy (or its subsidiaries) logging 20,000,000 total discrete connections to any Buddy server or service (Interactions) by any approved network connected hardware or software application (Device) per day for no less than 3 consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;
- (ii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon the total number of devices creating an Interaction with a Buddy application that it has not previously interacted with (New Connection) exceeding 500,000 per week for no less than three (3) consecutive weeks within a period of 24 months from the date of completion of the Capital Raising;

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 18: SHARE BASED PAYMENTS (Continued)**

- (iii) One third (1/3) of all Performance Shares held by the Holder as at the Issue Date shall convert upon Buddy (or its subsidiaries) satisfying the following milestones within a period of 36 months from the date of completion of the Capital Raising:
- (A) total daily device interactions with the Buddy Platform exceed 50,000,000 per day for no less than 3 consecutive weeks; and
  - (B) total number of devices creating new connections to Buddy exceeding 1,000,000 per week for no less than 3 consecutive weeks.

On July 17 2016, the first milestone was achieved of 20 million discrete connections per day for 3 consecutive weeks. Accordingly the full cost of the share based payment of the first milestone has been recognised in this financial period.

**(b) Replacement Options & Performance Rights:**

On 17 December 2015 the Buddy Platform Incorporated Options (Buddy Inc Options) were cancelled and replaced with Buddy Platform Limited (previously Potash Minerals Limited) options. Buddy Platform Limited (previously Potash Minerals) issued the following:

- i. 32,803, 491 Potash performance rights to Buddy Platform Inc options holders.
- ii. 2,807,715 replacement options to Buddy Platform Inc options holders.

The replacement options and performance rights were valued as follows:

**Replacement Options**

Buddy Replacement Options issued under the prospectus were valued at \$0.10 per option using the Black & Scholes option model based on the following inputs:

Underlying share price	\$0.139 per share
Option exercise price	\$0.10 per share
Effective date	17 December 2015
Option expiry date	17 November 2020
Share price volatility	84.5%
Risk free interest rate	2.31%

**Performance Rights**

Performance Shares & Performance Rights issued as part of the prospectus were deemed to be valued at \$0.14 based on the following inputs:

Underlying share price	\$0.139 per share
Share exercise price	Nil
Effective date	17 December 2015
Share expiry date	17 December 2020

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 18: SHARE BASED PAYMENTS (Continued)**

Vesting Conditions:

The replacement options & performance rights shall vest and become exercisable on a quarterly basis and in equal tranches commencing on the vesting commencement date and ending in 4 years from the employee's commencement date.

**(c) Transaction Options and Capital Raising Options:**

Capital Raising Options:

The 40,000,000 capital raising options issued under the prospectus were deemed to be valued at \$0.1175 per option using the Black & Scholes option model based on the following inputs:

Underlying share price	\$0.20 per share
Option exercise price	\$0.125 per share
Effective date	9 November 2015
Option expiry date	30 November 2017
Share price volatility	83.14%
Risk free interest rate	1.89%

Transaction Options:

The 12,500,000 options issued under the prospectus were deemed to be valued at \$0.173 per option using the Black & Scholes option model based on the following inputs:

Underlying share price	\$0.20 per share
Option exercise price	\$0.03 per share
Effective date	9 November 2015
Option expiry date	30 November 2017
Share price volatility	83.14%

**(d) Employee Incentive Rights Plan:**

The objective of the plan is to attract, motivate and retain key employees and it is considered by the Company that future issues under the plan will provide selected Directors, and permitted employees and contractors of the Company with the opportunity to participate in the future growth of the Company. Employee rights granted under the plan will be issued for nil consideration.

