

ENTELECT SOLUTIONS LIMITED
(ASX: ESN)

ASX and Media Release

7 January 2011

NEW EDUCATION JOINT VENTURE

Entellect Solutions Ltd (ASX: ESN), Mooter Media Ltd (ASX: MMZ) and Hot Shot Media Ltd (HSM SG) are pleased to jointly advise that they have entered into a Heads of Agreement in relation to the establishment of a new operating joint venture.

The new venture has been purposely established to be the control entity for the exclusive development, marketing and implementation of the co-participants joint strategy for their unique suite of interactive educational games, learning initiatives and educational derivatives.

The entity will acquire, hold and own the rights, knowledge, IP and know-how to all interactive, online and console games relating to education and learning currently held by any of the co-venturers.

To that effect, MMZ, HSM SG and initial founding developer, Professor Paul Fullwood have collectively agreed to transfer any and all such rights to the new joint venture. Professor Fullwood has further undertaken to secure, on a best endeavours basis, all rights, that he deems valuable or appropriate from any of his associates or academic institutional connections.

In consideration of the undertaking, both MMZ and HSM SG will be issued with a 20% equity shareholding in the new joint venture. ESN will be issued with a 60% equity shareholding in consideration of it agreeing to fund the first A\$2.5 million of working and development capital by the provision of a purpose structured loan. ESN will be entitled to full loan repayment in priority to any other loan repayments and dividends, and will also be entitled to receive the first A\$0.5 million of defined profits from the joint venture as consideration for providing the loan.

The Heads of Agreement is subject to certain conditions precedent. These include the approval of MMZ shareholders to its announced distribution of approximately 50.1% of shares in ESN; the approval of ESN shareholders to its announced 20:1 consolidation; and ESN providing to MMZ and HSM SG, details of a firm capital raising commitment or satisfactory Underwriting Agreement in relation to an amount of at least A\$3.0 million in new capital.

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For further information, please contact:

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