jumbuck

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting (**AGM**) of Jumbuck Entertainment Ltd ACN 092 817 171 (**Jumbuck** or **Company**) will be held at **The RACV Club, 501 Bourke Street, Melbourne VIC 3000** at **10.30am** (Melbourne time) on **Wednesday, 11 December 2013**.

AGENDA

Business:

1. Adoption of the Annual Financial Statements and Reports

To receive and consider the Financial Statements and the Directors' Report for the financial year ended 30 June 2013.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's financial report for the year ended 30 June 2013."

Note that the vote on this item is advisory only and does not bind the Directors or the Company.

3. Resolution 2 – Election of Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for all purposes, Mr Tom Kiing, a Director who retires by rotation in accordance with Rule 13.2 of the Constitution, being eligible and offering himself for re-election, is re-elected as a Director."

4. Resolution 3 – Approval of Issue of Tranche A Shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders approve the allotment and issue, subject to the receipt of the Shareholder approvals sought by Resolutions 4 to 8 (inclusive), of up to 141,666,667 Shares (**Tranche A Shares**) to certain sophisticated and professional investors at an issue price of $0.012 per Share, and otherwise on the terms and conditions set out in the Explanatory Notes, to raise gross proceeds of $1.7 million."

5. Resolution 4 – Approval of Issue of Tranche B Shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the allotment and issue, subject to the receipt of the Shareholder approvals sought by Resolutions 3 and 5 to 8 (inclusive), of up to 80,166,667 Shares (**Tranche B Shares**) to Mr Tom Kiing at an issue price of $0.012 per Share, and otherwise on the terms and conditions set out in the Explanatory Notes, to raise gross proceeds of $962,000.

6. Resolution 5 – Approval of Issue of Tranche C Shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the allotment and issue, subject to the receipt of the Shareholder approvals sought by Resolutions 3, 4 and 6 to 8 (inclusive), of up to 14,833,334 Shares (**Tranche C Shares**) to the Honourable Jeffrey Kennett AC at an issue price of $0.012 per Share, and otherwise on the terms and conditions set out in the Explanatory Notes, to raise gross proceeds of $178,000."

7. Resolution 6 – Approval of Issue of Tranche D Shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the allotment and issue, subject to the receipt of the Shareholder approvals sought by Resolutions 3 to 5 (inclusive), 7 and 8, of up to 13,333,334 Shares (**Tranche D Shares**) to Mr Martin Burke at an issue price of $0.012 per Share, and otherwise on the terms and conditions set out in the Explanatory Notes, to raise gross proceeds of $160,000."

8. Resolution 7 – Approval of Issue of Managing Director Shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Shareholders approve the allotment and issue, subject to the receipt of the Shareholder approvals sought by Resolutions 3 to 6 (inclusive) and 8, of up to 15,723,897 Shares (**Managing Director Shares**) to Mr Martin Burke for no consideration, and otherwise on the terms and conditions set out in the Explanatory Notes."

9. Resolution 8 – Approval of Issue of Managing Director Options

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the allotment and issue, subject to the receipt of the Shareholder approvals sought by Resolutions 3 to 7 (inclusive) of up to 18,870,491 performance based options (**Managing Director Options**) to Mr Martin Burke for no consideration, and otherwise on the terms and conditions set out in the Explanatory Notes."

10. Resolution 9 – Approval of Share Consolidation

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of section 254H of the Corporations Act and for all other purposes, and subject to the receipt of the Shareholder approvals sought by Resolutions 3 to 8 (inclusive), the share capital of the Company be consolidated (with effect from 20 January 2014 (or such other subsequent date that is notified to ASX by the Company) through the conversion of every five Shares into one Share, and that any resulting fractions of a Share be rounded up to the next whole number of Shares."

By order of the Board

Angelo Tsagarakis
Company Secretary
7th November 2013

Determination Of Entitlement To Attend And Vote

For the purposes of the meeting, shares will be taken to be held by the persons who are registered as shareholders as at 7.00pm (Melbourne time) on Monday, 9 December 2013.

Voting Exclusions

Resolution 1
Resolution 1 is connected with the remuneration of members of the key management personnel of the Company. Accordingly, a vote on resolution 1 must not be cast (in any capacity) by or on behalf of any member of the key management personnel or by a closely related party of such a member, unless the vote is cast by a member of the key management personnel as proxy for a person entitled to vote in accordance with directions on the proxy form to vote in a particular way.

Resolution 3
In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by persons who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if Resolution 3 is passed, and any associate of those persons.

The Company need not, however, disregard a vote on Resolution 3 if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote in a particular way.

Resolution 4
In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by Mr Tom Kiing and any of his associates.

The Company need not, however, disregard a vote on Resolution 4 if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote in a particular way.

Resolution 5
In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by the Honourable Jeffrey Kennett AC and any of his associates.

The Company need not, however, disregard a vote on Resolution 5 if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote in a particular way.

Resolution 6
In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by Mr Martin Burke and any of his associates.

The Company need not, however, disregard a vote on Resolution 6 if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote in a particular way.

Resolution 7
In accordance with section 224 of the Corporations Act and Listing Rule 14.11, the Company will disregard any votes cast on Resolution 7 by Mr Martin Burke and any associate of Mr Martin Burke.

The Company need not, however, disregard a vote on Resolution 7 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote in a particular way.

Resolution 8
In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 8 by Mr Martin Burke and any of his associates.

The Company need not, however, disregard a vote on Resolution 8 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote in a particular way.

Proxies

If you are a shareholder entitled to attend and vote, you are entitled to appoint one or two proxies. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes. A proxy need not be a shareholder of the Company.

If you want to appoint one proxy, you can use the form provided. If you want to appoint two proxies, please follow the instructions on the proxy form.

In accordance with the Constitution, you must direct your proxy/ies how to vote on each resolution. If you appoint one or more proxies but fail to direct your proxy/ies how to vote on a resolution, your proxy/ies will not be authorised to vote your shares on that resolution.

The Company's constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies, neither proxy may vote on a show of hands.

If you appoint a proxy who is also a shareholder or is also a proxy for another shareholder, your directions may not be effective on a show of hands. Your directions will be effective if a poll is required and your proxy votes.

To be effective, the proxy form must be received by Computershare Investor Services Pty Limited at the address or facsimile number below, not later than 9.00am (Melbourne time) on Monday, 9 December 2013.

Where To Lodge A Proxy

Documents may be lodged using the reply paid envelope or:

IN PERSON	Registered Office: Suite 2/53 Coppin Street, Richmond VIC 3121 Share Registry: Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 Australia
BY MAIL	Share Registry: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 Australia
BY FAX	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

You can arrange to receive shareholder information electronically, or obtain a replacement or second proxy form, by contacting Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) or go to www.computershare.com.au (Investor Centre).

Admission To Meeting

Shareholders who will be attending the Jumbuck Annual General Meeting and who will not be appointing a proxy are asked to bring the proxy form (if they have one) to the meeting to help facilitate admission. Shareholders who do not plan to attend the meeting are encouraged to complete and return a proxy form for their holdings of Jumbuck shares.

Joint Holders

In the case of shares held by joint holders, one of the joint holders may vote and if more than one joint holder is present and voting at the meeting, only the vote of the joint holder whose name appears first in the register will be counted.

Quorum

The Company constitution provides that two members present personally or by representative, attorney or proxy shall be a quorum for a general meeting.

Questions And Comments By Shareholders At The Meeting

In accordance with the *Corporations Act 2001*, a reasonable opportunity will be given to shareholders at the meeting – as a whole - to ask questions about, or make comments on, the management of the Company and the remuneration report. Similarly, a reasonable opportunity will also be given to shareholders at the meeting – as a whole - to ask Deloitte Touche Tohmatsu, Jumbuck's auditor, or their representative, questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

Explanatory Notes

1. RECEIVE AND CONSIDER THE REPORTS FOR THE YEAR ENDED 30 JUNE 2013

This item is intended to provide an opportunity for Shareholders to raise questions on the reports themselves and on the performance of the Company generally.

The Jumbuck Annual Report 2013 has been made available to Shareholders and can be found on the Company's website (www.jumbuck.com) under *ASX Announcements*. There will be an opportunity for Shareholders at the meeting to comment on and ask questions about Jumbuck's management, operations, financial position, business strategies and prospects.

2. RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2013

There will be an opportunity for Shareholders at the meeting to comment on and ask questions about the Remuneration Report which is contained in the Jumbuck Annual Report 2013.

The vote on Resolution 1 is advisory only and will not bind the Directors. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The Remuneration Report:

- explains the Board's policies in relation to the nature and level of remuneration paid to Directors and key management personnel within Jumbuck;
- discusses the link between the Board's policies and Jumbuck's performance;
- sets out remuneration details for each Director and for each member of Jumbuck's senior executive management team.

Under the Corporations Act, if 25% or more of the votes cast on resolutions to adopt remuneration reports at two consecutive annual general meetings of a company are against the adoption of those remuneration reports then, at the second year's annual general meeting, the Company will be required to put to shareholders a resolution proposing that an extraordinary general meeting (**EGM**) be called to consider the election of directors (**Spill Resolution**). If a Spill Resolution is passed (ie, more than 50% of the votes cast are in favour of it), all of the Directors (other than the Managing Director/CEO) who were Directors when the remuneration report in respect of that financial year was approved by the board of the company will cease to hold office and will be required to submit themselves for re-election at the EGM.

The Company notes that, for the purposes of section 250U of the Corporations Act, no votes were cast against the adoption of the 2012 Remuneration Report at the 2012 annual general meeting of the Company.

3. RESOLUTION 2 - ELECTION OF DIRECTOR

3.1. Background

Clause 13.2 of the Company's constitution provides that at each annual general meeting of the Company one-third of the Directors (or if the number of Directors is not a multiple of 3, than the number nearest one-third, rounded upwards), shall retire from office, but be eligible for re-election. The Director(s) to retire at an annual general meeting are to be those who have been longest in office since their last election, but between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. Mr Tom Kiing, having been longest in office without re-election, will retire and is eligible to offer himself for re-election.

Information about Mr Tom Kiing is available in the Jumbuck Annual Report for the 2013 financial year.

3.2. Recommendation

The Directors (excluding Mr Tom Kiing) recommend that shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 - APPROVAL OF ISSUE OF TRANCHE A SHARES

4.1. Background

On 4 October 2013, the Company announced that, in conjunction with plans to launch Primary Opinion, a market-leading global information and networking community for business professionals and advisers (**Primary Opinion**), it was offering to issue, and had received conditional commitments from investors to subscribe for, 250 million Shares at an issue price of $0.012 per Share, to raise additional capital of $3.0 million (the **Placement**). The proceeds of the Placement will be used to support the implementation of Primary Opinion and for general working capital purposes.

Of the commitments received by the Company in connection with the Placement, $1.7 million has been committed by a number of sophisticated or professional investors who are not related to the Company and $1.3 million has been committed by related parties of the Company.

Resolution 3 seeks Shareholder approval for the issue, in connection with the Placement, of those Shares proposed to be issued to sophisticated or professional investors who are not related parties of the Company (**Tranche A Shares**). In addition to being subject to Shareholder approval under this Resolution 3, the issue of the Tranche A Shares is conditional on Shareholders approving Resolutions 4 to 8 (inclusive).

Shareholders should refer to the Company's ASX announcements of 4 October 2013, including the accompanying presentation, and 29 October 2013 for further details regarding Primary Opinion.

4.2. Listing Rule 7.1

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of securities in that company held at the beginning of the 12 month period, except with the prior approval of shareholders of that company in a general meeting of the precise terms and conditions of the proposed issue.

The outcome of Resolution 3 will determine whether the Company has the ability to issue the Tranche A Shares, as the number of Tranche A Shares exceeds the number of Shares which the Company is permitted under Listing Rule 7.1 to issue without seeking prior approval of shareholders.

4.3 Details of the issue

Listing Rule 7.3 requires the following information to be given to Shareholders and approval is sought from Shareholders for the issue of Tranche A Shares on the following terms:

(a) the maximum number of securities to be issued if Resolution 3 is passed is 141,666,667 Shares;

(b) all of the Tranche A Shares proposed to be issued under Resolution 3 will be issued no later than one month after the date of the AGM (or at such time approved by ASX under an

ASX waiver) and it is intended that the allotment of the Tranche A Shares will occur at one and the same time;

(c) the Tranche A Shares will be issued for $0.012 per Share;

(d) the Tranche A Shares will be issued to certain sophisticated or professional investors (or their permitted nominees) who have subscribed to the Placement;

(e) the Tranche A Shares will upon their issue rank pari passu with, and enjoy the same rights as, all other Shares on issue; and

(f) the funds raised from the issue of the Tranche A Shares will be used to support the implementation of Primary Opinion and for general working capital purposes.

4.4. Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 - APPROVAL OF ISSUE OF TRANCHE B SHARES

5.1. Background

Mr Tom Kiing, a director of the Company, has agreed to subscribe for 80,166,667 Shares (**Tranche B Shares**) proposed to be issued pursuant to the Placement described in item 4 above. Mr Kiing will participate in the Placement on the same terms and conditions and will receive the same entitlements pursuant to the Placement as all other subscribers to the Placement (including a number of investors who are not related parties of the Company). As such, the proposed issue of securities to Mr Kiing will be on arm's length terms.

Resolution 4 seeks shareholder approval for the issue of the Tranche B Shares. In addition to being subject to approval under Resolution 4, the issue of the Tranche B Shares is conditional on Shareholders approving Resolutions 3 and 5 to 8 (inclusive).

5.2. Listing Rule 10.11

Listing Rule 10.11 provides, in summary, that a Company cannot (except in limited circumstances) issue or agree to issue equity securities to related parties, including directors, without shareholder approval.

The outcome of Resolution 4 will determine whether the Company will be permitted under Listing Rule 10.11 to issue Tranche B Shares to Mr Kiing.

If approval is given for the issue of the Tranche B Shares under Listing Rule 10.11, separate approval for their issue is not required under Listing Rule 7.1.

5.3. Details of the issue

Listing Rule 10.13 requires the following information to be given to Shareholders and approval is sought from shareholders for the issue of Tranche B Shares on the following terms:

(a) the Tranche B Shares are proposed to be issued to Mr Tom Kiing, who is a director of the Company (or his permitted nominees);

(b) the maximum number of securities that will be issued under Resolution 4 if passed is 80,166,667 Shares;

(c) all of the Tranche B Shares proposed to be issued under Resolution 4 will be issued no later than one month after the date of the AGM (or at such later time approved by ASX under an ASX waiver) and it is intended that the allotment of the Tranche B Shares will occur at one and the same time;

(d) the Tranche B Shares will be issued for $0.012 per Share; and

(e) the Tranche B Shares will upon their issue rank pari passu with, and enjoy the same rights as, all other Shares on issue;

(f) the funds raised from the issue of the Tranche B Shares will be used to support the implementation of Primary Opinion and for general working capital purposes.

5.4. Recommendation

The Directors (other than Mr Kiing) recommend that shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 - APPROVAL OF ISSUE OF TRANCHE C SHARES

6.1. Background

The Honourable Jeffrey Kennett AC, a director of the Company, has agreed to subscribe for 14,833,334 Shares (**Tranche C Shares**) proposed to be issued pursuant to the Placement described in item 4 above. Mr Kennett will participate in the Placement on the same terms and conditions and will receive the same entitlements pursuant to the Placement as all other subscribers to the Placement (including a number of investors who are not related parties of the Company). As such, the proposed issue of securities to Mr Kennett will be on arm's length terms.

Resolution 5 seeks shareholder approval for the issue of the Tranche C Shares. In addition to being subject to approval under Resolution 5, the issue of the Tranche C Shares is conditional on shareholders approving Resolutions 3, 4 and 6 to 8 (inclusive).

6.2. Listing Rule 10.11

Listing Rule 10.11 provides, in summary, that a Company cannot (except in limited circumstances) issue or agree to issue equity securities to related parties, including directors, without shareholder approval.

The outcome of Resolution 5 will determine whether the Company will be permitted under Listing Rule 10.11 to issue Tranche C Shares to Mr Kennett.

If approval is given for the issue of the Tranche C Shares under Listing Rule 10.11, separate approval for their issue is not required under Listing Rule 7.1.

6.3. Details of the issue

Listing Rule 10.13 requires the following information to be given to Shareholders and approval is sought from Shareholders for the issue of Tranche C Shares on the following terms:

(a) the Tranche C Shares are proposed to be issued to the Honourable Jeffrey Kennett AC, who is a director of the Company (or his permitted nominees);

(b) the maximum number of securities that will be issued under Resolution 5 if passed is 14,833,334 Shares;

(c) all of the Tranche C Shares proposed to be issued under Resolution 5 will be issued no later than one month after the date of the AGM (or at such later time approved by ASX under an ASX waiver) and it is intended that the allotment of the Tranche C Shares will occur at one and the same time;

(d) the Tranche C Shares will be issued for $0.012 per Share;

(e) the Tranche C Shares will upon their issue rank pari passu with, and enjoy the same rights as, all other Shares on issue; and

(f) the funds raised from the issue of the Tranche C Shares will be used to support the implementation of Primary Opinion and for general working capital purposes.