The employee incentive rights were valued based on the following assumptions:

Underlying share price	\$0.11 per share
Share exercise price	Nil
Effective date	17 June 2016
Share expiry date	17 December 2019

Vesting conditions are on a quarterly basis in equal tranches over 4 years. Employee Rights will lapse on termination of employment.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 19: EMPLOYEE BENEFIT LIABILITY**

Annual leave	Consolidated	
	2016	2015
	\$	\$
Current Annual leave	19,225	-
	<b>19,225</b>	<b>-</b>

**NOTE 20: AUDITORS' REMUNERATION**

*Audit Services*

Amounts payable to auditor of parent entity	65,150	28,350
	<b>65,150</b>	<b>28,350</b>

**NOTE 21: FINANCIAL RISK MANAGEMENT**

The summary of the Group's financial instruments are disclosed in the table below:

2016	Non-Interest Bearing \$	Floating Interest Rate \$	Total \$
<i>Financial assets:</i>			
Investments	1,134,753		1,134,753
Cash and cash equivalents	-	10,835,739	10,835,739
Trade and other receivables	190,104	-	190,104
	1,324,857	10,835,739	12,160,596
<i>Financial liabilities:</i>			
Trade and other payables	228,193	-	228,193
	228,193	-	228,193
Net financial instruments	<b>1,096,664</b>	<b>10,835,739</b>	<b>11,932,403</b>

2015	Non-Interest Bearing \$	Floating Interest Rate \$	Total \$
<i>Financial assets:</i>			
Investment	294,978		294,978
Cash and cash equivalents	-	1,073,305	1,073,305
Trade and other receivables	13,142	-	13,142
	308,120	1,073,305	1,381,425
<i>Financial liabilities:</i>			
Trade and other payables	125,052	-	125,052
	125,052	-	125,052
Net financial instruments	<b>183,068</b>	<b>1,073,305</b>	<b>1,256,373</b>



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**NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)**

The Company's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments is cashflow interest rate risk. The Board review and agrees policies for managing each of these risks. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange and interest rate and credit risks.

a) Market Risk

*Foreign Currency Risk*

As a result of significant operations in the United States, the Group's statement of financial position can be affected significantly by movements in the USD\$/AUD\$ exchange rates. As at the end of the reporting period the Group's exposure to foreign currency risk is considered immaterial by the Company and therefore no sensitivity analysis has been disclosed.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

*Price Risk*

The Company is exposed to price risk being the listed investment in Weebit Nano Limited. The carrying value at 30 June 2016 of the financial instrument \$1,134,753. A 5% movement in the price will have \$56,738 impact on the Company's equity and profit.

*Interest Rate Risk*

The Group is exposed to the risks of changes in market interest rates primarily on the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cashflow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

b) Credit Risk

The Group has no significant concentrations of credit risk other than its cash balances with various banks.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)**

c) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the Board at each Meeting of Directors.

The maturity of the Group's payables is disclosed in Note 12 are due within 12 months from the reporting date.

d) Cash Flow and Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates, and the effective weighted average interest rates on classes of financial assets and financial liabilities is disclosed in Note 8. Cash is the only financial asset effected by any movements in the interest rate.

In accordance with AASB 7 the following sensitivity analysis has been performed for the Company's Interest Rate risk:

Consolidated Risk Variable	Sensitivity*	Effect On:		Effect On:	
		Loss 2016 \$	Loss 2015 \$	Equity 2016 \$	Equity 2015 \$
Interest Rate	+ 1.00%	108,357	11,070	108,357	11,070
	- 1.00%	(108,357)	(11,070)	(108,357)	(11,070)

\* It is considered that 100 basis points a 'reasonably possible' estimate of the sensitivity in the interest rate.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

(e) Fair values of financial assets

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period.

The levels of the hierarchy are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)**

This applies to the financial assets described in below.

	2016	2015
	\$	\$
Investment in Weebit Nano Limited	1,134,753	294,978

The Group's investment in Weebit Nano Limited has been classified as a Level 1 financial asset as the investment has been valued based on a quoted price in an active market.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital includes ordinary share capital supported by financial assets.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor the Group are subject to externally imposed capital requirements.

