
SYNERGY PLUS LIMITED
(TO BE RENAMED VGW GAMING LIMITED)
ACN 091 126 082

NOTICE OF GENERAL MEETING

TIME: 2.30 pm (AEST)
DATE: 29 January 2016
PLACE: Level 5, 56 Pitt Street, Sydney NSW

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 8263 0515.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 2.30pm (AEDST) on 29 January 2016 at:

Level 5, 56 Pitt Street, Sydney, NSW

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 27 January 2016.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or

number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all Resolutions, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to complete the VGW Acquisition as described in the Explanatory Statement and to make a significant change to the nature and scale of its activities.”

Short Explanation: The Company proposes to acquire all of the issued capital of VGW Holdings Limited (ACN 147 193 511) (**VGW**), a full description of the business of VGW is contained at section 1.2 of the Explanatory Memorandum.

The Company is required to seek Shareholder approval to change the nature and scale of its activities by acquiring VGW. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature or scale of its activities – for further information please refer to the Explanatory Memorandum.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all Resolutions, pursuant to section 254H(1) of the Corporation Act, ASX Listing Rules 7.20 and 7.22.1 and for all other purposes, Shareholders approve and authorise the Company to consolidate the issued capital of the Company on the basis that every 50 Shares be consolidated into one Share and otherwise on the terms and conditions set out in the Explanatory Statement.”

3. RESOLUTION 3 – CREATION OF NEW CLASS OF SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, subject to passing all Resolutions, for the purposes of sections 246B of the Corporations Act, clause 2.3 of the Constitution and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement.”

4. RESOLUTION 4 – CAPITAL RAISING PURSUANT TO A PROSPECTUS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 70,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF SECURITIES – VENDOR CONSIDERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 492,183,398 Shares and 95,662,112 Options to the Non-Associated Vendors (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – ISSUE OF LANCE EAST CONSIDERATION AND INCREASE IN VOTING POWER OF LANCE EAST

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of all Resolutions, for the purposes of Listing Rule 10.11 and section 611 item 7 of the Corporations Act and for all other purposes, approval is given for Lance East Corporation to be issued 440,000,000 Shares and for Lance East and its associates to increase their voting power in the Company to a maximum of 40% as a result of the Share issues referred to in this Resolution and on the terms set out in the Explanatory Statement.”

Independent Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of this Resolution. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of Resolution 6 to the non-associated Shareholders in the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

7. RESOLUTION 7 – ISSUE OF SECURITIES – LOAN CONVERSION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 19,000,000 Shares (on a post-Consolidation basis) to the Lenders on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – ISSUE OF PERFORMANCE SHARES TO LANCE EAST CORPORATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all the Resolutions, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 650,000,000 Performance Shares to Lance East Corporation on the terms set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – CONVERSION OF PERFORMANCE SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of all Resolutions, for the purposes of section 611 item 7 of the Corporations Act and for all other purposes, approval is given for Lance East Corporation to convert the Performance Shares the subject of Resolution 7 into Shares upon the Company meeting the performance milestones attaching to the Performance Shares and for Lance East and its associates to increase their voting power in the Company to a maximum of 63% as a result of the Share issues referred to in Resolution 8 and on the terms set out in the Explanatory Statement.”

Independent Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of this Resolution. The Independent Expert’s Report comments on the fairness and reasonableness of the

transactions the subject of Resolution 9 to the non-associated Shareholders in the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 10 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, subject to the passing of all Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to **VGW Gaming Limited**,”*

11. RESOLUTION 11 – ISSUE OF OPTIONS TO UNDERWRITER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all the Resolutions, for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue:

- (a) 36,250,000 Underwriter \$0.05 Options; and
- (b) 36,250,000 Underwriter \$0.06 Options,

to the Underwriter on the terms set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. RESOLUTION 12 – ISSUE OF OPTIONS TO INCOMING CHAIRMAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all the Resolutions, for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 9,000,000 Chairman Options to Nigel Blythe-Tinker or his nominee on the terms set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. RESOLUTION 13 – APPOINTMENT OF DIRECTOR – NIGEL BLYTHE-TINKER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all the Resolutions, for the purposes of clause 13.3 of the Constitution and for all other purposes, Mr Nigel Blythe-Tinker, being eligible and having consented to act, be appointed as a director of the Company on and from settlement of the acquisition of VGW.”