6.4. Recommendation

The Directors (other than Mr Kennett) recommend that shareholders vote in favour of Resolution 5.

7. RESOLUTION 6 - ISSUE OF TRANCHE D SHARES

7.1. Background

Mr Martin Burke, who has been proposed to join the board of the Company upon the successful completion of the Placement, has agreed to subscribe for 13,333,334 Shares (**Tranche D Shares**) proposed to be issued pursuant to the Placement described in item 4 above. Mr Burke will participate in the Placement on the same terms and conditions and will receive the same entitlements pursuant to the Placement as all other subscribers to the Placement (including a number of investors who are not related parties of the Company). As such, the proposed issue of securities to Mr Burke will be on arm's length terms.

Resolution 6 seeks approval for the issue of the Tranche D Shares. In addition to being subject to approval under Resolution 6, the issue of the Tranche D Shares is conditional on Shareholders approving Resolutions 3 to 5 (inclusive), 7 and 8.

7.2. Listing Rule 10.11

Listing Rule 10.11 provides, in summary, that a Company cannot (except in limited circumstances) issue or agree to issue equity securities to related parties, including persons proposed to become directors, without shareholder approval.

The outcome of Resolution 6 will determine whether the Company will be permitted under Listing Rule 10.11 to issue Tranche D Shares to Mr Burke.

If approval is given for the issue of the Tranche D Shares under Listing Rule 10.11, separate approval for their issue is not required under Listing Rule 7.1.

7.3. Details of the issue

Listing Rule 10.13 requires the following information to be given to Shareholders and approval is sought from Shareholders for the issue of Tranche D Shares on the following terms:

(a) the Tranche D Shares are proposed to be issued to Mr Martin Burke, who has been proposed to join the board of the Company upon the successful completion of the Placement (or his permitted nominees);

(b) the maximum number of securities that will be issued under Resolution 6 if passed is 13,333,334 Shares;

(c) all of the Tranche D Shares proposed to be issued under Resolution 6 will be issued no later than one month after the date of the AGM (or at such later time approved by ASX under an ASX waiver) and it is intended that the allotment of the Tranche D Shares will occur at one and the same time;

(d) the Tranche D Shares will be issued for $0.012 per Share;

(e) the Tranche D Shares will upon their issue rank pari passu with, and enjoy the same rights as, all other Shares on issue; and

(f) the funds raised from the issue of the Tranche D Shares will be used to support the implementation of Primary Opinion and for general working capital purposes.

7.4. Recommendation

The Directors recommend that shareholders vote in favour of Resolution 6.

8. RESOLUTION 7 - ISSUE OF MANAGING DIRECTOR SHARES

8.1. Background

In addition to being proposed to join the board of the Company, Mr Martin Burke has entered into an employment contract with the Company pursuant to which he has been appointed to the position of CEO & Managing Director of the Company. Mr Burke was recruited to lead the Company in the implementation of the Primary Opinion business model. Mr Burke was previously the head of Melbourne IT's international digital brand services division.

Under Mr Burke's employment contract, his continuing employment by the Company beyond 15 December 2013 is subject to the occurrence of a number of events, including the issue to Mr Burke of 15,723,897 Shares (**Managing Director Shares**) for no cash consideration. The Managing Director Shares were offered to Mr Burke in recognition of his significant role in the development of the Primary Opinion business concept as well as to incentivise him to join the Company as Managing Director & CEO.

Resolution 7 seeks approval for the issue of the Managing Director Shares. In addition to being subject to approval under Resolution 7, the issue of the Managing Director Shares is conditional on Shareholders approving Resolutions 3 to 6 (inclusive) and 8.

8.2. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a company from giving a financial benefit to a related party of the company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E of the Corporations Act, Mr Burke is considered to be a related party of the Company as there are reasonable grounds to believe that Mr Burke will become a Director in the near future. The proposed issue of the Managing Director Shares to Mr Burke constitutes the giving of a financial benefit that requires Shareholder approval.

The outcome of Resolution 7 will determine whether the Company will be permitted under Chapter 2E of the Corporations Act to issue the Managing Director Shares.

8.3. Listing Rule 10.11

Listing Rule 10.11 provides, in summary, that a Company cannot (except in limited circumstances) issue or agree to issue equity securities to related parties, including persons proposed to become directors, without shareholder approval.

The outcome of Resolution 7 will determine whether the Company will be permitted under Listing Rule 10.11 to issue the Managing Director Shares.

If approval is given for the issue of the Managing Director Shares under Listing Rule 10.11, separate shareholder approval for their issue is not required under Listing Rule 7.1.

8.4. Details of the issue

Chapter 2E of the Corporations Act (in particular section 219 of the Corporations Act) and Listing Rule 10.13 requires the following information to be given to Shareholders, and approval is sought from Shareholders to permit the issue of the Managing Director Shares on the following terms:

(a) Resolution 7 would permit financial benefits to be given to Mr Martin Burke, who is proposed to be appointed to the Board;

(b) the nature of the financial benefit to be given to Mr Burke is the issue of 15,723,897 Shares;

(c) the Managing Director Shares will be issued for nil cash consideration and therefore no funds will be raised by the issue of the Managing Director Shares to Mr Burke;

(d) the maximum number of securities that will be issued under Resolution 7 if passed is 15,723,897 Shares;

(e) the Managing Director Shares will be issued to Mr Martin Burke (or his permitted nominees);

(f) all of the Managing Director Shares proposed to be issued under Resolution 7 will be issued no later than one month after the date of the AGM (or at such later time approved by ASX under an ASX waiver) and it is intended that the allotment of the Managing Director Shares will occur at one and the same time;

(g) the Managing Director Shares will be subject to a one year escrow period, during which time they may not be sold, assigned, transferred or otherwise dealt with in any way, except by will, by the laws of descent and distribution or under a domestic relations order, in each case solely as permitted by applicable law and provided that no such sale, assignment, transfer or dealing may occur if it would require disclosure under Chapter 6D of the Corporations Act. Upon any attempt to sell, transfer, assign, pledge, hypothecate or otherwise dispose of any Managing Director Share or of any right or privilege conferred thereunder during the escrow period, that Managing Director Share shall be deemed to have been forfeited;

(h) other than as set out in paragraph (g) above, the Managing Director Shares will upon their issue rank pari passu with, and enjoy the same rights as, all other Shares on issue;

(i) the proposed issue of the Managing Director Shares to Mr Martin Burke is designed to reward Mr Burke for his substantial contribution to the development of the Primary Opinion business concept, and, in recognition of his expertise, to incentivise him to join the Company as CEO & Managing Director during the implementation of that concept;

(j) Mr Burke's annual remuneration under his employment contract with the Company, the continuation of which beyond 15 December 2013 is conditional on, amongst other things, the issue of the Managing Director Shares, is GBP 190,000 (approximately $326,000). Mr Burke's employment contract also provides for the once-off issue of the Managing Director Options that are the subject of the separate Shareholder approval sought by Resolution 8;

(j) as at the ASIC Lodgement Date, Mr Burke does not hold any securities in the Company;

(k) upon approval of Resolutions 3 to 6 (inclusive), and the issue of all Shares proposed to be issued under those resolutions, Mr Burke will hold approximately 4.5% of the total number of Shares on issue;

(l) upon approval of Resolution 7 as well as Resolutions 3 to 6 (inclusive), and the issue of all Shares proposed to be issued under those resolutions, Mr Burke will hold approximately 9.2% of the total number of Shares (5% on account of the Managing Director Shares and 4.2% on account of the Tranche D Shares issued pursuant to Resolution 6);

(m) a comparison between the issued capital of the Company should all the Shares the subject of the Shareholder approvals sought by Resolutions 3 to 6 (inclusive) be issued (which is a pre-condition to the issue of the Managing Director Shares) and the issued capital of the Company should the Managing Director Shares be issued is set out in the table below:

Number of Shares on issue post-passage of Resolutions 3 - 6 (inclusive)	Number of Shares on issue post-passage of Resolutions 3 - 6 (inclusive) and Resolution 7
298,784,291	314,508,188

(n) if the Managing Director Shares are issued to Mr Martin Burke, they will result in the dilution of all other Shareholdings by a factor of approximately 5.3% (based on the number of Shares that will be on issue upon the approval of Resolutions 3 to 6 and the issue of the Shares the subject of those resolutions, no existing options to subscribe for Shares being exercised and no other securities being issued by the Company in the meantime);

(o) if any one or more of Resolutions 3 to 6 (inclusive) and 8 are not approved by Shareholders, or all of Resolutions 3 to 6 (inclusive) and 8 are approved by Shareholders but Resolution 7 is not, no Managing Director Shares will be issued to Mr Burke, and the dilutive effect of the issue of the Managing Director Shares described above will not apply;

(p) the highest, lowest and last sale prices for the Shares on ASX during the 12 months immediately preceding the ASIC Lodgement Date and the respective dates of those sale prices were:

   (i) Highest: $0.0410 per Share on 9 January 2013;

   (ii) Lowest: $0.0090 per Share on 26 August 2013;

   (iii) Last: $0.017 per Share on 11 October 2013 being the last day on which the Shares were traded on ASX before the ASIC Lodgement Date;

(q) Grant Thornton, the independent expert appointed by the Company to consider whether (a) the grant of the Managing Director Shares is fair and reasonable to Shareholders and (b) the grant of the Managing Director Options the subject of Resolution 8 constitutes reasonable remuneration, has valued the Managing Director Shares (cumulatively) at $160,384, and has concluded that the issue of the Managing Director Shares is not fair, but reasonable in the context of a sign-on payment to an experienced executive joining as CEO and Managing Director;

(r) a copy of the Independent Expert's Report is included at Appendix A of these Explanatory Notes; and

(l) under the Company's current circumstances, the Directors consider that:

   (i) the incentive to Mr Burke represented by the grant of the Managing Director Shares is a cost-effective way to reward Mr Burke for his substantial contribution to the creation of the Primary Opinion business concept and to entice him to provide his expertise to the Company, in the capacity of CEO and Managing Director, while it implements Primary Opinion;

   (ii) conversely, if the Managing Director Shares are not issued to Mr Burke, Mr Burke will not continue employment with the Company, in which case the Company may not be able to execute and deliver Primary Opinion;

   (iii) if Primary Opinion is not implemented, the Company will be forced to consider its long-term future given its recent record of losses and deteriorating cash position; and

   (iv) of the incentives that were considered by the Company as a means through which to entice Mr Burke to join the Company, which included the payment of additional cash compensation to Mr Burke, the issue of the Managing Director Shares was seen as the most cost-efficient means for the Company to provide an effective enticement to Mr Burke; and

(m) none of the Directors has a material personal interest in the outcome of Resolution 7.

8.5. Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 7.

9. RESOLUTION 8 - ISSUE OF MANAGING DIRECTOR OPTIONS

9.1. Background

As noted in items 7 and 8 above, Mr Martin Burke has been proposed to join the board of the Company and has entered into an employment contract with the Company pursuant to which he has been appointed to the position of CEO & Managing Director of the Company. As a component of his remuneration under that employment contract, it is proposed to issue Mr Burke with 18,870,491 options (**Managing Director Options**), each of which will, during their currency and subject to the satisfaction of vesting conditions attached to them and the payment of an exercise price of $0.012 (1.2 cents), be exercisable in exchange for one Share. Mr Burke's continuing employment with the Company beyond 15 December 2013 is conditional on, amongst other things, the issue of the Managing Director Options.

The grant of the Managing Director Options to Mr Burke is being proposed in order to align Mr Burke's interests going forward with those of the Company. As such, Mr Burke's ability to exercise the Managing Director Options is dependent on his ability to produce certain improvements in the Share price.

Resolution 8 seeks approval for the issue of the Managing Director Options. In addition to being subject to approval under Resolution 8, the issue of the Managing Director Options is conditional on shareholders approving Resolutions 3 to 7 (inclusive).

Given that the Managing Director Options have been issued to Mr Burke as a component of his remuneration, for the purposes of aligning his future interests with those of the Company, and specifically to provide Mr Burke with an incentive to produce a medium to long term increase in the Share price, the Company considers (and the Independent Expert's Report contained at Appendix A of these Explanatory Notes supports the view) that the Managing Director Options constitute a reasonable component of Mr Burke's remuneration.

9.2. Listing Rule 10.11

Listing Rule 10.11 provides, in summary, that a company cannot (except in limited circumstances) issue or agree to issue equity securities to related parties, including persons proposed to become directors, without shareholder approval.

The outcome of Resolution 8 will determine whether the Company will be permitted under Listing Rule 10.11 to issue the Managing Director Options to Mr Burke.

If approval is given for the issue of the Managing Director Options under Listing Rule 10.11, separate approval for their issue is not required under Listing Rule 7.1.

9.3. Details of the issue

Listing Rule 10.13 requires the following information to be given to Shareholders and approval is sought from Shareholders for the issue of the Managing Director Options on the following terms:

(a) the Managing Director Options are proposed to be issued to Mr Martin Burke, who has been appointed as the Managing Director & CEO of the Company and is expected to join the board of the Company;

(b) the maximum number of Managing Director Options that will be issued if Resolution 8 is passed is 18,870,491. If all 18,870,491 Managing Director Options are validly exercised by Mr Burke, he will be entitled to receive 18,870,491 Shares;

(c) all of the Managing Director Options proposed to be issued under Resolution 8 will be issued no later than one month after the date of the AGM (or at such later time approved by ASX under an ASX waiver);

(d) the Managing Director Options will be issued for nil cash consideration and therefore no funds will be raised by the issue of the Managing Director Options. Any funds raised from time to time due to the exercise of the Managing Director Options will be used for general working capital purposes;

(e) the Managing Director Options will be issued on the following terms:

    (i) exercise price of $0.012 (1.2 cents) per Share;

    (ii) one third of the Managing Director Options capable of vesting (subject to Share price performance) one year after their issue, and expiring five years after their issue;

    (iii) one third of the Managing Director Options capable of vesting (subject to Share price performance) two years after their issue, and expiring six years after their issue;

    (iv) one third of the Managing Director Options capable of vesting (subject to Share price performance) three years after their issue, and expiring seven years after their issue;

(f) if the Shares are consolidated in the manner proposed by Resolution 9 then, in accordance with the Listing Rules, the Managing Director Options then on issue will be consolidated in the same ratio and their exercise price as well as the share price vesting conditions will be amended in inverse proportion to that ratio, such that (assuming all 18,870,491 Managing Director Options are on issue at the time of the consolidation proposed by Resolution 9):

    (i) the Managing Director Options will number 3,774,099;

    (ii) the exercise price of each Managing Director Option will be $0.06;

    (iii) the share price vesting condition for the First Tranche will increase from $0.017 to $0.085;

    (iv) the share price vesting condition for the Second Tranche will increase from $0.057 to $0.285; and

    (v) the share price vesting condition for the Third Tranche will increase from $0.100 to $0.500;

(g) the Managing Director Options will be non-transferable and may not be sold, assigned, transferred or otherwise dealt with in any way, other than by will, by the laws of descent and distribution or under a domestic relations order, in each case solely as permitted by law and on the proviso that no such sale, assignment, transfer or dealing will be permitted to the extent it would require disclosure under Chapter 6D of the Corporations Act. Upon any attempt to sell, transfer, assign, pledge, hypothecate or otherwise dispose of any Managing Director Option or of any right or privilege conferred thereunder that Managing Director Option shall immediately terminate and thereupon become null and void;

(h) the Managing Director Options will not be quoted on ASX. The Shares to be issued on the exercise of the Managing Director Options will, from their date of issue, rank pari passu with, and enjoy the same rights as, all other Shares on issue, and the Company will apply to have the Shares granted official quotation in accordance with the ASX Listing Rules; and

(i) the other terms and conditions of the Managing Director Options are set out in Appendix B of this Explanatory Memorandum.

9.4. Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 8.

10. RESOLUTION 9 - APPROVAL OF SHARE CONSOLIDATION

10.1. Background

Following the receipt of the shareholder approvals sought by Resolutions 3 to 8 (inclusive), which will increase the number of Shares by a multiple of approximately six, the Company proposes to consolidate its Share capital through the conversion of every five Shares into one Share (**Share Consolidation**). The Share Consolidation will not take effect, regardless of whether Resolution 9 is approved by Shareholders, if Resolutions 3 to 8 (inclusive) are not approved by Shareholders.

Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting. If the consolidation is approved, it is anticipated that the consolidation will take effect from 20 January 2014 (or such other subsequent date as notified by the Company to the ASX) in accordance with the timetable which will be announced to the ASX closer to that date.

10.2. Effect of the Consolidation

If Resolution 9 is approved by Shareholders then, assuming Resolutions 3 to 8 (inclusive) are approved by Shareholders, the number of Shares will be reduced from 314,508,188 (being the number of Shares that will be on issue if all Shares the subject of Resolutions 3 to 7 (inclusive) are in fact issued) to 62,901,638.