**NOTE 22: SEGMENT REPORTING**

**Description of segments**

The Group's reportable operating segments are as follows:

1. Buddy Platform, Inc. (USA); which provides data aggregation and management platforms for the IoT and connected devices. Buddy advances the Quantified Economy by providing the critical infrastructure by which businesses and organizations can, in real time, access and analyse the data generated by connected devices, and unlock the economic opportunities delivered by this data. Buddy Platform users represent a wide variety of industries, including airlines, agriculture, automotive, consumer electronics, robotics, software development, telecommunications, and transportation.

2. All Other Segments, which includes the corporate & administration segment and for the comparative period only (Australia).

The Group's operating segments have been determined with reference to the information used by the chief operating decision maker to make decisions regarding the Group's operations and the allocation of the Group's working capital. Due to the size and nature of the Group's business, the Board as a whole has been determined as the chief operating decision maker. The segments disclosed in the table below have been identified as operating segments that meet any of the following thresholds:

- Segment loss greater than 10% of combined loss of loss making operating segments; and
- Segment assets greater than 10% of combined assets of all operating segments.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**NOTE 22: SEGMENT REPORTING (CONTINUED)**

Each of the Group's operating segments operates in separate geographical locations, as disclosed above. Once reportable segments have been identified, all remaining segments that do not satisfy the thresholds are to be aggregated together to form an all other segments reporting segment. In accordance with AASB 8 *Segment Reporting* corporate and administration activities are to be included in the all other segments reporting segment.

**Segment Information**

The following table presents the revenue and profit information regarding the segment information provided to the Board of Directors for the periods ended 30 June 2016 and 30 June 2015.

	<b>Buddy Platform Limited</b>			<b>Consolidated</b>
	<b>Australia</b>	<b>USA</b>	<b>All other</b>	
	<b>\$</b>	<b>\$</b>		<b>\$</b>
<b>30 June 2016</b>				
Segment revenue	96,422	43,478	-	139,900
Segment result	(13,739,630)	(2,768,548)	(9,624,160)	(26,132,338)
Unallocated expenses				-
Results from operating activities				(26,132,338)
Segment assets	11,837,753	490,586		12,328,339
Segment liabilities	(67,865)	(179,553)	-	(247,418)
Included within segment result:				
Depreciation	-	38,525	-	38,525
Interest revenue	96,422	-	-	96,422
<b>Potash Minerals Limited</b>				
	<b>Potash</b>	<b>All Other</b>	<b>Investments</b>	<b>Consolidated</b>
	<b>Exploration</b>	<b>Segments</b>	<b>in Associates</b>	<b>\$</b>
<b>30 June 2015</b>				
Segment revenue	-	23,151	-	23,151
Segment result	(3,304,338)	(382,671)	34,987	(3,652,022)
Unallocated expenses				-
Results from operating activities				(3,652,022)
Segment assets	363,094	1,368,462		1,731,556
Segment liabilities	(77,880)	(47,172)		(125,052)
Included within segment result:				
Depreciation	-	-		-
Interest revenue	-	23,151		23,151

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 23: PARENT ENTITY DISCLOSURES**

As at and throughout the financial year ending 30 June 2016 the *legal parent* company of the Group was Buddy Platform Limited.

<b>Results of the Parent Entity</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(25,793,789)	(3,519,649)
Other comprehensive income	45,603	-
Total Comprehensive Loss for the year	<u>(25,748,186)</u>	<u>(3,519,649)</u>
 <b>Financial Position of the Parent Entity at Year End</b>		
Current Assets	10,694,291	1,073,482
Non-Current Assets	1,134,751	294,878
Total Assets	<u>11,829,042</u>	<u>1,368,360</u>
 Current Liabilities	 66,167	 47,173
Total Liabilities	<u>66,167</u>	<u>47,173</u>
 <b>Total Equity of the Parent Entity comprising of:</b>		
Share Capital	20,444,097	30,450,232
Reserves	16,019,382	-
Retained Losses	(24,700,604)	(29,129,045)
Total Equity	<u>11,762,875</u>	<u>1,321,187</u>

**Parent Entity Contingencies**

The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2016.