14. RESOLUTION 14 – APPOINTMENT OF DIRECTOR – LAURENCE ESCALANTE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all the Resolutions, for the purposes of clause 13.3 of the Constitution and for all other purposes, Mr Laurence Escalante, being eligible and having consented to act, be appointed as a director of the Company on and from settlement of the acquisition of VGW.”

15. RESOLUTION 15 – APPOINTMENT OF DIRECTOR – MATS JOHNSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all the Resolutions, for the purposes of clause 13.3 of the Constitution and for all other purposes, Mats Johnson, being eligible and having consented to act, be appointed as a director of the Company on and from settlement of the acquisition of VGW.”

16. RESOLUTION 16 – APPOINTMENT OF DIRECTOR – LORENZO ESCALANTE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to passing all the Resolutions, for the purposes of clause 13.3 of the Constitution and for all other purposes, Lorenzo Escalante, being eligible and having consented to act, be appointed as a director of the Company on and from settlement of the acquisition of VGW.”

17. RESOLUTION 17 – ISSUE OF SHARES ON CONVERSION OF LOANS – MINIMUM RISK PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 20,000,000 Shares (on a post-Consolidation basis) and 6,000,000 \$0.05 Options to Minimum Risk or its nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

18. RESOLUTION 18 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2 exception 9(b) and for all other purposes, the Company’s Employee Share Option Plan, as set out in Schedule 5 of this Notice, is approved, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

19. RESOLUTION 19 – APPROVAL OF ISSUE OF SHARES AND OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – UNRELATED PARTIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rules 7.2 exception 9(b), and for all other purposes, approval is given for the Company to issue up to 47,350,067 Shares and 46,125,320 Employee Options (on a post-Consolidation basis) under the Employee Share Option Plan and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

20. RESOLUTION 20 – APPROVAL OF ISSUE AND CONVERSION OF MANAGING DIRECTORS AND EMPLOYEE OPTIONS– LAURENCE ESCALANTE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of all Resolutions, for the purposes of ASX Listing Rule 10.14, for the purposes of section 611 item 7 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 25,000,000 Managing Director Options (on a post-Consolidation basis) and up to 5,986,160 Employee Options (on a post-Consolidation basis) under the Employee Share Option Plan to Laurence Escalante or his associates and for the conversion of the Managing Director Options and Employee Options into Shares and for Laurence Escalante and his associates to increase their voting power in the Company to a maximum of 63% as a result of the issues in this Resolution on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

21. RESOLUTION 21 – APPROVAL OF ISSUE OF EMPLOYEE OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – NIGEL BLYTHE-TINKER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 9,000,000 Employee Options (on a post-Consolidation basis) under the Employee Share Option Plan to Nigel Blythe-Tinker on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

22. RESOLUTION 22 – APPROVAL OF ISSUE OF EMPLOYEE OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – MATS JOHNSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 9,720,300 Employee Options (on a post-Consolidation basis) under the Employee Share Option Plan to Mats Johnson on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company

need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

23. RESOLUTION 23 – APPROVAL OF ISSUE OF EMPLOYEE OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – LORENZO ESCALANTE

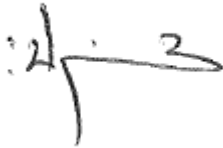
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 1,095,000 Employee Options (on a post-Consolidation basis) under the Employee Share Option Plan to Lorenzo Escalante on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote 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, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 24 December 2015

By order of the Board



Kobi Tsaban
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

All Resolutions are inter-conditional on all of the Resolutions being approved. If any of Resolutions are not passed, then all of the Resolutions will be taken to have been rejected by Shareholders.