As the Share Consolidation will apply equally to all of the Shares, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject only to rounding for fractions). It follows that the Share Consolidation will have no material effect on the percentage interest of each individual Shareholder.

Similarly, the aggregate value of a Shareholder's shareholding should not materially change as a result of the Share Consolidation alone (and assuming that no other market movements or impacts occur). However, the price per Share is expected to increase to reflect there being fewer Shares in aggregate on issue.

10.3. Tax implications

Shareholders are encouraged to seek their own professional advice in relation to how the Share Consolidation may affect their tax position.

10.4 Other information

Where the Share Consolidation results in a Shareholder having a fractional entitlement to a Share, the fraction will be rounded up to the nearest whole number of Shares. If the Company reasonably believes that a Shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard to the terms of its constitution and the ASX Listing Rules.

Having regard to the terms of the options currently on issue by the Company, as well as the Managing Director Options the subject of the Shareholder approval sought by Resolution 8 (should they be issued), and the ASX Listing Rules, all options on issue at the date of the Share Consolidation will be consolidated on the same basis as the Shares, so that the number of Shares that each option may, upon vesting, be exercised for reflects the impact of the Share Consolidation, with the necessary adjustments to be made to the applicable exercise price of those options.

10.5. Recommendation

The Directors recommend that shareholders vote in favour of Resolution 9.

jumbuck

Glossary

ASIC Lodgement Date means 22 October 2013, being the date this Notice of Meeting was lodged for review with the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange.

Board means the board of directors of the Company.

Company means Jumbuck Entertainment Limited (ACN 092 817 171).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Jumbuck means Jumbuck Entertainment Limited (ACN 092 817 171).

Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time.

Remuneration Report means the section of the Director's Declaration and Report that is required to be included by section 300A of the Corporations Act.

Share means an ordinary share in the capital of the Company.

Shareholder means a holder of one or more Shares.

Appendix A - Independent Expert's Report

Jumbuck Entertainment Ltd

Independent Experts Report

14 October 2013

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The Directors
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14 October 2013

PRIVATE AND CONFIDENTIAL

Dear Sirs

INDEPENDENT EXPERT'S REPORT

Introduction

Jumbuck Entertainment Ltd ("Jumbuck" or the "Company") is an Australian-based company listed on the Australian Securities Exchange ("ASX"). Jumbuck is principally involved in the provision and management of on-line chat communities and other social media applications for mobile phone platforms. As at 10 October 2013, Jumbuck's market capitalisation was approximately A$0.83m.

On 4 October 2013 Jumbuck announced that it plans to launch a new business concept which aims to create a global information and networking community for business professional advisers in the financial services, tax and accounting, legal, human resources and compliance sectors ("the new business concept").

To support the implementation of the new business concept, Jumbuck is seeking to raise $3.0 million through the issue of 250,000,000 ordinary shares at an issue price of $0.012 (the "Capital Raising"). The proceeds of the Capital Raising will be used to support the implementation of the new business concept and for general working capital purposes.

In connection with the proposed new business, Mr Martin Burke ("Mr Burke") has been appointed as the Chief Executive Officer ("CEO") and Managing Director ("MD") of Jumbuck. In relation to this appointment, Mr Burke has been offered the following shares and options in recognition of his future role in the development of the new business concept as well as to incentivise him to join Jumbuck as CEO and MD:

- 15,723,897 shares for no cash consideration. The 15,723,897 shares represent 5% of the number of issued shares in Jumbuck post the Capital Raising and the issuance of those shares to Mr Burke; and

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- 18,870,491 performance based options (the "Options") to acquire shares in the Company, which upon conversion would represent approximately 6% of the extended shares issued (post the Capital Raising and the issuance of the new shares to Mr Burke).

The proposed issue of shares and options to Mr Burke will be referred to as the "Proposed Transaction".

The proposed issue of shares and options to Mr Burke is subject to certain conditions including the successful completion of the Capital Raising and approval by Jumbuck Shareholders. We refer you to Jumbuck's Notice of Meeting for the details of the shares and options to be issued to Mr Burke under the Proposed Transaction.

In relation to the Capital Raising, we are advised that Jumbuck has received commitments from certain sophisticated and/or professional investors, member of Jumbuck's Board of Directors and Mr Burke to participate in the Capital Raising, comprising of the following:

- Certain sophisticated and/or professional investors to subscribe for up to 141,666,667 shares at an issue price of $0.012 per share to raise gross proceeds of $1.7m;

- Mr Tom Kiing ("Mr Kiing"), a Jumbuck director, through his associated entity as at the date of our report holds approximately 27.36% of Jumbuck's issued shares. Mr Kiing has committed to participate in the Capital Raising to the amount of $962,000;

- Mr Jeff Kennett ("Mr Kennett"), a Jumbuck director, through his associated entities as at the date of our report holds approximately 5.58% of Jumbuck's issued shares. Mr Kennett has committed to participate in the Capital Raising to the amount of $178,000; and

- Mr Burke has committed to participate to an amount of $160,000.

In proceeding with the plans outlined above Jumbuck has proposed the following resolutions to be considered by Jumbuck Shareholders.

1 Approval of the issue of new shares to certain sophisticated and/or professional investors under Listing Rule 7.1;

2 Approval of the issue of new shares to interests associated with director (Mr Kiing) under ASX Listing Rule 10.11;

3 Approval of the issue of new shares to interests associated with director (Mr Kennett) under ASX Listing Rule 10.11;

4 Approval of the issue of new shares to interests associated with director elect (Mr Burke) under ASX Listing Rule 10.11;

5 Approval of the issue of new shares to interests associated with Mr Burke under Chapter 2E of the Corporations Act 2001 (the "Corporations Act") and ASX Listing Rule 10.11; and

6 Approval of grant of performance based options to Mr Burke under Listing Rule 10.11.

The Capital Raising is covered by Resolutions 1-4 and the Proposed Transaction is represented by Resolutions 5 and 6. The approval of the above resolutions are conditional on shareholders approving all of the resolutions.

As noted in the ASX announcement on 4 October 2013, should the above resolutions be approved, Jumbuck proposes to undertake a separate offer of fully paid ordinary shares to existing shareholders under a share purchase plan (the "Proposed Share Purchase Plan"). The price per share under the Proposed Share Purchase Plan is $0.012 which is the same as the price per share under the Capital Raising. The Proposed Share Purchase Plan will provide all shareholders the opportunity to participate in Jumbuck's new business concept through the acquisition of further shares in the Company.

Management have indicated an Annual General Meeting ("EGM") of Jumbuck Shareholders to vote on the proposed resolutions is to occur in late November 2013 or early December 2013.

Purpose of the report

The proposed issue of shares in Jumbuck and the Options to Mr Burke, who has been appointed as CEO and MD of the Company, constitutes the provision of financial benefits to a related party in accordance with Chapter 2E of the Corporations Act. Accordingly, the Directors of Jumbuck ("Directors") have requested Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") to prepare an Independent Expert's Report ("IER" or the "Report") to Non-Associated Shareholders of the Company in assessing whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

Overview of Jumbuck's current status and the new business concept

Due to the constant advancement of smart phone technology, demand for the traditional mobile carrier-based products and services provided by Jumbuck have declined, resulting in operating losses for the last three years. The Company has employed cost saving strategies involving a reduction in operating costs, primarily through a reduction in staff and other resources that supported the Company's traditional chat products. However these have not improved the Company's business performance. Management forecast that Jumbuck still requires approximately $50,000 to $60,000 per month to maintain the current business operations. Accordingly, Management advises that without the Capital Raising and the Proposed Transaction, with its current cash reserves of approximately $1.2m as at 30 June 2013, Jumbuck would only be able to continue its business in its current form for a period of less than two years.

Jumbuck has therefore been looking for alternative investment opportunities and has identified the proposed new business concept.

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The recent economic downturn has placed increased pressure on the budgets of clients' and their ability to engage advisory firms. Clients who generally select advisors on the basis of reputation, expertise and reliability, have become more demanding, expecting a higher level of services for less fees. This has resulted in consolidation amongst professional advisory firms.

To meet this increased demand for advisory services, advisors need to position themselves so that they can deliver co-ordinated expertise across multiple subject matter areas and jurisdictions. To meet this requirement without incurring substantial expenditure on business development, marketing and attending various conferences, it is expected that advisory firms will seek out reliable online communities to create connections between advisory peers enabling them to collaborate, share knowledge, enhance their professional reputations and develop their business. This trend is expected to increase as disruptive technologies introduce greater efficiencies that enable new entrants to compete effectively.

Jumbuck understands there is a significant opportunity to leverage its existing assets and re-focus its business by developing an online professional advisory community and the provision of related services. The online peer community is planned to be established upon the aggregation of industry specific content from content contributors and other web sources, such as blogs, to build a trusted global online network for professional service advisors enabling them to showcase their expertise, share knowledge, and create new business relationships. This content will be made available to a registered peer user audience who are able to view the content, network and interact with other users.

The new business concept will be led by Mr Burke who has more than 30 years experience in marketing and technology. Under the new business concept Jumbuck expects to create a new market for the Company which may significantly improve Jumbuck's financial performance in the future.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders.

The principal factors that we have taken into account in forming our opinion are set out in **Section 8** of this report.

Fairness assessment

In forming our opinion in relation to the fairness of the Proposed Transaction, Grant Thornton Corporate Finance has compared the value of Jumbuck's Shares and Options to be issued to Mr Burke with the financial benefit that Mr Burke will contribute to Jumbuck through his experience and knowledge of the new business concept.

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The following table summarises the total value that Jumbuck will provide to Mr Burke under the Proposed Transaction:

Summary of fairness assessment	Section reference	Value per share / option ($)	Number of shares	Total value ($)
Shares	**Section 7.5**	0.0102	15,723,897	160,384
Options				
Tranche 1	**Section 7.6**	0.0053	6,290,164	33,036
Tranche 2	**Section 7.6**	0.0054	6,290,164	33,981
Tranche 3	**Section 7.6**	0.0046	6,290,164	29,039
Total value of shares and options to be issued to Mr Burke			**34,594,388**	**256,439**

Notes: The variance between total value of the Options and the value per Option multiplied by the number of Options is due to rounding, which is considered to be immaterial.
Source: Grant Thornton Corporate Finance analysis

In relation to Jumbuck's new business concept, we are advised that significant changes to Jumbuck's financial performance are expected however it is difficult to estimate the future revenues and profitability of the new business with any level of certainty as the commercialisation of the new business concept is considered to be speculative. Should the new business be successfully implemented, it may generate significant value for Jumbuck. However, if the new business concept does not perform as expected by the Directors, it could further erode the current value of Jumbuck.

Given the speculative nature of the new business concept, we are not able to perform a valuation of the new business concept. Therefore for our fairness assessment purposes we have considered the value of the new business concept to be nil. Accordingly, the potential financial benefit to Jumbuck from Mr Burke contributing his expertise and knowledge in the new business concept may also be considered to be nil (refer **Section 8.1**).

Fairness conclusion

Based on the above, it is our opinion that the Proposed Transaction is considered to be not fair to the Non-Associated Shareholders, as we are unable to place a value on the benefits Mr Burke will bring to the Company.

Reasonableness assessment

In accordance with Regulatory Guide 111 ("RG 111"), the Proposed Transaction is reasonable if it is fair. The Proposed Transaction is also reasonable if, despite being not fair, there are sufficient reasons for Jumbuck Shareholders to approve the Proposed Transaction. For the purposes of assessing whether or not the Proposed Transaction is reasonable to Jumbuck Shareholders, we have considered the following potential advantages, disadvantages and other factors.

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Advantages

Opportunity to relaunch its business as an online professional advisory community and services provider

Jumbuck has been operating in a loss making position since the financial year ended 30 June ("FY") 2011 due to the decline in demand by mobile carriers and consumers for Jumbuck's portfolio of products and services (refer **Section 4**). As a result the current business model continues to draw on the declining cash reserves of the Company. If a change is not implemented in the course of the next 12 months, the Company may be unable to continue as a going concern and current shareholder value may be largely extinguished. The Proposed Transaction offers an opportunity to potentially avoid such an outcome.

The introduction of the new business concept will provide an opportunity for the Company to relaunch its business as an online professional advisory community and services provider. The new business concept is expected to create a new market for the Company which may significantly improve Jumbuck's financial performance in the future. In developing the new business, Mr Burke has been appointed as the new CEO and MD of Jumbuck. We are advised that Mr Burke has more than 30 years experience in marketing and technology, and will lead the development of the new business concept.

Increased value per share post Proposed Transaction

The Proposed Transaction would align the interests of Mr Burke to the success of the new business concept for Jumbuck which may provide an incentive to stimulate a medium to long term increase in the share price.

Further, the exercise of the Options to be issued to Mr Burke is subject to certain vesting conditions which relates to Jumbuck's share price. These conditions will align Mr Burke's interests with those of the Company going forward. As such, Mr Burke's ability to exercise the Options is dependent on his ability to produce certain improvements in Jumbuck's share price.

Potential for improved liquidity of shares

Jumbuck currently has approximately 48.78m shares on issue and the shares have historically been thinly traded as explained in **Section 7.5**.

Subsequent to the Capital Raising and Proposed Transaction, Jumbuck is estimated to have 298.78m and 338.38m shares on issue, respectively (subject to the proposed consolidation of Jumbuck shares pursuant to Resolution 9 in the Notice of Meeting). The introduction of the new business concept and the increase in the number of shareholders may result in an improvement in the liquidity of the shares.

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Mr Burke's sign-on fee and Options

The issue of 15.7 million shares, representing a 5% shareholding post the Capital Raising and shares issued to Mr Burke under the Proposed Transaction, represents a sign-on fee. A further issue of 18.9 million options form part of a remuneration package to Mr Burke for his role as CEO and MD of Jumbuck. We have assessed the value of the share issue and the options issue to be $160,384 and $96,056, respectively (refer to **Section 8.1**). While we are not well placed to put a value on the potential value Mr Burke is expected to bring to the Company in conjunction with the new business concept, we make the following observations:

- The issue of shares as a sign-on fee and options as part of the remuneration package to an experienced executive to join the Company as CEO and MD is considered common practice in the market place;

- The payment of this sign-on fee in Jumbuck shares directly aligns the value of the payment to Mr Burke to the interests of Non-Associated Shareholders. If Mr Burke is successful in implementing the new business concept, the payment would be considered reasonable and both Mr Burke and the Non-Associated Shareholders would share in any benefits of an increased share price. Conversely, if the new business concept is not successfully implemented, it is reasonable to assume the Jumbuck shares will be of minimal or nil value and therefore the value, if any, to Mr Burke will be negligible; and

- The shares issued to Mr Burke are subject to a 1 year escrow provision and therefore are expected to act as an incentive to Mr Burke to deliver value to all shareholders in the future.

Disadvantages
Dilution of existing shareholders' interest

As detailed in **Section 1,** the Capital Raising and the Proposed Transaction are interdependent. Subsequent to the Capital Raising and the Proposed Transaction the existing shareholders in the Company will be significantly diluted and their shareholding will be further diluted upon the exercise of the options granted to Mr Burke. The following table summarises the Non-Associated Shareholders' shareholding in Jumbuck pre and post the Proposed Transaction on the assumption that the Options are exercised.

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Shareholding Structure - Pre and Post Proposed Transaction

	Existing		Capital raising	Post - Capital Raising[1]		Shares to Mr Burke	Options	Post Proposed Transaction	
	Shares	%	Shares	Shares	%	Shares	Options	Shares	%
Sieana Pty Ltd (Tom King)	13,348,093	27.36%	80,166,667	93,514,760	31.30%			93,514,760	28.05%
Mr Jeffrey Kennett	2,721,161	5.58%	14,833,333	17,554,494	5.88%			17,554,494	5.27%
Others (Non-Associated Shareholders)	**32,715,037**	**67.06%**		**32,715,037**	**10.95%**			**32,715,037**	**9.81%**
Capital raising (new investors)			141,666,667	141,666,667	47.41%			141,666,667	42.49%
Mr Burke[2]			13,333,333	13,333,333	4.46%	15,723,897	18,870,491	47,927,721	14.38%
Total	**48,784,291**	**100%**	**250,000,000**	**298,784,291**	**100%**	**15,723,897**	**18,870,491**	**333,378,679**	**100%**

Source: Grant Thornton Corporate Finance's analysis

Note: 1) The number of shares to be issued under the Capital Raising does not reflect the impact of the Proposed Share Purchase Plan as it is uncertain whether shareholders will subscribe. Accordingly, for the purposes of our assessment we have not taken into account the potential number of shares that would be issued under the Proposed Share Purchase Plan.
2) For the purposes of our fairness assessment, we have assumed that Mr Burke would exercise the Options when they vest and would be issued fully paid ordinary shares in Jumbuck (refer ***Section 7.6****).*

To provide Non-Associated Shareholders the opportunity to participate in the new business concept, Jumbuck will also undertake a Proposed Share Purchase Plan. This will provide the further capital required to develop the new business concept. Further, we note that the new business concept is expected to be loss making in the first two years and it is not expected to be cash positive until the second year of operations. On this basis, it is possible Jumbuck may be required to raise further capital to support the new business concept. In this event Non-Associated Shareholders will be further diluted if they do not participate in the Proposed Share Purchase Plan or any further capital raisings in the future.