**NOTE 24: SUBSEQUENT EVENTS**

On 11 July 2016 the Company completed an over-subscribed private placement to institutional & sophisticated investors to raise A\$4.5 million at a price of A\$0.10 by way of a private placement.

On 18 July 2016, the Company announced that it had successfully completed the First Performance Milestone of hosting 20,000,000 discrete connections per day for 3 consecutive weeks.

On 30 August 2016, the Company provided an update to shareholders on the progress being made with the acquisitions of Noveda Technologies and Zentri. The Company advised that it had completed, to its satisfaction, its due diligence investigations on both Noveda and Zentri and is close to finalising a notice of meeting to obtain the requisite approvals for the acquisitions. The Company also updated shareholders of commercial traction achieved by Buddy, Noveda and Zentri individually and together, and refer readers to the relevant announcement as posted to the ASX.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**For the year ended 30 June 2016**

**NOTE 25: CONTINGENT LIABILITIES**

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2016.

**BUDDY PLATFORM LIMITED**  
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**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Buddy Platform Limited, I state that:

a) the financial statements and notes of Buddy Platform Limited for the financial year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

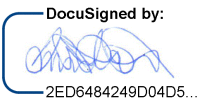
b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards as disclosed in Note 3.

This declaration is made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2016.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

DocuSigned by:  
  
2ED6484249D04D5...

David McLauchlan  
CEO & Executive Director

30 September 2016

## Independent auditor's report to the members of Buddy Platform Limited

### Report on the financial report

We have audited the accompanying financial report of Buddy Platform Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

The directors of the Company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with *International Financial Reporting Standards* as issued by the International Accounting Standards Board.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Buddy Platform Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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### **Opinion**

In our opinion:

- (a) the financial report of Buddy Platform Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

### **Report on the remuneration report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Opinion**

In our opinion, the remuneration report of Buddy Platform Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.

NPAS

**Nexia Perth Audit Services Pty Ltd**

Amar Nathwani

**Amar Nathwani**  
*Director*

Perth  
30 September 2016

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**ASX ADDITIONAL INFORMATION**

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

**SHAREHOLDINGS**

The issued capital of the Company at 16 September 2016 is ordinary fully paid shares. All ordinary shares carry one vote per share.

**QUOTED SECURITIES**

**ORDINARY FULLY PAID SHARES AS AT 16 SEPTEMBER 2016**

**TOP 20 SHAREHOLDERS AS AT 16 SEPTEMBER 2016**

	<b>No. of Shares Held</b>	<b>% Held</b>
1 MR DAVID MCLAUCHLAN	115,643,487	14.37
2 MR JEFFREY MACDUFF	77,095,658	9.58
3 A2 PARTNERS PTE	30,160,052	3.75
4 MR LINDSAY COOPER	17,633,935	2.19
5 EDGEWOOD PARTNERS LLC	12,892,784	1.60
6 TRANSMEDIA CAPITAL MICRO FUND 1 LP	11,628,106	1.45
7 MR JAMES MATTOX	11,374,462	1.41
8 MR JEFFREY MATTOX & MS HELEN MATTOX	11,332,560	1.41
9 ACEQUIA CAPITAL LLC	11,235,689	1.40
10 MR BRADLEY SERBUS	11,095,530	1.38
11 MR JOHN FARMER <Farmer Family A/C>	9,525,052	1.18
12 CITICORP NOMINEES PTY LIMITED	9,211,060	1.14
13 MR ED JENNE	8,843,527	1.10
14 MR AL GRIFFIN	8,816,967	1.10
15 LSAF HOLDINGS PTY LTD <Owen Family A/C>	8,616,172	1.07
16 MR JUSTIN LAURENCE BARRY	8,551,316	1.06
17 MR KUOHUANG YEN & MS YUSHIN TU	7,695,148	0.96
18 MR PETER JOHNSON	7,330,293	0.91
19 MR GRANT FELGENHAUER	7,145,341	0.89
20 MR PAUL GINSBURG <Ginsburg Family A/C>	6,938,532	0.86
	<b>392,765,671</b>	<b>48.81</b>