1. BACKGROUND TO THE PROPOSED ACQUISITION OF VGW

1.1 Company Operations

Synergy was incorporated on 7 January 2000 under the name Etick and was admitted to the Official List of ASX on 6 December 2000. Its activities at the time were the provision of privacy, audit and certification services.

In July 2006, Synergy changed its activities to the provision of information and communication technology (ICT) infrastructure, products and services and on 26 November 2009, the company changed its name to Synergy Plus Limited.

On 17 March 2011, Synergy was placed into voluntary administration and the company's securities were suspended from quotation on ASX. On 16 May 2011 the Company entered into a Deed of Company Arrangement (**DOCA**) with a view to compromising its outstanding liabilities. The DOCA was completed on 8 April 2013, at which time all of the unsecured liabilities of the company as at 17 March 2011 were expunged.

Since completing the DOCA, Synergy has continued to trade through its wholly owned subsidiary, AirData Pty Ltd. The principal activity of the Synergy group is the provision of ICT infrastructure solutions within Australia.

Synergy's securities have remained suspended from quotation on ASX.

On or about 4 December 2015, VGW and Synergy entered into the Merger Implementation Deed pursuant to which Synergy and VGW have agreed to merge through the implementation of the Schemes.

Following the implementation of the Schemes, Synergy will apply to be listed on ASX.

1.2 About VGW

1.1.1 Overview

VGW is an Australian based public company which operates a social (or online) casino through its wholly-owned gaming platform, Chumba Casino at www.chumbacasino.com.

VGW has been in operation since November 2010 and has offices in Perth, Sydney and Manila.

VGW has one subsidiary, Virtual Gaming Worlds Inc., a non-trading company which is 100% owned by VGW.

1.2.1 VGW's business

(a) Chumba Casino

VGW has been in operation for 5 years and has over 10,000 paying customers, most of whom are based in the United States and Canada (excluding Quebec).

VGW derives the majority of revenues from its wholly-owned gaming platform at www.chumbacasino.com. Chumba Casino is a social (or online) casino based on virtual currency with embedded Sweepstakes cash prize gameplay.

Players in the US and Canada (excluding Quebec) can play Chumba Casino's portfolio of 26 slot machine games using either:

- Gold Coins: an entirely virtual currency that is non-redeemable and is purchased to play social casino games; or
- Sweepstakes Credits: awarded to players for free, including upon the purchase of Gold Coins. Sweepstakes winnings are redeemable for US\$ currency, with prizes paid out via PayPal. Players can also receive Sweepstakes Credits for free, without purchasing Gold Coins, in a number of ways including mail-ins, giveaways and other promotions.

Players can readily interchange between Gold Coins (i.e. virtual currency) and Sweepstakes cash-prize gameplay. Chumba Casino provides continuously updated player account balances in both Gold Coins and Sweepstakes Credits.

At present, VGW's sweepstakes gameplay technology is only available in the US and Canada (excluding Quebec) whilst its gold coin (or virtual currency) gameplay technology is available throughout the world. VGW intends to expand its sweepstakes gameplay technology into other gaming markets, subject to receipt of legal opinions confirming compliance with local laws.

VGW's primary marketing channel for Chumba Casino is through the Facebook social media platform which facilitates easy reach and distribution to massive global audiences, offering highly targeted marketing for increased effectiveness. VGW's primary payment platform is PayPal, the world's largest payment provider platform.

VGW plans to be a leading developer and publisher of casino and other related games on digital platforms, specialising in technology based convergence of social casino and real-money gaming offerings.