Potential risks associated with the new business concept

The new business services are proposed to be targeted to a different market, being a business audience in the professional services industry. Therefore there are potential risks and uncertainty associated with the development of the concept, the ability of Jumbuck to achieve a level of market acceptance and to trade profitably in the future.

Implications if the Proposed Transaction is not approved

Potential decline in share price

Jumbuck's share price has declined significantly in recent years (refer **Section 7.5**). For the last three months from July to September the shares have traded between $0.009 and $0.017 per share, with shares currently trading at $0.017 per share.

On 27 September 2013, the share price increased to $0.016, with 50,000 shares being traded. On 30 September 2013 the share price reached $0.017, with only 27,500 shares being traded. We note that in its letter to shareholders dated 25 September 2013 regarding the "2013 Annual Financial Report", Jumbuck stated that Jumbuck's Directors are currently in discussions in relation to an investment opportunity and expected to announce this investment opportunity to the Shareholders in October 2013. Jumbuck's share price on that date was $0.013. There was no trading on 25 and 26 September 2013. The trading on 27 September 2013 and 30 September 2013 may have been driven by market sentiment expecting a positive announcement from Jumbuck on the investment opportunity previously announced.

Following the announcement of the Proposed Transaction to the market and the recommencement of trading on 4 October 2013, Jumbuck's share price was stable at $0.017. There is a possibility that if the Proposed Transaction is not approved that Jumbuck's share price may decline further.

There will be no dilution in the shareholding of non-associated shareholders

If the Proposed Transaction does not proceed then the shareholding of the Non-Associated Shareholders will not change and there will be no dilution.

Transaction costs incurred

Management have incurred costs in relation to the Proposed Transaction, including advisory fees which will not be refundable and will further reduce the Company's cash reserves even if the Proposed Transaction does not proceed.

We are advised that Management is currently also seeking alternative options to improve the Company's current financial position if the Capital Raising and Proposed Transaction does not proceed. However, we are advised any alternative options are considered to be at a preliminary stage and there is uncertainty as to whether any viable alternatives will emerge in the short term. As Jumbuck's business continues to incur losses, it will become more difficult for Jumbuck to identify alternative business opportunities.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that on balance the advantages of the Proposed Transaction outweigh the disadvantages and on this basis, the Proposed Transaction is reasonable to Jumbuck Shareholders.

Overall conclusion

Grant Thornton Corporate Finance has concluded that in the absence of a superior proposal, the Proposed Transaction is not fair but reasonable to Jumbuck Non-Associated Shareholders.

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Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to approve the Proposed Transactions is a matter for each Jumbuck Shareholder to decide based on their own views as to matters including the value of Jumbuck and expectations about future market conditions, Jumbuck's performance, risk profile, liquidity preferences, investment strategy, portfolio structure and tax position. Our opinion therefore does not consider the financial situation, objectives or needs of individual Shareholders. If Jumbuck Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

This letter should be read in conjunction with the full text of this report as attached including the appendices.

Our opinion is based on information available at the date of this report as detailed in **Section 9**.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

Phillip Rundle	Liz Smith
Director	Director

14 October 2013

Financial Services Guide

Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Jumbuck Entertainment Limited ("Jumbuck") to prepare an Independent Expert's Report in relation to the proposed related party transaction involving the issue of shares of Jumbuck and performance-based options to Mr Martin Burke (the "Proposed Transaction").

This report is to be included in the Company's Notice of Meeting and Explanatory Memorandum.

Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

General financial product advice

In our report we provide general financial product advice. The advice in our report does not take into account the personal objectives, financial situation or needs of individual shareholders.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice.

Remuneration

When providing the report, Grant Thornton Corporate Finance's client is Jumbuck. Grant Thornton Corporate Finance receives its remuneration from Jumbuck. Grant Thornton Corporate Finance will receive from Jumbuck fees in the order of A$30,000 plus GST, which is based on commercial rates for the preparation of our report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

Independence

Grant Thornton Corporate Finance is required to be independent of Jumbuck in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in Regulatory Guide 112 *Independence of experts* ("RG 112") issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below:

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Jumbuck (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

Complaints procedures

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

GPO Box 3
Melbourne VIC 3001
Telephone: (03) 9613 7366
Facsimile: (03) 9613 6399

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting or the Special Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Act.

Contents

1 The Proposed Transaction

1.1 Overview

Jumbuck Entertainment Ltd ("Jumbuck" or the "Company") is an Australian-based company listed on the Australian Securities Exchange ("ASX"). Jumbuck is principally involved in the provision and management of on-line chat communities and other social media applications for mobile phone platforms. As at 10 October 2013, Jumbuck's market capitalisation was approximately A$0.83m.

The financial performance of Jumbuck in recent years has declined due to the advancement of smart phone technology and reduced demand for Jumbuck's existing portfolio of products and services (refer **Section 4**). Based on the current performance and operations of the Company, Management has advised that Jumbuck is expected to continue operating in a loss making position resulting in the business continuing to incur negative cash flows. Given its current unfavourable business conditions, the Company has been actively seeking new business opportunities.

Accordingly, on 4 October 2013 Jumbuck announced that it plans to launch a new business concept which aims to create a global information and networking community for business professional advisers in the financial services, tax and accounting, legal, human resources and compliance sectors ("the new business concept").

To support the implementation of the new business concept, Jumbuck is seeking to raise $3.0 million through the issue of 250,000,000 ordinary shares at an issue price of $0.012 (the "Capital Raising"). The proceeds of the Capital Raising will be used to support the implementation of the new business concept and for general working capital purposes.

In connection with the proposed new business, Mr Martin Burke ("Mr Burke") has been appointed the Chief Executive Officer ("CEO") and Managing Director ("MD") of Jumbuck. In relation to this appointment Mr Burke has been offered the following shares and options in recognition of his role in the development of the new business concept as well as to incentivise him to join Jumbuck as CEO and MD.

- 15,723,897 shares for no cash consideration. The 15,723,897 shares represent 5% of the number of issued shares of Jumbuck post the Capital Raising and the issuance of those shares to Mr Burke; and

- 18,870,491 performance based options (the "Options") to acquire shares in the Company, which upon conversion would represent approximately 6% of the extended shares issued (post the Capital Raising and the issuance of the new shares to Mr Burke).

The proposed issue of shares and options to Mr Burke will be referred as the "Proposed Transaction".

In relation to the Capital Raising, we note the following:

- Jumbuck has received commitments from certain sophisticated and/or professional investors to subscribe of up to 141,666,667 shares at an issue price of $0.012 per share to raise gross proceeds of $1.7m;

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- As at the date of our report approximately 27.36% of the issued shares are owned by interests associated with a director, Mr Tom Kiing ("Mr Kiing"). Mr Kiing has committed to participate in the Capital Raising to the amount of $962,000;

- As at the date of our report approximately 5.58% of the issued shares are held by interests associated with another director, Mr Jeff Kennett ("Mr Kennett"). Mr Kennett has committed to participate in the Capital Raising to the amount of $178,000; and

- Mr Burke has committed to participate to the amount of $160,000.

In proceeding with the plans outlined above Jumbuck has proposed the following resolutions to be considered by Jumbuck Shareholders.

1 Approval of the issue of new shares to certain sophisticated and/or professional investors under Listing Rule 7.1;

2 Approval of the issue of new shares to interests associated with director (Mr Kiing) under ASX Listing Rule 10.11;

3 Approval of the issue of new shares to interests associated with director (Mr Kennett) under ASX Listing Rule 10.11;

4 Approval of the issue of new shares to interests associated with director elect (Mr Burke) under ASX Listing Rule 10.11;

5 Approval of the issue of new shares to interests associated with Mr Burke under Chapter 2E of the Corporations Act and ASX Listing Rule 10.11; and

6 Approval of grant of performance based options to Mr Burke under Listing Rule 10.11.

Further details on the Resolutions above, particularly in relation to the Proposed Transaction are provided in the Notice of Meeting that accompanies this Report. The approval of the above resolutions is conditional on shareholders approving all of the resolutions.

1.2 Terms and conditions of the shares and options

Shares

Refer to the Notice of Meeting for details of the shares to be issued to Mr Burke.

Options

The details of the Options are provided in Schedule 4 of the Executive Employment Agreement ("EEA") of Mr Burke, dated 1 October 2013.

The key terms of the Options are summarised below:

- All Options will be issued within 30 days of receiving shareholder approval for their issue;
- The Options will be issued for nil monetary consideration and will not be listed on the ASX;
- The exercise price of each Option will be 1.2 cents;
- The Options are non-transferable and may not be sold, assigned or transferred, except in the case of Options that have vested but which remain unexercised or unless required by applicable law;

- The Options will expire in three equal tranches as outlined in the table below:

Expiry terms	
Tranche	**Life of Options**
Tranche 1	5 years
Tranche 2	6 years
Tranche 3	7 years

Source: Schedule 4 of Mr Burke's Executive Employment Agreement

- Vesting conditions based on share price hurdles will apply to the Options (the "Vesting Conditions"), as detailed in the following table:

Vesting Conditions	
Tranche	**Conditions**
Tranche 1	The Options will vest when the daily closing price of the ordinary shares (as quoted on the ASX) remains at or above $0.017 throughout any consecutive 20 business day period, commencing at any time that is 12 months after the date of issue of the Options and prior to the expiry of Tranche 1.
Tranche 2	The Options will vest when the daily closing price of the ordinary shares (as quoted on the ASX) remains at or above $0.057 throughout the consecutive 20 business day period, commencing at any time that is 24 months after the date of issue of the Options and prior to the expiry of Tranche 2.
Tranche 3	The Options will vest when the daily closing price of the ordinary shares (as quoted on the ASX) remains at or above $0.10 throughout any consecutive 20 business day period, commencing at any time that is 36 months after the date of issue of the Options and prior to the expiry of Tranche 3.

Source: Schedule 4 of Mr Burke's Executive Employment Agreement

- Subject to the Vesting Conditions set out in the table above, the Options may be exercised at any time prior to their respective expiry times;
- Upon the exercise of an Option, Mr Burke will be issued one fully paid ordinary share in Jumbuck;
- If the ordinary shares of Jumbuck are listed on the ASX at the time the Options are exercised, the Company will apply to the ASX to have the issued shares granted quotation in accordance with the ASX Listing Rules; and
- The ordinary share that are issued on the exercise of the Options may not be offered for sale or transfer within 12 months of their date of issue if disclosure would be required under Chapter 6D of the Corporations Act.

2 Purpose and scope of the report

2.1 Purpose

Chapter 2E of the Corporations Act

The Proposed Transaction which involves the issue of shares and Options to Mr Burke, who has been appointed as CEO and MD of the Company, constitutes the provision of financial benefits to a related party in accordance with Chapter 2E of the Corporations Act.

Section 208 of Chapter 2E of the Corporations Act requires a company to seek shareholders' approval before giving a financial benefit to a related party unless the benefit falls within an exception provided for in section 210 or 211 of the Corporations Act.

Regulatory Guide 76 "Related Party Transactions" ("RG 76") states that it is necessary for entities to include a valuation from an independent expert with a notice of meeting for member approval under Chapter 2E of the Corporations Act where:

- the financial benefit is difficult to value;
- the transaction is significant from the point of view of the entity (see RG 76.112); or
- the non-interested directors do not have the expertise or resources to provide independent advice to members about the value of the financial benefit.

Accordingly, the Directors of Jumbuck have engaged Grant Thornton Corporate Finance to provide the Non-Associated Shareholders of the Company with an independent expert report ("IER" or the "Report") in relation to the Proposed Transaction.

2.2 Basis of assessment

In preparing our report, Grant Thornton Corporate Finance has had regard to the Regulatory Guides issued by ASIC, particularly RG 111 "Content of Expert Reports" ("RG 111"), which states that ASIC expects an expert who is asked to analyse a related party transaction to express an opinion on whether the transaction is fair and reasonable from the perspective of non-associated members.

When analysing related party transactions, it is important that an expert focuses on the substance of the related party transaction, rather than the legal mechanism.

The term "fair and reasonable" does not have any statutory definition, although, over time, a commonly accepted meaning has evolved. RG 111 provides some guidance to the use of that term.

Where an expert assesses whether a related party transaction is fair and reasonable, this should not be applied as a composite test. There should be a separate assessment of whether the transaction is fair and reasonable, as in a control transaction.

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RG111 differentiates between the analysis required for "control transactions" and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of security holders. For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for security holders. If the advantages outweigh the disadvantages, the proposal would be in the best interests of security holders.

A proposed related party transaction is "fair" if the value of the financial benefit to be provided by the entity to the person in a position of influence is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Reasonableness involves an analysis of other factors that security holders might consider prior to voting for a proposal such as:

- the financial situation and solvency of the entity (including, the provision of new capital to exploit business opportunities, a reduction in debt and interest or an injection of working capital);
- opportunity costs;
- the alternative options available to the entity and the likelihood of those options occurring;
- the entity's bargaining position;
- whether there is selective treatment of any security holder, particularly the related party;
- any special value of the transaction to the entity such as particular technology or the potential to write off outstanding loans from the target; and
- the liquidity of the market in the entity's securities.

Fairness is a more demanding criteria. A "fair" proposal will always be "reasonable" but a "reasonable" proposal will not necessarily be "fair". A proposed related party transaction could be considered "reasonable" if there were valid reasons to accept or vote in favour notwithstanding that it was not "fair".

We have also given due consideration to relevant matters in other ASIC guidelines, including Regulatory Guide 112 *Independence of experts*.

Grant Thornton Corporate Finance has determined whether the Proposed Transaction is fair by comparing the estimated value of the financial benefit provided by Jumbuck to Mr Burke with the value of the new business concept to which Mr Burke will bring his experience. The Proposed Transaction will be fair if the financial benefit provided to Mr Burke is equal to or less than the value of the new business concept.

We have also assessed whether the Proposed Transaction is reasonable, by considering factors including:

- the ability of Jumbuck to continue as a going concern without the Proposed Transaction;
- the potential impact of the Proposed Transaction on the financial position and earnings of Jumbuck;

- the likely impact of the Proposed Transaction on the market price and liquidity of Jumbuck's shares;
- the impact of the Proposed Transaction on the existing shareholders ownership;
- the alternatives available to Jumbuck;
- any other advantages and benefits arising from the Proposed Transaction; and
- other costs (including opportunity costs), disadvantages and risks of the Proposed Transaction.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Transaction with reference to the ASIC Regulatory Guide 112 "Independence of Experts" ("RG 112").

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Meeting and Explanatory Memorandum dated on and around October 2013 in which this report is included, and is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Transaction. This Report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to the inclusion of this Report in the Notice of Meeting and Explanatory Memorandum.

This Report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Transaction to Jumbuck Shareholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual Jumbuck Shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual shareholders.

The decision of whether or not to approve the Proposed Transactions is a matter for each Jumbuck Shareholder to decide based on their own views as to matters including the value of Jumbuck and expectations about future market conditions, Jumbuck's performance, risk profile, liquidity preferences, investment strategy, portfolio structure and tax position. Our opinion therefore does not consider the financial situation, objectives or needs of individual Shareholders. If Jumbuck Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

3 Profile of the industry

3.1 Introduction

Jumbuck provides a blended range of products and services, including global chat and dating communities deployed on feature phone and smart phone platforms to consumers ("Consumer Chat business"). Jumbuck also provides commercial solutions addressing social media risks for organisations utilising Jumbuck's customisable social media monitoring tools and platforms.

Jumbuck generates approximately 95% of its revenue from its Consumer Chat business. Accordingly it operates predominately in a segment of the software publishing industry which produces mobile applications and related online social media services.

3.2 Jumbuck's current industry

Overview

In recent years, the overall software publishing industry has been impacted by the downturn in general economic conditions, which has led to a decline in consumer and business software expenditure. However, the emergence of new technology and an increase in smartphone and tablet usage has led to the development and demand for new mobile software applications.

Key drivers of demand

The key drivers impacting on the industry include:

- Mobile telecommunications density – the adoption of smartphones and tablet technology has driven demand for mobile software applications, particularly software that enables information to be accessible on demand.

- Internet connectivity – the availability of high-speed internet access increases the capacity and ease of access to software upgrades, as well as the ability for computer and mobile systems to process complex data while simultaneously downloading or streaming data. High speed internet access will also facilitate the adoption of cloud-based software and computing, which will enable synchronisation and increase file accessibility as information is stored remotely in the 'cloud'. The roll-out of the National Broadband Network in Australia is expected to further drive social and business activities to be conducted in an online environment.

