

8 March 2013

ASX Announcement Acquisition, Convertible Note and Board Changes

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Acquisition of Priority Processing Systems

Motopia Limited (ASX:MOT) (the Company) is pleased to announce that it has agreed, subject to due diligence, to commercial terms for an all scrip acquisition of Priority Processing Systems Pty Ltd (PPS).

PPS has identified a significant business opportunity in the supply of a range of financial transaction based services into a diverse range of industry sectors. These include customer engagement program operators, clubs and associations, major utilities, super funds, unions, merchant groups and charitable organisations. The acquisition will allow the Company to not only remain in the industrial sector but also afford it the opportunity to utilise its existing Lemon & Lime Platform through the development of event based applications utilized by PPS partners.

PPS is implementing programs that capitalize on the rapidly changing market place between the consumer and retailers. Under development for 2 years, the centerpiece of the program is a loyalty debit card which marries the safety and security of a bank based debit card with a purpose built, proprietary loyalty ecosystem. Contracts are in place with a range of high profile partners which will underpin the ongoing development and financial stability of the company.

The benefit for retailers is that the programs create dynamic interfaces with customers, which will drive business and create loyalty. The business partners will be large member based organizations, church groups and charities seeking to support their members as well as their own businesses. The consumers will receive direct personal rewards as well as supporting their organizations.

The programs meet current demands of the industry. In addition, it will meet the technical migration challenges as the mobile phone becomes the EFTPoS device, a virtual transaction card and the communication centerpiece for consumers.

PPS represents an opportunity for the Company to acquire a business that is expected to be cash flow positive within a short period of time, with breakeven and capital recovery forecasted to occur in the first 12 months of operation.

PPS executives collectively possess the experience, skills and management expertise necessary for the successful implementation. Executives of PPS have the relevant experience in technical program design and integration, banking application systems both domestic and overseas, design and implementation of loyalty programs, development of information and communication systems, direct marketing, Finance and Accounting and technical development and system management of card processing and ATM systems.

Independent Expert

The nature of the transaction requires the preparation of an Independent Expert Report (IER). The Company has engaged Nexia Melbourne to prepare the IER. The IER will be included in the Notice of Meeting to be sent to all shareholders.

Consideration

Subject to the successful completion of due diligence, the Company will seek shareholder approval for the issue of 1,000,000,000 ordinary shares at an issue price of \$0.003 as consideration for the acquisition. Ordinary shares will be subject to an escrow period of at least 24 months. In addition, and subject to shareholder approval, two tranches of performance shares linked to achievement of PPS financial performance targets will also be issued on success over a 36 month period. The number and terms of performance shares will be determined at the completion of the due diligence process.

Under the terms of the agreement the 1,000,000,000 ordinary shares and any performance shares issued as consideration for the acquisition, will be cancelled if specified performance targets are not met by PPS within 18 months from the date of the acquisition.

The acquisition is subject to shareholder approval and it is expected that the requisite Extraordinary General Meeting (EGM) will be held in May.

Funding Arrangement

The Company is currently facilitating a raising of up to \$550,000 through the issue of convertible notes, at a conversion price into Motopia Shares of \$0.002. The notes will be subject to shareholder approval at the EGM. The Company does intend to raise further funding following completion of this initial raising on terms to be determined in due course.

Board Changes

The Company is delighted to announce the appointment of Lindsay Brown as a Non-Executive Director to the board.

Lindsay Brown is a Chartered Accountant with 36 years' experience, establishing his own practice in 1984. Lindsay offers client advice in matters relating to management, optimal company structures, strategic direction and taxation. He has been integral in establishing

and developing a number of businesses across multiple sectors of industry. Lindsay also serves as a director of a number of private companies.

The Company also announces that Frank Vetrone and Gernot Abl will serve as non-executive chairman and non-executive director respectively, effective immediately.

The Company also announces the resignation of Dr Michael Green as a director. The contribution of Dr Green in assessing all mining opportunities presented to the Company over the past 8 months was especially valuable. The board would like to formally thank Dr Green for his dedication over the last 8 months and wish him well in his role as COO of Brazilian Metals Group.

The Company will continue to keep shareholders and the market apprised of further developments.

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