VGW's strategy following the implementation of the Schemes is to:

- continue to expand its Social Sweepstakes casino gaming platform in the United States and to expand across other key gaming product lines including: jackpots, poker and sports;
- expand into major Asian, European, African and Latin American gaming markets;
- pursue strategic acquisitions in the social games and gaming sectors to accelerate growth by integrating VGW's social sweepstakes gameplay technology with existing gaming businesses and their player-bases; and
- leverage the skills and expertise of VGW's highly experienced executive and leadership team.

At present, VGW's sweepstakes gaming platform is only available in the US and Canada (excluding Quebec). Prior to entering into new jurisdictions, VGW assesses Chumba Casino's compliance with the relevant local law. Where considered appropriate, VGW obtains legal advice from suitably qualified advisors as to Chumba Casino's compliance with the laws of that jurisdiction and acts in accordance with the advice provided.

In addition, Chumba Casino is distributed through Facebook and has its payments processed by PayPal. Facebook and PayPal have conducted their own due diligence in relation to Chumba Casino to ensure compliance with local laws in jurisdictions in which they operate.

(b) **Virtual currency and Sweepstakes Credits**

The Chumba Casino utilises a virtual currency known as Gold Coins, which can be purchased with a minimum initial purchase of US\$1. This entitles a player to 35,000,000 Gold Coins and 6,000 Sweepstakes Credits with a value of US\$60, as a first-time purchase bonus.

The Gold Coins facilitate gameplay on a 'social gaming' basis with virtual currency only. The Gold Coins are 'non-cash out enabled' and cannot be redeemed for cash or other real-world value by players. An important implication of the Gold Coins not being redeemable for cash is that Gold Coin purchases and gameplay do not constitute gambling, even when used to play casino games, and can be offered to players in almost all countries worldwide.

VGW offers a cash-prize sweepstakes within Chumba Casino, where the currency is given away to play and win Sweepstakes Credits for free and when players purchase Gold Coins with real money. The Sweepstakes Credits are a promotional tool to sell additional virtual currency. This is otherwise referred to as a 'trade promotion lottery' in Australia and a 'game of chance' or 'sweepstakes' in the United States.

As a promotional tool to sell more virtual currency packages, VGW offers a cash-prize sweepstakes within Chumba Casino, where the currency is given away to play-and-win Sweepstakes Credits for free, including when players purchase Gold Coins with real money. The Sweepstakes Credits can also be viewed as a promotional tool to sell additional virtual currency. This is otherwise referred to as a 'trade promotion lottery' in Australia.

Sweepstakes Credits are generally awarded on a 1-for-1 basis, with a denomination of US\$0.01 for each Sweepstakes Credit. For example, a US\$10 purchase of 900,000 Gold Coins would also entitle the player to 1,000 Sweepstakes Cash Credits with a denomination of US\$10. Sweepstakes Credits are redeemable for cash through PayPal, once they are played at the casino games to reveal their cash-prizes. Sweepstakes gameplay facilitates a cash-prize gaming experience in markets where online gambling may be prohibited.

The low minimum initial purchase of US\$1, entitling the player to 35,000,000 Gold Coins and 6,000 Sweepstakes Credits, is aimed at lowering the barriers to making a purchase and experiencing Chumba Casino's unique cash prize sweepstakes offering.

(c) **Revenue model**

VGW employs a 'freemium' business revenue-model on a comparable basis to the majority of operators in the social and online gaming industry.

Freemium is a pricing strategy by which a product or service (typically a digital offering or application such as software, media, games or web services) is provided free of charge, but money (i.e. a premium) is charged for proprietary features, functionality or virtual goods.

Chumba Casino sells Gold Coin packages (virtual currency), varying in size from 900,000 coins (US\$5) to 500,000,000 coins (US\$300). These allow players to enjoy Chumba Casino's slot machines for longer periods of time and/or at higher Gold Coin bet-levels, heightening their sense of risk and reward when playing at progressively larger virtual-currency bet levels.