- New technology advancement – the continuing development and introduction of technologies with enhanced capabilities will drive consumers and businesses to seek ways to best take advantage of the new technology. This will provide incentives for publishers to develop new software applications.

- Government funding – the structure of government funding plays an important role in fostering research and development (R&D) in the industry. Industry operators can currently claim the R&D tax incentive which allows a tax credit of up to 45% of the expenditure on eligible R&D.

- Capital expenditure on application development – the high rate of technological change means some products and services will become obsolete. This will drive developers to invest in R&D to allow them to incorporate the new technologies and remain competitive.

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Competition

The highly competitive nature of the industry is attributed to the constant advancement of technology and ease for software applications to be superseded by newer and more innovative applications. The business model adopted by competitors is a key factor in determining the extent of competition. Competitors may offer applications for free or at a significantly lower price, where revenue is derived from advertising that is driven by the number of users or visitors to the service. Competitors with a subscription based model or requirement option for users to pay for premium services tend to derive greater levels of revenue. However, the increasing availability of free web-based applications and information resources via the internet will impact on the willingness of consumers and businesses to commit to paid services. The key determinants of competition are the quality and specialisation of mobile applications offered, and the ability of industry players to constantly innovate to remain competitive.

Outlook

The increasing accessibility and mobility of technology is expected to continue to drive the popularity of digital platforms and online social media. Nonetheless, the profitability of industry players over the next five years is uncertain, due to the demand for mobile software applications to be constantly developed to incorporate new technologies, such as cloud computing, whilst maintaining a viable revenue model to attract consumers and businesses.

The increase in broadband penetration and connectivity, in particular mobile internet, will support industry globalisation. This has the potential to negatively impact on local Australian players as domestic barriers diminish and larger international competitors continue to expand their services in the Australian market.

3.3 New business' industry

Overview

The proposed new business concept to be implemented post the Proposed Transaction (refer **Section 5**) will result in Jumbuck expanding its operations into a segment of the internet publishing and broadcasting industry in which it does not currently operate. The Company will be engaged in providing content of specific interest to the professional services and advisory market through a proposed online professional advisory community that is driven by user contributed content.

Key drivers of demand

The key determinants driving demand in the internet publishing industry are similar to those of the software publishing industry as discussed above, in particular the increase in internet connectivity and the density of mobile telecommunications both in Australia and globally.

Outlook

The internet publishing and broadcasting industry as a whole is forecast to grow at an average rate of 7.7%[1] in the five years to FY18. This is expected to be driven by increasing internet accessibility and the improving global economy. The transition to a digital economy will drive the continued increase in online activity and therefore demand for the industry's services, whereby users and businesses seek to take advantage of the improving technologies to gather information and broadcast their activities.

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[1] *Internet Publishing and Broadcasting in Australia,* IBISWorld Industry Report J5700 (February 2013)

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3.4 Overview of professional services market

The proposed new business concept will target the professional advisory and services markets globally, in particular legal, accountancy and tax firms in the UK, US and Asia.

The performance of the professional services industry is predominantly driven by the demand for business services and capital expenditure in the private sector. In recent years, the industry has been significantly impacted by the global financial crisis ("GFC") which resulted in a decline in business confidence and demand for professional services. Firms in the industry undertook consolidation strategies to vertically integrate new services and increase client bases. As the global markets continue to steadily recover, business conditions are expected to improve and drive demand for the industry's services, although not to the level experienced prior to the GFC.

A summary of the legal services and accounting services segments of the industry are provided below.

Legal services

The legal services industry in Australia has undergone significant transition and restructuring over the past five years due to low business confidence and a decline in transactional work which resulted in minimal industry growth. However as economic conditions improve, and merger and acquisition activities increase, legal services are forecast to grow by a compound annual rate of 3.1% over the five years to FY18 to $24.5b[2].

In the UK and US markets, legal services are forecast to grow an average of 2.3% and 2.5% per annum, respectively, in the five years to FY18. Legal services in emerging markets, such as China, grew approximately 10.8% per annum over the five years to FY12.

Legal firms in Australia tend to be diversified and localised, resulting in low market concentration and predominantly comprising of smaller firms. In Australia, there are 18,440 businesses providing legal services, with the four largest firms in Australia estimated to account for 9.8% of industry revenue. The larger UK and US legal services markets comprise of over 29,500 and 429,000 businesses, respectively.

[2] *Legal services in Australia,* IBISWorld Industry Report M6931 (May 2013)

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The legal services industry has historically experienced a low level of industry globalisation, however improved information and communication technologies have lowered barriers to connect with professionals globally. Furthermore, online and network-based legal library systems and databases provide legal firms with increased access to online learning resources. Over the past five years, the use of social media by law firms has also increased as firms seek to develop an online presence to connect with new clients and international organisations as a means to enhance their reputation.

Accounting services

The impact of the GFC on the accounting industry resulted in firms implementing cost reduction strategies and expansion of their traditional auditing and tax services to include advisory services in response to demands by businesses seeking to restructure. Accordingly, in the five years to FY13, the industry revenue globally increased by approximately 1.0%[3] per annum

Accounting services in Australia are forecast to grow by a compound annual rate of 3.8% over the five years to FY18 to $20.0b[4]. Similarly, in the UK and US markets, accounting services are forecast to grow an average of 2.6% and 3.4% per annum, respectively, in the five years to FY18. Accounting services in emerging markets, such as China, grew approximately 10.4% per annum over the five years to FY18.

In the accounting and tax sector globally, the major players include PricewaterhouseCoopers, Deloitte, Ernst & Young and KPMG who represent a significant proportion of market share. In Australia, these four firms account for approximately 18.7% of market share. The Australian markets consists of approximately 32,594 businesses providing accounting services, while in the UK and US there are over 14,150[5] and 311,692[6] accounting businesses, respectively.

Over the past five years, professional services firms have transitioned to using social media to advertise and recruit. This is represented by the increased investment in technology resulting in increased demand for professional services. The use of social media tools enables firms to connect with a younger market and adopt new mediums which are accessible by the public, such as LinkedIn, Facebook, Twitter and YouTube.

[3] *Global Accounting Service,* IBISWorld Market Research Report (July 2013)
[4] *Accounting services in Australia,* IBISWorld Industry Report M6932 (May 2013)
[5] *Accounting & Auditing in the UK,* IBISWorld Market Research Report (September 2013) and *Tax Consultants in the UK,* IBISWorld Market Research Report (September 2013)
[6] *Accounting services in the US,* IBISWorld Market Research Report (July 2013)

4 Profile of Jumbuck

4.1 Overview

Jumbuck was founded in 2000 and listed on the ASX in August 2004. The Company is headquartered in Melbourne, with offices in Europe.

The Company has historically been a global provider of social media applications for mobile devices and primarily engaged in the management of social media networks, including the following products and services:

- Consumer Chat business - Jumbuck provides global chat and dating communities to mobile carriers, and the migration and deployment of global chat communities on to smart phone platforms in partnership with global mobile carriers. The principal products include Fast Flirting, Powerchat and MobiLove; and
- Social media monitoring tools - Jumbuck also provides commercial solutions relating to the mitigation of social media risks, such as brand protection and reputation management. The principal platform used to deliver these services is through Jumbuck's extended Heroes platform which provides monitoring and moderation services to external clients.

Due to the constant advancement of smart phone technology, the traditional mobile carrier-based products and services provided by Jumbuck, have declined in demand and have significantly impacted on the historical financial performance of the Company in recent years. Accordingly, the Company has been applying cost saving strategies involving a reduction in operating costs, primarily through a reduction in staff and other resources that supported the Company's traditional chat products. Further, through the Proposed Transaction, the Company will evolve the focus of its existing mobile on-line social community business towards the development of a mobile online professional advisory community and services network (refer **Section 5** below). However, Management have advised that the existing Consumer Chat business and social monitoring products will continue to be offered.

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4.2 Historical financial information

4.2.1 Financial performance

The audited financial performance of Jumbuck for FY11, FY12 and FY13 are presented below.

Jumbuck Entertainment Ltd **Statement of Financial Position**	**FY11** **A$'000**	**FY12** **A$'000**	**FY13** **A$'000**
Revenue			
Consumer Chat Communities revenue	6,598	4,429	2,587
Australian On-line Auction revenue	161	-	-
Other revenue	123	185	64
Total revenue	**6,882**	**4,614**	**2,650**
Gross profit	**6,882**	**4,614**	**2,650**
Expenses			
Advertising and marketing expenses	(822)	(388)	(128)
Employee benefits expenses	(2,970)	(2,687)	(1,792)
Contractor benefits expenses	(927)	(976)	(913)
Partner revenue share	(698)	(711)	(637)
Restructuring costs	-	-	(539)
Loss on disposal of businesses	(193)	(548)	-
Other expenses	(2,997)	(2,087)	(1,452)
Total expenses	**(8,607)**	**(7,399)**	**(5,462)**
EBITDA	**(1,725)**	**(2,785)**	**(2,812)**
Depreciation and amortisation	(1,198)	(1,022)	(523)
Impairment of goodwill / intangibles	(5,000)	(3,260)	(5,791)
EBIT	**(7,923)**	**(7,066)**	**(9,126)**
Interest revenue	337	226	65
Income tax (expense) / benefit	1,389	254	(75)
Net (Loss) / profit for the period	**(6,197)**	**(6,587)**	**(9,137)**
Net foreign exchange difference	(273)	(405)	137
Total comprehensive income	**(6,470)**	**(6,992)**	**(9,000)**

Source: Jumbuck FY11, FY12 and FY13 audited financial statements

In relation to Jumbuck's historical financial performance, we note the following:

- Revenue is primarily derived from monthly subscription and annuity revenues from consumer chat products such as mobile chat, flirting and dating services.
- The decline in revenue has been driven by structural changes associated with mobile carriers shifting from paying for data traffic to sharing end user revenues, as well as changes to premium SMS billing services due to regulatory compliance and mobile carrier requirements.
- Goodwill impairment historically relates to Jumbuck's Consumer Chat Communities business segment which was impaired by $3.1m and $4.36m in FY12 and FY13, respectively. In FY13, a further impairment of intangibles of $1.43m was incurred, which related to capitalised development costs being written off.
- Restructuring costs of $539k relate to the Company's provision for staff redundancy costs announced in September 2012 and June 2013, legal fees and associated travel costs, and the leasehold write-off of the Company's current office location.

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- Operating expenditure (excluding impairment expenses and restructuring costs) have generally declined in FY13 primarily due to the reduction in employee costs as part of the restructure in September 2012, as well as a decrease in other expenses which included a reduction in commissions ($216k), communication expenses ($88k), external consultants ($79k), travel and accommodation ($145k).

4.2.2 Financial position

The audited financial position of Jumbuck as at 30 June 2011, 30 June 2012 and 30 June 2013 is presented below.

Jumbuck Entertainment Ltd Statement of Financial Position As at	30-Jun-11 A$'000	30-Jun-12 A$'000	30-Jun-13 A$'000
Current assets			
Cash and cash equivalents	6,417	3,623	1,199
Trade and other receivables	1,765	1,119	649
Current tax assets	171	2	350
Other current assets	99	47	21
Total current assets	**8,452**	**4,792**	**2,219**
Non-current assets			
Plant and equipment	359	257	108
Intangible assets	9,656	5,651	-
Deferred tax asset	580	800	-
Total non-current assets	**10,595**	**6,708**	**108**
Total assets	**19,047**	**11,499**	**2,327**
Current liabilities			
Trade and other payables	1,372	1,124	1,034
Current tax liabilities	64	34	12
Provisions	210	265	203
Other current liabitlies	59	-	-
Total current liabilities	**1,705**	**1,423**	**1,250**
Non-current liabilities			
Provisions	-	3	4
Deferred tax liabilities	30	-	-
Total non-current liabilities	**30**	**3**	**4**
Total liabilities	**1,735**	**1,426**	**1,254**
Net assets	**17,312**	**10,074**	**1,073**
Equity			
Contributed equity	9,650	9,650	9,650
Foreign exchange currency reserves	(1,232)	(1,637)	(1,501)
Options reserve	684	683	683
Retained earnings	8,210	1,379	(7,759)
Total equity	**17,312**	**10,074**	**1,073**

Source: Jumbuck FY11, FY12 and FY13 audited financial statements

In relation to the Jumbuck's historical financial position, we note the following:

- The significant decline in net assets of Jumbuck by $9.0m to $1.07m in FY13, was driven by the continued decline in performance of the business which resulted in goodwill being impaired and substantial losses in the last three years.

- Cash and cash equivalents, and trade receivables have consistently declined across the period FY11 to FY13 due to the historical operating loss of the business. This is reflected in Jumbuck's average net cash flow of approximately negative $2.6m annually in the last two years. Following the Company's most recent restructure announcement on 25 June 2013, from October 2013, Management forecast that Jumbuck will require approximately $50,000 to $60,000 per month to maintain the current business operations. Accordingly with its current cash reserves and without the Capital Raising, Jumbuck would only be able to continue its business over a period of less than two years.

- The current tax asset of $350k represents Jumbuck's entitlement to a research and development tax concession in the form of a tax credit or cash refund for the 2012/2013 income tax year. Management have indicated the refund is expected to be received by October 2013.

- Intangibles assets related to goodwill from prior business acquisitions, and capitalised research and development costs. Goodwill represents the expected future economic benefits arising from the integration of Jumbuck Entrainment AS and the WAP 3 Community Chat businesses with the existing operations of Jumbuck. Due to the expected ongoing decline in performance of the business and uncertainty over the continuity of Jumbuck's business operations, the balance of goodwill and capitalised development costs were written off to nil as at 31st December 2012.

- The financial performance of Jumbuck in FY13 was unfavourable as indicated by the loss of $9.14m whilst incurring net cash outflows of $2.42m. As a result, a review of its on-going operations resulted in Jumbuck instigating a number of cost reduction strategies during FY13 in order to reduce its level of cash outflows in future periods. These cost reductions mainly involved the reduction in staff and other costs within Jumbuck's mobile carrier based chat business. However the revenue generating products such as PowerChat, Fast Flirting and MobiLove continue to be supported as the Company streamlines its consumer chat portfolio. Further cost reductions were made around Jumbuck's interactive, moderated video broadcast platform to better align its remaining resources within the segment. Management have indicated the impact of these cost reductions will take effect from the beginning of FY14.

  Taking into account the above cost reduction strategies the Directors have prepared cash flow forecasts through to September 2014 which indicate that Jumbuck will have sufficient cash resources to continue to pay its debts for a period of twelve months (from the date the financial report was issued). Accordingly, the FY13 financial report was prepared on a going concern basis.

4.3 Capital structure

As at 30 June 2013, Jumbuck has on issue:

- 48,784,291 fully paid ordinary shares, listed on the ASX ("Jumbuck Shares").

- 200,000 options ("Existing Options").

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4.3.1 Jumbuck share ownership

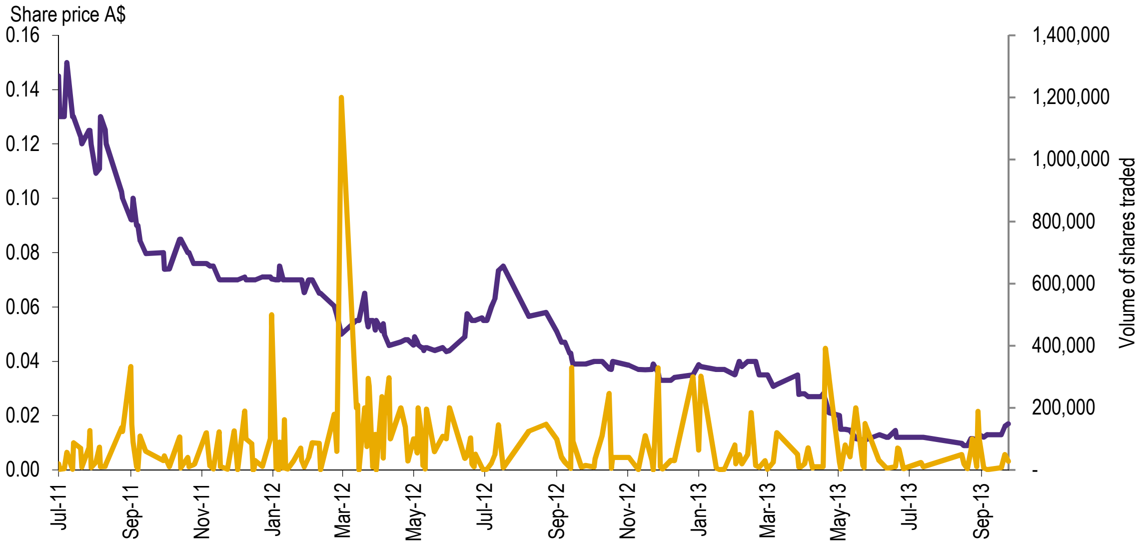
The top 20 shareholders of Jumbuck as of 10 October 2013 are set out below:

Shareholder name	Number of ordinary shares	% of ownership
Sieana Pty Ltd	13,348,093	27.36%
Jeff Kennett Pty Ltd <JGK Super Fund A/C>	2,270,886	4.65%
Quad Holdings Pty Ltd	2,242,179	4.60%
Mrs Liliana Teofilova	1,637,354	3.36%
Mr Kenneth William Breese + Mrs Jennifer Ruth Breese <BPD Executive S/F A/C>	1,167,781	2.39%
Faulkner Capital Group Pty Ltd <Faulkner Investment A/C>	1,135,700	2.33%
Connaught Consultants (Finance) Pty Ltd <Super Fund A/C>	1,086,316	2.23%
Mr Frank William Penhalluriack + Mrs Esther Tang <Penhalluriack S/F A/C>	1,000,000	2.05%
Mr Kenneth William Breese + Mrs Jennifer Ruth Breese <BPD Executive Superfund A/C>	887,506	1.82%
Mr Ianaki Semerdziev	865,000	1.77%
Repysa Holdings Inc	757,358	1.55%
Mr Michael Henson	678,334	1.39%
BT Portfolio Services Limited <Mr David Gibbs A/C>	634,538	1.30%
Lubeme Services Pty Ltd <Dwyer Super Fund A/C>	600,000	1.23%
Malton Pty Ltd	500,000	1.02%
Mr Steven George Carter + Mrs Gail Maree Carter <S & G Carter S/F A/C>	450,000	0.92%
JGK Nominees Pty Ltd <FJK Superannuation Fund A/C>	425,000	0.87%
Dr Mohammed Al Kamil	418,000	0.86%
Ms Sarah Lim <Sarah Lim S/F A/C>	416,809	0.85%
ETAB Pty Ltd	302,664	0.62%
Subtotal	**30,823,518**	**63.18%**
Others	17,960,773	36.82%
Total ordinary shares on issue	**48,784,291**	**100.00%**

Source: Jumbuck

4.3.2 Jumbuck share price – pre-announcement of Proposed Transaction

The following graph shows the daily share price on the ASX, and the trading volume of Jumbuck Shares from 7 July 2011 to 1 October 2013.