**DISTRIBUTION OF SHAREHOLDINGS**

	<b>No. of Holders</b>	<b>No. of Shares</b>
1 – 1,000	367	210,919
1,001 – 5,000	861	2,785,443
5,001 – 10,000	645	5,353,746
10,001 – 100,000	1,754	70,213,422
100,001 and over	678	725,969,289
	<b>4,305</b>	<b>804,532,819</b>

Number holding less than a marketable parcel at \$0.09 per share is 1,295

**Shareholders by Location**

	<b>No. of Holders</b>	<b>No. of Shares</b>
Australian holders	8,244	652,387,692
Overseas holders	207	478,338,973
	<b>8,451</b>	<b>1,130,726,665</b>

**BUDDY PLATFORM LIMITED**  
**ACN: 121 184 316**

**ASX ADDITIONAL INFORMATION (CONTINUED)**

**ESCROW SHARES**

As at the date of this report the following shares are held in escrow in accordance with ASX requirements of Reinstatement on the ASX on 30 December 2015.

<b>Escrow period</b>	<b>Securities in escrow</b>
30-Dec 2017	215,041,606
18-Dec 2016	284,958,350

**VOTING RIGHTS**

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

**SUBSTANTIAL SHAREHOLDERS AS AT 16 SEPTEMBER 2016**

		<b>No. of Shares Held</b>	<b>% Held</b>
1	David McLauchlan	115,643,487	14.37
2	Jeffrey MacDuff	77,095,658	9.58

**UNQUOTED SECURITIES**

**OPTIONS**

The Company has the following classes of options on issue at 16 September 2016 as detailed below. Options do not carry any rights to vote.

<b>Class</b>	<b>Terms</b>			<b>No. of Options</b>
1. Unquoted	(Replacement Options)	Exercisable at 10c expiring 17-Dec 2020		2,807,715
	<b>Name</b>	<b>Options</b>	<b>%</b>	
	Shawn Burke	1,461,801	52.06	
	Christian Csar	739,143	26.33	
	<b>Escrow period</b>	<b>Securities in escrow</b>		
	30-Dec 2017	402,470		
	30-Dec 2016	2,405,236		
2. Unquoted	(Capital Raising Options)	Exercisable at 12.5c expiring 30-Nov 2017		40,000,000
	<b>Name</b>	<b>Options</b>	<b>%</b>	
	LSAF Holdings Pty Ltd	19,000,000	47.5	
	Equity Capital Aust Pty Ltd	19,000,000	47.5	

**BUDDY PLATFORM LIMITED**  
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<b>Escrow period</b>	<b>Securities in escrow</b>
30-Dec 2017	40,000,000

3. Unquoted	(Capital Raising Options)	Exercisable at 3c expiring 30-Dec 2017	12,500,000
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<b>Name</b>	<b>Options</b>	<b>%</b>
LSAF Holdings Pty Ltd	7,500,000	60
Equity Capital Aust Pty Ltd	5,000,000	40

<b>Escrow period</b>	<b>Securities in escrow</b>
30-Dec 2017	12,500,000

**PERFORMANCE RIGHTS**

As at 16 September 2016 the Company had 32,270,858 Performance Rights which do not carry any voting rights.

<b>Name</b>	<b>Options</b>	<b>%</b>
Shawn Burke	14,095,406	43.7

<b>Escrow period</b>	<b>Securities in escrow</b>
30-Dec 2017	26,494,552

**PERFORMANCE SHARES**

As at 16 September 2016 the Company had 95,500,000 Performance Shares which do not carry any voting rights.

<b>Name</b>	<b>Options</b>	<b>%</b>
David McLauchlan	66,500,000	69.6

<b>Escrow period</b>	<b>Securities in escrow</b>
30-Dec 2017	95,500,000

Buddy has used the cash and assets in a form readily converted to cash that it had at the time of admission in a way consistent with its objectives. ASXLR4.10.19