Chumba Casino offers starting balances of 2,000,000 Gold Coins and 200 Sweepstakes Credits for free and makes this available to all players. Over 90% of players do not make purchases on Chumba Casino and enjoy the games and cash prize Sweepstakes for free, as is the case with the majority of other social casino games.

The freemium business model has increased the revenue potential of social casino games by lowering upfront barriers to gameplay and facilitating streams of micro-payments throughout the players' life cycle.

The cost of this entertainment experience is comparable to other forms of consumer entertainment. For example, VGW's unique paying players make average monthly purchases of approximately US\$150 per month. This could be considered a manageable expense relative to other forms of entertainment including land based casino gambling, movies, magazine subscriptions or cable television.

The combined social casino and Sweepstakes gameplay available at Chumba Casino is a consolidated revenue model, as described below.

Accounting	Line items	Comments
Gross revenue:	Player purchases of virtual currency	Players in eligible countries (US and Canada) receive Sweepstakes Credits as entries in the Chumba Casino Sweepstakes.
Less:	Refunds and chargebacks / disputes	Facebook and PayPal refunds, chargebacks and disputes.
Equals	Net Revenue	
Less:	Sweepstakes Cash Payments	Cash-prizes paid out to eligible Sweepstakes players who have requested a withdrawal of their Sweepstakes winnings.
	Payment processing fees	PayPal transaction fees for player purchases.
	Facebook Revenue Share	Approximately 30% of Gross revenue (where received through Facebook's Payments system).
Equals	Gross Margin	This averages approximately 40% of Gross Revenues.

(d) **Player characteristics**

Chumba Casino players can be divided into the following groups:

- non-spenders, who do not make any purchases;
- spending players, who spend less than US\$1,000 per month;
- large spending players, who spend over US\$1,000 per month; and
- VIPs, who spend over US\$10,000 per month.

VGW's top-tier of social gambling customers or VIPs are worth around 70 times as much as an average paying user. Only between 5-10% of the 70,000 monthly players on Chumba Casino pay for virtual currency packages. Average annual player spend is comparable to average levels for the real-money casino industry.

The concentration and fluctuations in Chumba Casino's revenues are affected by VIPs in a similar way to high-rollers in the real-money casino industry.

(e) **Combined Offerings**

The combination of social gaming and cash-prize gaming using Sweepstakes Credits is a core part of VGW's business model.

VGW's social sweepstakes gaming model overcomes regulatory, distribution and payment systems constraints associated with real-money online gaming in certain jurisdictions to provide a compliant cash-prize gaming offering with materially improved per user unit economics relative to other social gaming offerings.

This innovation has been a product of:

- VGW's proprietary sweepstakes gaming platform;
- VGW's operational experience in simultaneously handling virtual-currency and real-money players;
- VGW's expertise in understanding global sweepstakes and gaming laws; and
- VGW's use of Facebook and PayPal for its distribution and payment services.

(f) **Sweepstakes and anti-gambling laws**

VGW's Chumba Casino Sweepstakes is a compliant sweepstakes promotion in the United States and Canada (excluding Quebec).

The United States and many other jurisdictions prohibit private non-governmental entities from conducting a lottery or internet gambling operation.

A lottery is generally defined as any game in which the elements of prize, chance and consideration are present. Gambling is generally defined as staking or risking something of value on the outcome of any event that is determined at least in part by chance. In both cases, three discrete elements are present: prize, chance and consideration.

VGW's Sweepstakes have both the elements of prize and chance. The cash-prizes offered through the Chumba Casino have pecuniary value and chance is involved as winners of the prizes are determined at random by a computer algorithm.

Where a promotion contains the elements of prize and chance, its legality turns on whether consideration, or something of value required to be paid by the entrant, is also present. If a purchase or other direct payment of property or money is required to participate in the promotion, consideration exists and the promotion is an illegal lottery or gambling. It is generally accepted that the availability of a free method of participation that place all entrants on equal footing avoids the problem of consideration in a promotion.