Note: On 1 October 2013, there was no trading of Jumbuck Shares
Source: S&P Capital IQ

The chart presented above shows that on 6 March 2012 approximately 1.2 million shares were traded at the price of $0.05 Management have advised that this was an off-market trade when an entity related to Mr Kennett, acquired shares from a single shareholder and as a result became a significant shareholder in the Company.

On 2 October 2013, Jumbuck's Shares were placed in a trading halt, pending the release of the announcement of the Proposed Transaction on 4 October 2013, the same day on which the shares recommenced trading.

During the share price and trading volume assessment period, i.e. July 2011 to 1 October 2013, we note that no market sensitive announcements were made by Jumbuck to the market apart from the announcements regarding half year and full year performance results, and the following announcements:

Date	**Announcement**
06 September 2012	Jumbuck announces strategic restructure of its operations to realign its resources to streamline the business and reduce current operating costs, which involves the reduction in staff and other resources currently supporting Jumbuck's traditional mobile carrier-based business line. Jumbuck also indicated a long-term strategic focus on private branded social networks and solutions for social media risk mitigation utilising its Heroes platform.
25 June 2013	Jumbuck announces that it has entered into an agreement to develop a new risk management and moderation solution for *beyondblue.* The Company also announced that it has completed an operational review and implemented further cost reduction strategies within Jumbuck's traditional mobile carrier-based chat business and its interactive, moderated video broadcast platform to better align its resources against forecast revenues. The full impact of the cost reductions is expected to take effect from the beginning of FY14.

Source: Jumbuck ASX announcements

Our analysis of Jumbuck share price and trading volume indicates that there is no direct correlation between the market sensitive announcements with the trading activity of Jumbuck Shares. There are no specific reasons explaining the volatility of the share prices.

4.3.3 Trading liquidity on ASX – pre-announcement the Proposed Transaction

The following table summarises the monthly trading volume of Jumbuck since July 2012.

Month ended	Monthly VWAP	Total volume traded ('000s)	Total value of shares traded (A$000s)	Volume traded as % of total shares outstanding*
July 2012	0.069	233.59	16.19	0.48%
August 2012	0.057	272.51	15.62	0.56%
September 2012	0.043	610.01	26.21	1.25%
October 2012	0.038	460.98	17.74	0.94%
November 2012	0.037	182.60	6.81	0.37%
December 2012	0.035	601.87	21.05	1.23%
January 2013	0.037	680.95	25.02	1.40%
February 2013	0.039	428.00	16.56	0.88%
March 2013	0.032	177.00	5.66	0.36%
April 2013	0.025	888.25	22.10	1.82%
May 2013	0.013	523.14	6.56	1.07%
June 2013	0.012	220.96	2.71	0.45%
July 2013	0.012	37.70	0.45	0.08%
August 2013	0.013	390.42	4.93	0.80%
September 2013	0.012	312.92	3.66	0.64%

** Based on total number of issues Jumbucks Shares of 48,784,29.*
Note: On 1 October 2013, there was no trading of Jumbuck Shares.
Source: S&P Capital IQ

4.3.4 Options

Jumbuck has 200,000 unlisted options on issue under the Company's Incentive Option Scheme to Mr Angelo Tsagarakis ("Mr Tsagarakis"), the current Chief Operating Officer (and Company Secretary).

The terms of Jumbuck's Options are summarised below:

Grant date	Vesting date	Expiry date	Exercise price (A$)	Number of options
20 October 2010	20 October 2012	20 April 2014	0.50	100,000
20 October 2010	20 October 2013	20 April 2015	0.55	100,000
				200,000*

** Management have indicated the Options will be cancelled following the Proposed Transaction.*
Source: Jumbuck's FY13 annual report

Jumbuck has advised that Mr Tsagarakis will cancel all of the existing options upon the completion of the Proposed Transaction.

5 Outline of proposed new business concept

5.1 Overview

The recent economic downturn has placed increased pressure on the budgets of clients' and their ability to engage advisory firms. Clients who generally select advisors on the basis of reputation, expertise and reliability, have become more demanding, expecting a higher level of services for less fees. This has resulted in consolidation amongst professional advisory firms.

To meet this increased demand for advisory services, advisors need to position themselves so that they can deliver co-ordinated expertise across multiple subject matter areas and jurisdictions. To meet this requirement without incurring substantial expenditure on business development, marketing and attending various conferences, it is expected that advisory firms will seek out reliable online communities to create connections between advisory peers enabling them to collaborate, share knowledge, enhance their professional reputations and develop their business. This trend is expected to increase as disruptive technologies introduce greater efficiencies that enable new entrants to compete effectively.

Jumbuck understands there is a significant opportunity to leverage its existing assets and re-focus its business by developing an online professional advisory community and the provision of related services. The online peer community is planned to be established upon the aggregation of industry specific content from content contributors and other web sources, such as blogs, to build a trusted global online network for professional service advisors enabling them to showcase their expertise, share knowledge, and create new business relationships. This content will be made available to a registered peer user audience who are able to view the content, network and interact with other users.

5.2 Characteristics of the advisory market

The concept of the online professional advisory community is driven by the characteristics of the advisory market which are expected to attract individuals and professional advisory firms to the online community. The key characteristics include the following:

- High regulation and dependency on experts to interpret complex information – the platform will enable the sharing of knowledge and discussions amongst a global professional network;
- Multi-jurisdictional clients – the anticipated global reach of the network is expected to provide access to qualified advisors in specific jurisdictions or with specific subject matter expertise;
- Relationships and referrals – the community will provide networking opportunities for professionals to build relationships based on expertise and qualifications; and
- Increasing market competition – the community will provide professional firms and corporates a digital market place for business development and marketing activities.

Accordingly, the new business concept will target the advisory professional in the financial services, tax and accounting, legal, human resources and regulatory and compliance sectors.

5.3 Services and business model of the new business concept

The new business concept aims to develop the leading online community for creating connections between advisory peers enabling them to collaborate, share knowledge, enhance their professional reputations, and develop business.

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The development of this online professional advisory community will consist of the following core elements:

- Content – collate the broadest set of global advisory expert contributed insight & opinion, complemented by industry specific content
- Tools – advanced indexing to deliver highly personalised results in a compelling user experience, supported by moderation and analytical capabilities
- Services – proactively manage content to targeted audiences and relevant channels
- Marketplace – facilitate buying/selling of advisory and support services
- Business Model – free to contribute and consume content. Subscription based curation and marketplace services, with revenue model annuity based.

With respect to the Proposed Transaction, Mr Burke has been appointed as CEO and MD of Jumbuck and is expected to lead the development of the new business concept. Over the next 12-18 months, Management has indicated that Jumbuck will undertake the following activities to develop the new community:

- Building the community – Aggregation and delivery of vertical sector content, development and build a Content Management System (CMS), development of tools to deliver highly personalised results in a compelling user experience, and introduction of audience marketing
- Growing revenue – Business development converting contributors to subscribers; rolling out services around proactive management of content to target audiences and relevant channels, brand awareness marketing, and regional/market content expansion
- Developing services - Transactional services, introduction of the Marketplace, and launch of Community v2.0 products and services.

The proposed new business concept is projected to generate revenue from annual subscriptions by content contributors in the professional services industry. An annual subscription will provide the contributors with a range of content management and curation services that will showcase their content to specific audiences on Jumbuck's proposed new online community and on other communities, such as LinkedIn, Facebook, Google+, and industry specific content sites.

While current competitors in this market mainly focus on Legal related content, Jumbuck's new business concept will also include content related to Tax and Accounting; Regulatory and Compliance; Financial Services and Human Resources. Accordingly, the Directors believe that the new business concept will compete with other players in a niche market.

We note the proposed new business concept will reflect a progression from Jumbuck's existing consumer focussed mobile on-line social community business towards the development of a mobile online professional advisory community and service network. Accordingly, the business operations of Jumbuck will significantly change and the outcome for this new business is considered speculative. The Directors have advised that Jumbuck is projected to incur losses in the first two years during the commercialisation of the new business and subsequently generate profits in the following years.

For further information on the new business concept we refer you to Jumbuck's ASX announcement on 4 October 2013.

6 Valuation methodologies

6.1 Introduction

In accordance with **Section 2.2**, our fairness assessment involves comparing the fair market value of Jumbuck's shares and Options to be granted to Mr Burke to the financial benefit to be contributed by Mr Burke through the development of the new business concept.

Grant Thornton Corporate Finance has assessed the value of Jumbuck's shares using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

6.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities. These include:

- Discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- Application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- Amount available for distribution to security holders on an orderly realisation of assets;
- Quoted price for listed securities, when there is a liquid and active market;
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

6.3 Selected valuation methodologies

Jumbuck

As explained in **Section 4**, Jumbuck's existing business operations have been unfavourably impacted by the constant advancement of smart phone technology. Its revenue has declined significantly in recent years which resulted in substantial losses. Based on our discussions with Management the following points have been noted:

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- There is uncertainty around the continuity of Jumbuck's existing business;
- Jumbuck requires cash of between $50,000 to $60,000 per month to run its existing loss making business;
- As at 30 June 2013 Jumbuck had approximately $1.2 million in cash. As per Jumbuck's announcement on the ASX dated 28 August 2013, Management has indicated that its current cash reserves are sufficient to continue its business for a period of at least 12 months;
- Without further capital injection and a new business concept to improve its operating performance, there is a likelihood that Jumbuck may face a going-concern issue in the next one to two years.

Taking into account the above facts, we consider neither a DCF nor a capitalisation of maintainable earnings method as being appropriate in assessing the fair market value of Jumbuck. We therefore have used the quoted market price of Jumbuck and the recent proposed share price under the Capital Raising in assessing the fair market value of Jumbuck. In addition, we have also considered an assets based approach in valuing Jumbuck shares.

New Business Concept

The Proposed Transaction will involve the development of a new business concept led by Mr Burke utilising his 30 years of experience and expertise in marketing in technology.

To finance the development of the new business concept, Management are completing the Capital Raising. In relation to this, Jumbuck has prepared financial projections for the period from FY14 to FY17.

The DCF is generally an appropriate method to value a business in a state of transformation, start-up or rapid growth. However, the DCF will only be applicable if the future cash flows of the business can be forecast with a reasonable degree of confidence. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors.

We note even though Jumbuck proposes to recruit an experienced team to develop this new business concept, Jumbuck is considered new to the market where the services of this new business concept will be offered. Jumbuck has historically operated in the consumer market, however the new business concept is in the business to business segment related to professional services. As a start-up business, the timing and level of potential cash flows is not capable of being estimated with any certainty. Accordingly we consider a substantial level of uncertainty exists in the financial projections provided. Taking into account these facts, we consider that it is not possible for us to assess the value of Jumbuck's proposed new business and the potential financial benefit that Jumbuck can obtain from the new business concept with any degree of reliability.

The Options

As noted in **Section 1.2**, the Options to be issued are exercisable at any time following the expiry of the Vesting Period upon the achievement of the Vesting Conditions, which require certain share price targets to be reached for a period of 20 consecutive business days. We have applied a trinomial option pricing model in assessing the value of the Options.

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7 Valuation of Jumbuck

7.1 Introduction

As discussed in **Section 6** we have considered the following approaches to assess the fair market value of Jumbuck's shares:

- Quoted market share price;
- The proposed share price under the Capital Raising; and
- Assets based approach.

7.2 Quoted market price

In assessing the value of Jumbuck Shares using the quoted market price methodology, we have considered Jumbuck's historical share price and trading activity.

The quoted market price usually represents the value for a minority interest. A minority interest is an interest in the Company which is not significant enough to have individual influence on the operations of that Company.

To provide further analysis of the quoted market price for a Jumbuck share, we have also considered the volume weighted average price ("VWAP") for 1 week, 1 month, 2 month, 3 month, 6 month and 12 month periods to 1 October 2013 and an analysis of the volume of trading in Jumbuck Shares for these periods to 1 October 2013.

Period	High	Low	VWAP	Total volume traded ('000s)	Total value of shares traded (A$000s)	Volume traded as % of total shares outstanding*
1 week	0.017	0.013	0.0161	84.50	1.36	0.17%
1 month	0.017	0.011	0.0126	390.42	4.93	0.80%
2 months	0.017	0.009	0.0121	888.11	10.71	1.82%
3 months	0.017	0.009	0.0120	667.15	8.00	1.37%
6 months	0.035	0.009	0.0171	2,299.50	39.37	4.71%
12 months	0.041	0.009	0.0274	4,830.90	132.20	9.90%

** Based on total number of issues Jumbucks Shares of 48,784,291*
Source: S&P Capital IQ

On 2 October 2013, Jumbuck's Shares were placed in a trading halt, pending the release of the announcement of the Proposed Transaction on 4 October 2013. Accordingly, the above VWAP analysis is prior to the date of the announcement of the Proposed Transaction and therefore avoids the influence of any change in price of Jumbuck Shares that may have occurred since the Proposed Transaction was announced.

In respect of the share price and trading activity of Jumbuck Shares, we make the following additional comments:

- The volatility of Jumbuck's share price did not have a direct correlation with Jumbuck's market sensitive announcements (refer to **Section 4**);

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- The table above indicates that Jumbuck Shares display a low level of liquidity, with only 9.90% of the Company's current issued capital being traded over a 1 year period. We note that trading of Jumbuck Shares has not been consistent, with nil shares being traded on a number of trading days throughout the period;
- For the three months since mid-June 2013, Jumbuck's shares were mainly traded at a price of $0.012 per share;
- On 24 September 2013, shares were traded at $0.013 per share, with only 2,000 shares being traded; and
- On 27 September 2013, the share price increased to $0.016, with 50,000 shares being traded. We note that in its letter to the shareholders dated 25 September 2013 regarding the "2013 Annual Financial Report", Jumbuck stated that Jumbuck's Directors are currently in discussions in relation to an investment opportunity and expected to announce this investment opportunity to the Shareholders in October 2013. Jumbuck's share price on that date was $0.013. There was no trading on 25 and 26 September 2013. The trading on 27 September 2013 may have been driven by market sentiment expecting a positive announcement from Jumbuck on the investment opportunity.

In the VWAP table presented above, Jumbuck's VWAP for the last three months was in the range of $0.012 to $0.016. Excluding the 50,000 shares transacted at $0.016 per share on 27 September 2013, Jumbuck's share price is relatively stable at $0.012. On this basis we consider as a quoted market price basis the fair market value of Jumbuck per share to be $0.012.

To support our valuation assessment under the quoted market price approach we have also analysed Jumbuck's share trading activity post the Proposed Transaction announcement (4 October 2013 to 10 October 2013) and noted the following:

- Following the announcement of the Proposed Transaction to the market and the recommencement of trading on 4 October 2013, one of Jumbuck's top five shareholders divested its shareholding in the Company. On this date approximately 1.4 million Jumbuck shares were traded at a VWAP of $0.017 per share.
- On 7 October 2013, 350,000 shares were traded at a price of $0.017; and
- During the period 8 October 2013 to 10 October 2013 there was no trading activity.