VGW's Chumba Casino Sweepstakes have been structured so that the element of consideration has been removed. Players have the option of receiving Gold Coins for free. If an individual does not want to experience any of the games with Gold Coins and therefore does not wish to purchase Gold Coins they are still able to receive Sweepstakes Credits for free, without any consideration. In addition, all individuals who enter a Sweepstakes are treated equally, regardless of whether a person receives the Sweepstakes Credits for free or received the Sweepstakes Credits in connection with the purchase of Gold Coins. In the United States the concept of treating all group entrants equally is generally known as 'the rule of equal dignity.

VGW has obtained US and Canadian legal opinions confirming this position. VGW's compliance with applicable anti-gambling legislation in the US and Canada (excluding Quebec) has also been reviewed by Facebook and PayPal, which VGW uses for marketing and payments processing services and Vantiv, the NASDAQ listed payment processor.

(g) **Facebook**

VGW uses Facebook as its primary channel for the distribution and marketing of Chumba Casino. Facebook is the world's largest social network, with circa 1.55 billion users. It provides a place for connection through the sharing of photos, videos and text updates and provides the social platform for the majority of the social gaming industry, hence the terminology.

VGW's primary acquisition tools are Facebook ads that refer traffic to the Chumba Casino Facebook application. VGW operates hundreds of player acquisition activation and engagement campaigns every month through the Facebook platform, running marketing campaigns in a highly granular and data-centric basis. Facebook provides dozens of data points, covering demographics, interest targeting and player spend activity that are extremely helpful to VGW in creating highly targeted and optimised acquisition and retention marketing campaigns.

Facebook also processes payments for the Chumba Casino Play application. Facebook receives a fee of 30% when users make purchases using this payments infrastructure. This is only relevant for applications inside Facebook's canvas on its domain, and excludes VGW's platform at www.chumbacasino.com, where the majority of VGW's revenues are derived.

(h) **PayPal**

VGW uses PayPal as the primary channel to processes its cash-prize payout transactions.

PayPal is the world's premier online payments platform, processing around 12.5 million payments per day. PayPal has approximately 170 million active customer accounts, with an open and secure payments system where people can securely transact with each other online, in stores and on mobile devices. PayPal facilitates money transfers without the sharing of financial information and provides VGW players with the flexibility to pay using their PayPal account balances, bank accounts, PayPal Credit and credit cards.

United States legislation, and in particular the *Unlawful Internet Gaming Enforcement Act 2006* (US), make it illegal for payment providers to process payments in connection with the provision of online gambling services. VGW's payment system suppliers (Facebook, Paypal and NASDAQ listed payment processor Vantiv) have reviewed VGW's Chumba Casino Sweepstakes.

Although the existing PayPal and Facebook based payments systems utilised by VGW are a reliable payments solution.

VGW is also actively seeking to develop alternative payments system solutions to provide additional payment options to its players via a leading third-party payment system in the medium-term, and the potential development and/or ownership of a proprietary payment system in the longer term.

(i) **Scalable infrastructure**

VGW's products are built on a cloud computing infrastructure. VGW uses a combination of off-the-shelf and custom software running on substantial computing capability powered by the leader in social game systems (and cloud hosting), Amazon Web Services. The expected growth in VGW's player-base and the level of engagement and sharing by users will lead to an increase in VGW's computing

needs. VGW aims to provide its products rapidly and reliably to all of its users through the use of robust, scalable services provided by cloud computing specialists such as Amazon Web Services.

(j) **Existing games portfolio**

VGW's Chumba Casino operates a portfolio of 26 slot machines, available for both virtual currency and Sweepstakes cash-prize play. The Chumba Casino portfolio includes a variety of games with differing:

- (1) art styles, appealing to variety of demographic groups from the casual gamer to the more sophisticated real-money slots player;
- (2) math-model volatility, varying from low-intensity, frequent-win games with relatively low-feature wins, to high-volatility games where feature wins can trigger extremely large that are normally favoured by real-money gamblers; and
- (3) feature game characteristics, varying from simplistic free-spin multiplier features, to complex multi-option feature games that provide a mixture of player experiences.