The trading activities post-announcement of the Proposed Transaction support the fact that the significant share price increase on 27 September 2013 and 30 September 2013 were mainly driven by market sentiment following the announcement by Jumbuck regarding the Proposed Transaction.

7.3 Recent proposed share price under the Capital Raising

Under the Capital Raising, Jumbuck will issue new shares at an issue price of $0.012 per share. The potential investors who have committed to participate in the Capital Raising include independent parties, i.e. sophisticated and/or professional investors, and related parties, i.e. members of Jumbuck's board and Mr Burke. On this basis, it is not unreasonable to consider the share price of $0.012 to represent a fair market value.

7.4 Assets based approach

In assessing the fair market value of Jumbuck's shares under the assets based approach on a going concern basis, we have based our analysis on Jumbuck's financial position as at 30 June 2013. The table below details our assessment.

Jumbuck Entertainment Ltd
Statement of Financial Position

As at 30 June 2013	Note	Reported A$'000	Adjustments A$'000	Adjusted Value A$'000
Current assets				
Cash and cash equivalents	1	1,199	(499)	700
Trade and other receivables		649		649
Current tax assets	2	350		350
Other current assets		21		21
Total current assets		**2,219**		**1,720**
Non-current assets				
Plant and equipment		108		108
Total non-current assets		**108**		**108**
Total assets		**2,327**		**1,828**
Current liabilities				
Trade and other payables		1,034		1,034
Current tax liabilities		12		12
Provisions		203		203
Total current liabilities		**1,250**		**1,250**
Non-current liabilities				
Provisions		4		4
Total non-current liabilities		**4**		**4**
Total liabilities		**1,254**		**1,254**
Net assets		**1,073**		**574**
Total shares issued ('000 shares)		48,784		48,784
Value per share		**0.0220**		**0.0118**

Source: Jumbuck FY13 annual report and Grant Thornton Corporate Finance analysis

We have been advised that there has not been a significant change in the net assets of Jumbuck since 30 June 2013 other than those listed below.

Note 1: Cash and cash equivalent

Based on the cash balance as at 30 June 2013 of $1.2 million, Management has prepared a forecast of Jumbuck's monthly cash requirement for the next 15 months to September 2014.

We are advised that from July to October 2013, when the Proposed Transaction is expected to be implemented, Jumbuck is estimated to incur cash outflows of approximately $499,000. These cash outflows between July and October 2013 are mainly associated with redundancy costs in relation to the restructure of the Company, as announced on 25 June 2013. From October 2013, monthly cash utilisation is forecast to reduce to between $50,000 and $60,000 per month. We have taken into account the estimated cash outflow for those months of $499,000 as an adjustment to Jumbuck's cash balance as at 30 June 2013.

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Note 2: Current tax assets

We note as at 30 June 2013 Jumbuck has the following potential assets in relation to its tax profile. They are off-balance sheet items.

As at 30 June 2013	$'000
Franking credits balance	4,296
Tax losses (revenue in nature)	2,572
Tax losses capital in nature)	429
Total	**7,297**

Source: Jumbuck FY13 Annual Report

In relation to the franking credits and tax losses we make the following comments:

- The franking credits would only be available to Jumbuck's shareholders if Jumbuck distributes dividends to its shareholders. Considering Jumbuck's current financial position and its business performance, it is unlikely that Jumbuck will distribute any dividends to its shareholders in the near future. Therefore the franking credits do not contribute any value to Jumbuck Shareholders at this stage;
- The tax losses can only be recouped if Jumbuck generates profit in the upcoming years; and
- The tax losses may be utilised by any company which acquires Jumbuck. However, these tax losses can only be transferred if the acquirer manages to satisfy the Australian Tax Office's tests, i.e. Continuity of Ownership Test or the Same Business Test. Failing these tests, the carried forward losses are not available for recoupment and they would contribute nil value to the acquirer.

Based on the comments above, the possibility of Jumbuck realising any value from these off-balance sheet items is doubtful at this stage. Accordingly we have not attributed any value to the off-balance assets in the table above.

Based on the analysis above the fair market value of a Jumbuck share is estimated to be $0.0118. We note the assessed value of Jumbuck's shares based on an assets based approach is on a control basis. We consider this value to represent the maximum value of the current business operations of Jumbuck as any steps to wind down the loss making operations are expected to result in additional costs and cash outflows.

Typically a control premium (defined as the higher price paid for a controlling shareholding relative to the price paid or likely to be paid for a minority shareholding) is paid where an offer is made to acquire more than 50% of a company's shares. In general, the premium observed represents two elements – a pure control premium, and the expected synergy benefits, some of which the acquirer is prepared to pay to the target shareholders. Further, a controlling shareholding of a company generally has influence over company matters such as operating and corporate strategy and distribution policy.

Upon completion of the Proposed Transaction Mr Burke will be issued shares in the Company which represent 5% of the number of issued shares in the Company post-capital raising and the issue of those shares to Mr Burke (refer to **Section 8**). Further, Jumbuck also proposes to grant to Mr Burke performance based options which will allow Mr Burke to acquire additional shares in the Company.

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Assuming all of the performance based options are exercised, Mr Burke will eventually hold approximately 14.4% (refer **Section 8.2.1**) of the Company shares. We do not consider a 14.4% shareholding in Jumbuck to represent a control transaction under RG 111. Therefore we consider it is reasonable to incorporate a minority discount in the value assessed under the assets based approach.

Market evidence in Australia indicates that a control premium is generally in the range of 20% to 40%. This equates to the value of a minority interest generally being 17% to 29% lower than a controlling interest. We consider a discount of 20% to 30% is reasonable to be applied to the assessed value under the assets based approach. The following table summarises Jumbuck's fair market value under the assets based approach on a minority basis.

Assets based approach (Minority interest basis)

Methodology	Low ($/share)	High ($/share)	Midpoint ($/share)	Basis
Assets based approach	0.0118	0.0118	0.0118	Controlling interest
Minority discount	(0.0035)	(0.0024)	(0.0029)	
Fair market value	**0.0082**	**0.0094**	**0.0088**	Minority interest

Note: The variances due to rounding are considered to be immaterial.
Source: Grant Thornton Corporate Finance analysis

Based on our analysis above, we consider the fair market value of Jumbuck per share on an asset based approach to be $0.0082 to $0.0094 with a midpoint of $0.0088.

The following points have been noted in relation to the assets based approach:

- The fair market value of $0.0082 to $0.0094 with a midpoint of $0.0088 represents the net tangible assets value per share as at 30 June 2013 after adjusting for the forecast cash required for 4 months operation. This value will further decrease as Jumbuck needs cash of between $50,000 and $60,000 per month to fund its existing business which his loss making;
- Jumbuck has advised they intend to substantially scale down the historical business operations; and
- On this basis we have placed only limited reliance on the assets based approach.

7.5 Valuation of shares to be issued to Mr Burke

Based on the above assessments, we consider a fair market value of Jumbuck Shares to be $0.012 per share and this represents a value per share for a minority and marketable shareholding. We note that the fair market value is assessed based on the assumption that the Capital Raising and the Proposed Transaction have occurred.

Our shareholding assessment as presented in **Section 8** indicates that post the Proposed Transaction assuming all of the performance based options are exercised, Mr Burke is estimated to hold approximately 14.4% of the Company shares on the assumption that all of the Options are subsequently exercised.

We do not consider a 14.4% shareholding in Jumbuck represent a control transaction under RG 111. Therefore we do not consider it is appropriate to incorporate a control premium in assessing the value of shares issued to Mr Burke. However, we note that the shares to be issued to Mr Burke will be subject to a one year escrow period. Hence, it is not unreasonable to consider a discount for lack of marketability ("DLoM") in assessing the value of the shares to be issued to Mr Burke.

Marketability is the ability to convert an asset to cash quickly at minimal cost. Accordingly, the discount for lack of marketability is the amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability.

There is no definite formula to calculate an appropriate level of discount for lack of marketability. The degree of discounts to be applied is largely dependent on the circumstances in each case particularly trading liquidity (for listed entities).

To assist in determining an appropriate marketability discount to apply we have considered an analysis of the liquidity of Jumbuck shares. Jumbuck Shares display a low level of liquidity, with only a small percentage of shares being traded on a sporadic basis. We note Jumbuck's shares on issue post Capital Raising and the Proposed Transaction will increase substantially (subject to the proposed consolidation of Jumbuck Shares pursuant to Resolution 9 in the Notice of Meeting). However there is no guarantee that this will increase the liquidity of Jumbuck shares. On this basis we consider a discount for lack of marketability of 15% is appropriate in assessing the value of the shares to be issued to Mr Burke.

Based on the fair market value of $0.012 per share and a discount for lack of marketability of 15%, the value of the shares to Mr Burke is estimated to be approximately $160,000 as summarised in the following table.

Valuation of shares to be issued to Mr Burke

		$
Value per share		0.0120
Discount for Lack of Marketability	15%	(0.0018)
Fair market value		**0.0102**
Shares to Mr Burke		15,723,897
Total value of shares to be issued to Mr Burke		**160,384**

Source: Grant Thornton Corporate Finance's analysis

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7.6 Valuation of performance based options

The following table provides a summary of the key terms of the Options as explained in **Section 1** and detailed in the Executive Employment Agreement of Mr Burke dated 1 October 2013.

Key terms and Vesting Conditions of the Options

Tranche	Spot price ($ / Share)*)	Exercise price ($ / Share)	Maximum life of option	Vesting Period	Vesting Condition (Target closing price of Jumbuck shares) ($ / Share)
Tranche 1	0.012	0.012	5 years	12 months	$0.017
Tranche 2	0.012	0.012	6 years	24 months	$0.057
Tranche 3	0.012	0.012	7 years	36 months	$0.100

Source: Schedule 4 of Mr Burke's Executive Employment Agreement

*Note: *) Spot price represents the fair market value of Jumbuck share (refer to Section 7.5)*

We have applied a trinomial option pricing model in assessing the value of the Options. In addition to the assumptions and key terms of the Options explained above we have also taken into account the following assumptions regarding the main parameters that are required for the trinomial model.

Number of options

Under the Proposed Transaction Jumbuck proposes to issue the maximum number of 18,870,491 options to Mr Burke. The Options are classified into three tranches with 6,290,164 options per Tranche.

Volatility rate

Expected volatility is a measure of the amount by which a share price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

The following table summarises Jumbuck's historical share price volatility.

Volatility

Period	% p.a.
30 days	160%
90 days	107%
6 months	119%
1 year	91%
2 years	78%
3 years	81%
5 years	77%
6 years	75%

Source: S&P Capital IQ

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We note that post the Proposed Transaction, Jumbuck will have a significantly larger number of shares on issue (subject to the proposed consolidation of Jumbuck Shares pursuant to Resolution 9 in the Notice of Meeting). The new business concept is operating in an online environment and is not an entirely different business to Jumbuck's existing business. However, post the Proposed Transaction the size of Jumbuck in terms of its assets and business will differ from its current position. Therefore, there is a possibility that the volatility of Jumbuck's share price in the future will be different to historical volatility. Accordingly, it is not possible for us to predict Jumbuck's future volatility post the Proposed Transaction. For the purposes of our option valuation and taking into account the life of the Options, we have placed a higher reliance on Jumbuck's longer term volatility period.

For the purposes of the options pricing model, we have assumed Jumbuck's historical long term volatility rate fairly reflects the expected volatility in the future. Accordingly, we have applied a volatility rate of 80% in assessing the value of the Options of each tranche.

Dividend yield

We note that Jumbuck has not paid any dividends and we are advised that it is unlikely to pay a dividend during the expected life of the Options.

Risk-free rates

For the risk-free rate assumption, we have considered the yield of the Australian Government Bonds which match the life of the Options. Accordingly, we have applied a risk-free rate of approximately 3.2% p.a. as an input to the option pricing model.

Discount for lack of marketability

We note the Options are unlisted options and non-transferrable. Therefore, we have applied a discount for lack of marketability of 15% in our option valuation which is in line with the discount for lack of marketability applied in our share valuation assessment.

Valuation summary

The following table summarises the assessed value of the performance based Options proposed to be issued to Mr Burke.

Valuation of Options

Tranches	Value per Option (pre DLoM) ($)	Value per Option (post DLoM) ($)	Number of Options	Total value ($)
Tranche 1	0.0062	0.0053	6,290,164	33,036
Tranche 2	0.0064	0.0054	6,290,164	33,981
Tranche 3	0.0054	0.0046	6,290,164	29,039
Total			**18,870,491**	**96,056**

Notes: The variance between total value of the Options and the value per Option multiplied by the number of Options is due to rounding, which is considered to be immaterial.
Source: Grant Thornton Corporate Finance analysis

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8 Assessment of the Proposed Transaction

In assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered the following factors:

- The value of Jumbuck Shares and Options proposed to be issued to Mr Burke compared to the financial benefit that Mr Burke will contribute to Jumbuck through his experience and knowledge of the new business concept;
- advantages and disadvantages associated with the Proposed Transaction;
- implications if the Proposed Transaction is not approved; and
- other significant matters associated with the Proposed Transaction that could potentially affect the Non-Associated Shareholders.

8.1 Is the Proposed Transaction fair?

We have assessed whether or not the Proposed Transaction is fair to the Non-Associated Shareholders by comparing the value of Jumbuck's Shares and Options to be issued to Mr Burke with the financial benefit that Mr Burke will contribute to Jumbuck through his experience and knowledge of the new business concept.

The table below summarises the total value that Jumbuck will provide to Mr Burke under the Proposed Transaction.

Summary of fairness assessment

	Section reference	Value per share / option ($)	Number of shares	Total value ($)
Shares	**Section 7.5**	0.0102	15,723,897	160,384
Options				
Tranche 1	**Section 7.6**	0.0053	6,290,164	33,036
Tranche 2	**Section 7.6**	0.0054	6,290,164	33,981
Tranche 3	**Section 7.6**	0.0046	6,290,164	29,039
Total value of shares and options to be issued to Mr Burke			**34,594,388**	**256,439**

Notes: The variance between total value of the Options and the value per Option multiplied by the number of Options is due to rounding, which is considered to be immaterial.
Source: Grant Thornton Corporate Finance analysis

As explained in **Section 6**, we note the DCF methodology is generally a suitable method to value a start-up business that is expected to experience rapid growth. However, the DCF will only be applicable if the future cash flows of the business can be forecast with a reasonable degree of confidence and certainty. In relation to Jumbuck's new business concept, we are advised that significant changes to Jumbuck's financial performance are expected however it is difficult to estimate the future revenues and profitability of the new business with any level of certainty as the commercialisation of the new business concept is considered to be speculative. Should the new business be successfully implemented, it may generate significant value for Jumbuck. However, if the new business concept does not perform as expected by the Directors, it could further erode the current value of Jumbuck.

Given the speculative nature of the new business concept, we are not able to perform a valuation of the new business concept. Therefore for our fairness assessment purposes we have considered the value of the new business concept to be nil. Accordingly, the potential financial benefit to Jumbuck from Mr Burke contributing his expertise and knowledge in the new business concept may also be considered to be nil.

Based on the above, it is our opinion that the Proposed Transaction is considered to be not fair to the Non-Associated Shareholders as we are unable to place a value on the benefits Mr Burke will bring to the Company.

8.2 Is the Proposed Transaction reasonable?

Regulatory Guide 111 considers an offer to be reasonable if:

- The offer is fair; or
- Despite not being fair, but considering other significant factors, the independent expert believes that there are sufficient reasons for Shareholders to accept the offer in the absence of any superior offer.

We have formed our opinion on the reasonableness of the Proposed Transaction based on an analysis of the potential advantages and disadvantages of the Proposed Transaction to the Non-Associated Shareholders.

8.2.1 Advantages of approving the Proposed Transaction

Opportunity to relaunch its business as an online professional advisory community and services provider

Jumbuck has been operating in a loss making position since the financial year ended 30 June 2011 due to the decline in demand by mobile carriers and consumers for Jumbuck's portfolio of products and services (refer **Section 4**). As a result the current business model continues to draw on the declining cash reserves of the Company. If a change is not implemented in the course of the next 12 months, the Company may be unable to continue as a going concern and current shareholder value may be largely extinguished. The Proposed Transaction offers an opportunity to potentially avoid such an outcome.

The introduction of the new business concept will provide an opportunity for the Company to relaunch its business as an online professional advisory community and services provider. The new business concept is expected to create a new market for the Company which may significantly improve Jumbuck's financial performance in the future. In developing the new business, Mr Burke has been appointed as the new CEO and MD of Jumbuck. We are advised that Mr Burke has more than 30 years experience in marketing and technology, and will lead the development of the new business concept.

Increased value per share post Proposed Transaction

The Proposed Transaction would align the interests of Mr Burke to the success of the new business concept for Jumbuck which may provide an incentive to stimulate a medium to long term increase in the share price.

Further, the exercise of the Options to be issued to Mr Burke is subject to certain vesting conditions which relate to Jumbuck's share price. These conditions will align Mr Burke's interests with those of the Company going forward. As such, Mr Burke's ability to exercise the Options is dependent on his ability to produce certain improvements in Jumbuck's share price.

Potential for improved liquidity of shares

Jumbuck currently has approximately 48.78m shares on issue and the shares have historically been thinly traded as explained in **Section 7.5**.

Subsequent to the Capital Raising and Proposed Transaction, Jumbuck is estimated to have 298.78m and 333.38m shares on issue, respectively (subject to the proposed consolidation of Jumbuck shares pursuant to Resolution 9 in the Notice of Meeting). The introduction of the new business concept and the increase in the number of shareholders may result in an improvement in the liquidity of the shares.

Mr Burke's sign-on fee and Options

The issue of 15.7 million shares, representing a 5% shareholding post the Capital Raising and shares issued to Mr Burke under the Proposed Transaction, represents a sign-on fee. A further issue of 18.9 million options form part of a remuneration package to Mr Burke for his role as CEO and MD of Jumbuck. We have assessed the value of the share issue and the options issue to be $160,384 and $96,056, respectively (refer to **Section 8.1** above). While we are not well placed to put a value on the potential value Mr Burke is expected to bring to the Company in conjunction with the new business concept, we make the following observations:

- The issue of shares as a sign-on fee and options as part of the remuneration package to an experienced executive to join the Company as CEO and MD is considered common practice in the market place;

- The payment of this sign-on fee in Jumbuck shares directly aligns the value of the payment to Mr Burke to the interests of Non-Associated Shareholders. If Mr Burke is successful in implementing the new business concept, the payment would be considered reasonable and both Mr Burke and the Non-Associated Shareholders would share in any benefits of an increased share price. Conversely, if the new business concept is not successfully implemented, it is reasonable to assume the Jumbuck shares will be of minimal or nil value and therefore the value, if any, to Mr Burke will be negligible; and

- The shares issued to Mr Burke are subject to a 1 year escrow provision and therefore are expected to act as an incentive to Mr Burke to deliver value to all shareholders in the future.

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8.2.2 Disadvantages of approving the Proposed Transaction

Dilution of existing shareholders' interest

As explained in **Section 1** the Capital Raising and the Proposed Transaction are interdependent. Subsequent to the Capital Raising and the Proposed Transaction the existing shareholders in the Company will be significantly diluted and their shareholding will be further diluted upon the exercise of the options granted to Mr Burke. The following table summarises Non-Associated Shareholders' shareholding in Jumbuck pre and post the Proposed Transaction on the assumption that the Options are exercised.

Shareholding Structure - Pre and Post Proposed Transaction

	Existing		Capital raising	Post - Capital Raising[1]		Shares to Mr Burke	Options	Post Proposed Transaction	
	Shares	%	Shares	Shares	%	Shares	Options	Shares	%
Sieana Pty Ltd (Tom King)	13,348,093	27.36%	80,166,667	93,514,760	31.30%			93,514,760	28.05%
Mr Jeffrey Kennett	2,721,161	5.58%	14,833,333	17,554,494	5.88%			17,554,494	5.27%
Others (Non-Associated Shareholders)	**32,715,037**	**67.06%**		**32,715,037**	**10.95%**			**32,715,037**	**9.81%**
Capital raising (new investors)			141,666,667	141,666,667	47.41%			141,666,667	42.49%
Mr Burke[2]			13,333,333	13,333,333	4.46%	15,723,897	18,870,491	47,927,721	14.38%
Total	**48,784,291**	**100%**	**250,000,000**	**298,784,291**	**100%**	**15,723,897**	**18,870,491**	**333,378,679**	**100%**

Source: Grant Thornton Corporate Finance's analysis

Note: 1) The number of shares to be issued under the Capital Raising does not reflect the impact of the Proposed Share Purchase Plan as it is uncertain whether shareholders will subscribe. Accordingly, for the purposes of our assessment we have not taken into account the potential number of shares that would be issued under the Proposed Share Purchase Plan.
*2) For the purposes of our fairness assessment, we have assumed that Mr Burke would exercise the Options when they vest and would be issued fully paid ordinary shares in Jumbuck (refer **Section 7.6**).*

To provide Non-Associated Shareholders the opportunity to participate in the new business concept, Jumbuck will also undertake a Proposed Share Purchase Plan. This will provide further capital required to develop the new business concept. Further, we note that the new business concept is expected to be loss making in the first two years and it is not expected to be cash positive until the second year of operations. On this basis it is possible Jumbuck may be required to raise further capital to support the new business concept. In this event Non-Associated Shareholders will be further diluted if they do not participate in the Proposed Share Purchase Plan or any further capital raising in the future.

Potential risks associated with the new business concept

The new business services are proposed to be targeted to a different market, being a business audience in the professional services industry. Therefore there are potential risks associated with the new business concept as outlined below:

- Mr Burke is expected to bring his expertise and knowledge in developing the new business concept. However, there is no guarantee that the development of the new business will perform as forecast by Management as there may be unforeseen hurdles during the process which may delay its development;

- The level of market acceptance of the services provided by the new business; and
- Additional capital may be required in the future to further develop the new business. There is uncertainty whether the Company would be able to raise additional capital from the market, and this may further dilute existing shareholders interest in the Company.

8.2.3 Implications if the Proposed Transaction is not approved

Potential decline in share price

As detailed in our VWAP analysis in **Section 7.2**, Jumbuck's share price has declined significantly in recent years. For the last three months from July to September the shares have traded between $0.009 and $0.017 per share, with shares currently trading at $0.017 per share.

On 27 September 2013, the share price increased to $0.016, with 50,000 shares being traded. On 30 September 2013 the share price reached $0.017, with only 27,500 shares being traded. We note that in its letter to shareholders dated 25 September 2013 regarding the "2013 Annual Financial Report", Jumbuck stated that Jumbuck's Directors are currently in discussions in relation to an investment opportunity and expected to announce this investment opportunity to the Shareholders in October 2013. Jumbuck's share price on that date was $0.013. There was no trading on 25 and 26 September 2013. The trading on 27 September 2013 and 30 September 2013 may have been driven by market sentiment expecting a positive announcement from Jumbuck on the investment opportunity previously announced.

Following the announcement of the Proposed Transaction to the market and the recommencement of trading on 4 October 2013, Jumbuck's share price was stable at $0.017. There is a possibility that if the Proposed Transaction is not approved that Jumbuck's share price may decline further.

There will be no dilution in the shareholding of non-associated shareholders

If the Proposed Transaction does not proceed then shareholding of the Non-Associated Shareholders will not change and there will be no dilution.

Transaction costs incurred

Management have incurred costs in relation to the Proposed Transaction, including advisory fees which will not be refundable and will further reduce the Company's cash reserves even if the Proposed Transaction does not proceed.

8.2.4 Alternative Proposal

We are advised that Management is currently also seeking alternative options to improve the Company's current financial position if the Capital Raising and Proposed Transaction does not proceed. However, we are advised any alternative options are considered to be at a preliminary stage and there is uncertainty as to whether any viable alternatives will emerge in the short term. As Jumbuck's business continues to incur losses, it will become more difficult for Jumbuck to identify alternative business opportunities.

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After considering the above factors, Grant Thornton Corporate Finance considers that on balance the potential advantages of the Proposed Transaction outweigh the potential disadvantages, and on this basis, the Proposed Transaction is reasonable to the Non-Associated Shareholders and they are likely to be better off if the Proposed Transaction proceeds.

8.3 Conclusion on the assessment of the Proposed Transaction

Grant Thornton Corporate Finance is of the opinion that in the absence of a superior proposal, the Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders.

The decision of each Shareholder as to whether to accept the Proposed Transaction is a matter for individual Shareholders. This decision should be based on each Shareholder's views as to matters including value and future market conditions, risk profile, liquidity preferences, investment strategy and portfolio structure. Our opinion therefore does not consider the financial situation, objectives or needs of individual Shareholders. If in any doubt, Shareholders should consult an independent professional adviser.

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9 Source of information, disclaimer and consents

9.1 Source of information

In preparing this report Grant Thornton Corporate Finance have considered, amongst others, the following sources of information:

- ASX company announcements
- Jumbuck Entertainment Ltd, 2012 and 2013 Annual Report
- Jumbuck Board Reports dated 31 July 2013 and 17 June 2013.
- Shareholding of Jumbuck as at 10 October 2013;
- Executive Employment Agreement of Martin Burke dated 1 October 2013
- Jumbuck website
- S&P Capital IQ
- IBISWorld
- Discussions with Jumbuck Management
- Other publicly available information

9.2 Qualification and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to Jumbuck and all other parties involved in the Proposed Transaction with reference to the ASIC Regulatory Guide 112 "Independence of experts" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to Jumbuck, its shareholders and all other parties involved in the Proposed Transaction.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Jumbuck or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this report.

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Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

9.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by Jumbuck and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by Jumbuck through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of Jumbuck.

This report has been prepared to assist the Directors of Jumbuck in advising Jumbuck Non-Associated Shareholders in relation to the Proposed Transaction. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is fair and reasonable to Jumbuck Non-Associated Shareholders.

Jumbuck has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by Jumbuck, which Jumbuck knew or should have known to be false and/or reliance on information, which was material information Jumbuck had in its possession and which Jumbuck knew or should have known to be material and which Jumbuck did not provide to Grant Thornton Corporate Finance. Jumbuck will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

9.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting to be sent to Jumbuck Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by an appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Glossary

A$, $	Australian dollars
ASIC	Australian Securities Investment Commission
ASX	Australian Securities Exchange
Capital Raising	The proposed raising of $3m in capital through the issue of 250,000,000 ordinary shares at an issue price of $0.012
CEO	Chief Executive Officer
DCF	Discounted cash flow methodology
Directors	The Directors of Jumbuck
DLoM	Discount for lack of marketability
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EEA	Executive employment agreement
EGM	Extraordinary General Meeting
FSG	Financial Services Guide
FY	Financial year ended 30 June
GFC	Global financial crisis
Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
Jumbuck, or the Company	Jumbuck Entertainment Ltd
Jumbuck Shares	The fully paid ordinary shares of Jumbuck, listed on the ASX
k	thousands
m	millions
MD	Managing Director
NPAT	Net profit after tax
Options	The proposed issue of performance based options to acquire shares in the Company to Mr Martin Burke, which upon conversion would represent approximately 6% of the extended shares issued (post the Capital Raising and the issuance of the new shares to Mr Burke).
Proposed Transaction	The proposed issue of new shares and Options to Mr Martin Burke, in accordance with Resolutions 7 and 8 (refer Notice of Meeting)
RG	ASIC Regulatory Guides
VWAP	Volume weighted average price

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Appendix B - Terms and Conditions of the Managing Director Options

The terms of the 18,870,491 options to be issued to Mr Martin Burke (**Managing Director Options**) are as follows:

(a) The maximum number of Managing Director Options to be issued under these terms and conditions shall be 18,870,491.

(b) All Managing Director Options will be issued within 30 days of shareholder approval authorising their issue under Part 2E of the Corporations Act and the Listing Rules.

(c) The Managing Director Options will be issued for nil monetary consideration and will not be listed on the ASX.

(d) The exercise price of each Managing Director Option will be 1.2 cents (Exercise Price).

(e) The Managing Director Options are non-transferable and may not be sold, assigned, transferred or otherwise dealt with in any way, except, in the case of Managing Director Options that have vested but which remain unexercised, by will, by the laws of descent and distribution or under a domestic relations order in each case solely as permitted by applicable law, provided that no such sale, assignment or transfer of the Managing Director Options may occur if it would require disclosure under Chapter 6D of the Corporations Act, and that the Managing Director Options shall not be subject to execution, attachment or similar process. Upon any attempt to sell, transfer, assign, pledge, hypothecate or otherwise dispose of any Managing Director Option, that Managing Director Option shall immediately terminate and thereupon become null and void. For the avoidance of doubt, vested Managing Director Options that have been dealt with as permitted under this paragraph may subsequently be exercised in accordance with these terms by the party to whom the options were dealt.

(f) On termination of Mr Burke's employment with the Company, those Managing Director Options that have yet to vest at the time of such termination will be forfeited. For the avoidance of doubt, Managing Director Options that have vested, but have yet to be exercised, at the time Mr Burke's employment with the Company is terminated will not be forfeited by Mr Burke on termination of his employment, and will continue to be exercisable by Mr Burke, subject to their expiry as set out in paragraph (g) below. If, however, Mr Burke ceases employment with the Company by reason of death, or becoming (in the Board's view) totally or permanently disabled, or the occurrence of such other event as the Board determines not to cause forfeiture, those Managing Director Options yet to vest at the time of Mr Burke's termination of employment will not be forfeited. The Managing Director Options will expire as follows:

   a. one third (the **First Tranche**) will expire at 5.00pm on the date that is five (5) years after the date of issue of the Managing Director Options;

   b. one third (the **Second Tranche**) will expire at 5.00pm on the date that is six (6) years after the date of issue of the Managing Director Options; and

   c. one third (the **Third Tranche**) will expire at 5.00pm on the date that is seven (7) years after the date of issue of the Managing Director Options,

   (each, an **Expiry Time**).

(g) Subject to the vesting conditions set out in paragraph (j) below, the Managing Director Options may be exercised at any time prior to their respective Expiry Times by the holder delivering to the Company, and the Company having received:

a. a completed notice of exercise in the form required by the Company (Notice of Exercise) in respect of those Managing Director Options; and

b. an amount equal to the Exercise Price in respect of those Managing Director Options.

(h) Upon the valid exercise of a Managing Director Option in accordance with paragraph (g), the holder will be allotted and issued one fully paid ordinary share in the Company ranking pari passu with other ordinary shares on issue, and the Managing Director Option will thereafter be null and void.

(i) If the ordinary shares of the Company are listed on the ASX at the time Managing Director Options are exercised, the Company will apply to ASX at that time to have the ordinary shares issued on the exercise of those Managing Director Options granted quotation in accordance with the ASX Listing Rules.

(j) Vesting conditions based on share price hurdles will apply to the Managing Director Options, with:

(i) The First Tranche vesting on the daily closing price of the ordinary shares (as quoted on ASX) remaining at or above $0.017 throughout any consecutive 20 business day period (being a date on which the ASX is open for trading) commencing at any time after the date that is 12 months after the date of issue of the Managing Director Options and ending before the Expiry Time applicable to the First Tranche;

(ii) The Second Tranche vesting on the daily closing price of the ordinary shares (as quoted on ASX) remaining at or above $0.057 throughout any consecutive 20 business day period (being a date on which the ASX is open for trading) commencing at any time after the date that is 24 months after the date of issue of the Managing Director Options and ending before the Expiry Time applicable to the Second Tranche; and

(iii) The Third Tranche vesting on the daily closing price of the ordinary shares (as quoted on ASX) remaining at or above $0.10 throughout any consecutive 20 business day period (being a date on which the ASX is open for trading) commencing at any time after the date that is 36 months after the date of issue of the Managing Director Options and ending before the Expiry Time applicable to the Third Tranche.

(k) The ordinary shares that are issued on the exercise of the Managing Director Options may not be offered for sale or transfer within 12 months of their date of issue if the sale or transfer of those shares would require disclosure under Chapter 6D of the Corporations Act.

(l) The Company will use its best endeavours to provide a cleansing notice under section 708A(5)(e) and (6) in respect of the ordinary shares that are issued on exercise of the Managing Director Options. Should the Company be able to provide a cleansing notice in accordance with this paragraph (l), the restriction in paragraph (k) will not apply to the sale or transfer of the ordinary shares to which the cleansing notice relates.

(m) Where an offer is made by a person or entity (**Offeror**) (whether directly or indirectly) to acquire more than 50% of the issued ordinary shares of the Company, whether by treaty, takeover or a member's scheme of arrangement in accordance with the Corporations Act, and such offer has resulted in, or (in the opinion of the Board) will result in, the Offeror (whether directly or indirectly) acquiring more than 50% of the issued ordinary shares of the Company, the Board has the discretion to determine that all outstanding Managing Director Options shall vest.

(n) All outstanding Managing Director Options will vest where there is an acquisition by a person or entity (whether directly or indirectly) of not less than 80% of the issued ordinary shares of the Company, whether by treaty, takeover or a member's scheme of arrangement in accordance with the Corporations Act.

(o) In accordance with UK income tax and capital gains tax rules, any UK income tax or capital gains tax payable on the Managing Director Options and/or the shares to be issued on exercise of the Managing Director Options, will be payable by Mr Burke and not by the Company.

(p) The Managing Director Options will not carry any rights of participation in new issues of capital which may be offered to ordinary shareholders in the Company during the currency of the Managing Director Options.

(q) The Managing Director Options do not confer any rights to attend or vote at meetings of shareholders of the Company.

(r) If there is a reorganisation of the Company's capital (including by way of consolidation, sub-division, reduction or return), the rights of Managing Director Options that are yet to expire at the date of that reorganisation are to be changed in a manner consistent with the requirements of the ASX Listing Rules.