Chumba Casino's slots portfolio has been developed by a team of highly credentialed game designers and developers, each with years of experience in the slot machine game development industry with market leaders such as Aristocrat, IGT and Bally.

(k) **New product verticals**

VGW's new product development focus is to optimise player revenues and loyalty by delivering proven, highly engaging gaming products in casino and related verticals of jackpots, table games and sports betting.

Jackpots

VGW is currently developing the capability to introduce jackpots to its slots portfolio with very large virtual currency and Sweepstakes cash prize pools. These will take the form of both insured and progressive jackpots.

The use of prize insurance by VGW will protect VGW from the incidence of a large sweepstakes jackpot being won earlier than expected. VGW expects the insured jackpot prize pool to start at \$1 million. Proven game mechanics and jackpot popularity may lead to the prize pool extending to significantly higher amounts, all covered by insurance to mitigate the financial risk and provide the legitimate opportunity for VGW's players to play for life-altering jackpot/lottery size prizes.

VGW is also developing progressive jackpot features within its games whereby jackpots continue to accumulate based on the collective amount entered in the Sweepstakes from players in the progressive jackpot games.

These are common jackpot designs seen in land-based slot machines and are being replicated by VGW "in the cloud".

VGW's jackpot products with insurance would enable a larger jackpot pool than any land-based casino slot game. This would provide players with an improved game experience and/or better odds of triggering a jackpot.

Blackjack, Roulette, Poker and Baccarat

VGW is also developing inside Chumba Casino a suite of casino table games, such as Blackjack, Roulette, Poker and Baccarat, for use on a virtual-currency and Sweepstakes cash-prize basis. This will provide a more authentic casino gaming

experience for those players seeking table games, as well as slot machine gameplay.

VGW, in partnership with a specialist real-money poker supplier, has already developed a social sweepstakes poker product. This will have the advantage of being able to offer cash-prize winnings in each pot or tournament, versus no-winnings with social poker.

VGW expects that its Social Sweepstakes Poker will gain market share from the incumbent social poker operators due to the added dimension of cash-prize gameplay that cannot be offered by VGW's competitors.

VGW's Social Sweepstakes Poker has been reviewed by Facebook for distribution on its platform, with a similar level of due diligence to that already undertaken by Facebook in respect of Chumba Casino.

Sports

VGW also plans to offer virtual-currency and sweepstakes based sports products for desktop and mobile devices. The launch of these products is planned for 2016.

The rise of Daily Fantasy Sports across the United States, with approximately 40 million players per annum, is demonstrative of the large market for real-money sports gaming products in the United States. VGW is in the process of designing a unique sweepstakes product offering that is not only compliant with US anti-gambling laws, but is also mindful of the cultural sensitivities to sports betting activities in the US. This product may incorporate elements of Daily Fantasy Sports that has proven to have mass-market appeal in the United States, with the added element of both virtual currency and sweepstakes gameplay.

(l) Social gaming features

VGW uses Facebook as the primary channel for the distribution and marketing of Chumba Casino. Facebook provides unique social gameplay features that enhances VGW's ability to continually engage and communicate with its player base

Chumba Casino's games are being developed to directly leverage the unique characteristics of gameplay on social media platforms including:

- social interaction and competition with friends;
- collaboration with friends;
- options to invite friends to play;
- sharing achievements with other players;
- public (or otherwise shared) notification of gameplay progress;
- continuous feedback on progress; and
- integration with social status features.

(m) Cross-platform distribution

VGW is developing cross-platform distribution capabilities to fully harness the growth of new distribution channels, such as mobile phones and tablets.

This added distribution capability will allow players to play wherever they are: on desktops, laptops, tablets or Apple's iOS or Google's Android mobile devices. It

will also facilitate players switching between devices and platforms and continuing their gameplay wherever they left off.

These cross-platform capabilities are expected to be widely adopted by VGW's audience and increase engagement and retention. The deployment of VGW's proprietary mobile gaming platform is the first key milestone towards having a full cross-platform offering and is expected to occur in 2016.

(n) **'Big data' analytics**

The Chumba Casino platform has been developed with significant analytic capabilities, as data-points around gameplay, purchase activity, cashouts, retention and engagement are measured in real-time. This capability provides VGW with powerful data to help optimise its casino game portfolio. The analytics also provide a powerful base for customer relationship management, with detailed insights into the player base to optimise player retention and engagement.

VGW processes and analyses a significant amount of data shared by its users, developers, and marketers and endeavours to use the most relevant content in real-time to provide a personalized experience to various player groups. VGW invests extensively in developing analytics, large-scale data management and software performance for this purpose.

(o) **Globalised support services**

VGW provides support services to Chumba Casino players on a 24 hours-a-day and 7 days-a-week basis. Support service specialists and managers are employed in VGW's office in Manila with rolling shifts. The team in Manila can be readily scaled as Chumba Casino expands.

VGW's globalised approach to support services has enabled lower fixed overheads and keeps the overall cost base low relative to the quality of the service provided. Manila is also the geographical centre of licensed real-money online gaming in Asia, and there is a large pool of foreign expats as well as trained and experienced local staff members employed in the real-money gaming industry. VGW expects to continue drawing upon this pool of knowledge and talent in the region, particularly when expanding into Asia.

(p) **Future expansion**

VGW is an industry pioneer in terms of innovation across social casino, sweepstakes casino and real-money online play having developed this technology across multiple product iterations.

VGW will continue to expand on its knowledge and experience in this area, creating unique opportunities across product verticals such as table games, poker and jackpots while expanding internationally. This will be achieved by continuing to build on the technology and operational capabilities created over the last 5 years.

VGW's primary objective is to secure market share through organic growth and expanding into new product verticals, however this growth may be supplemented through future acquisitions.

United States

Notwithstanding the enactment of the *Unlawful Internet Gaming Enforcement Act 2006* (US), the United States remains one of the world's largest online gaming markets. VGW's Social Sweepstakes gaming technology has experienced a strong rate of early adoption in the United States. The dual social and cash-prize payout technology is able to simultaneously service both social casino players and those who are seeking a cash-prize gaming experience.

The United States market is largely unrealised from the perspective of servicing players seeking a cash-prize online gaming experience and this should continue to underpin strong growth in VGW's share of the US online gaming market.

International

VGW's Social Sweepstakes gaming technology has significance on a global-scale and can be deployed across a number of international jurisdictions, subject to compliance with local laws. VGW's international growth will focus on unregulated and to-be-regulated markets to more effectively grow market share. Asia and Latin America are regarded as potential high-growth regions, with Europe a mature real-money online gambling region that may offer some opportunities with respect to the VGW's Social Sweepstakes gaming technology.

VGW's sweepstakes gaming technology is only available in the US and Canada (excluding Quebec). VGW's expansion into markets beyond the US and Canada (excluding Quebec) will be dependant, in each case, upon VGW obtaining legal opinions confirming that VGW's sweepstakes gaming technology is compliant with local laws.

1.3.1 Directors

At the date of this Notice, the VGW Board comprises the following Directors:

Director's name	Position
Nigel Blythe-Tinker	Executive Chairman
Laurence Escalante	Executive Director
Mats Johnson	Executive Director
Lorenzo Escalante	Non-Executive Director

Biographies in relation to the VGW Directors are set out below:

(a) Nigel Blythe-Tinker, B. Law - Executive Chairman and Chief Legal Officer

Nigel Blythe-Tinker has extensive United Kingdom and international corporate experience spanning over thirty years and covering all forms of merger and acquisition, divestments, corporate finance, restructurings, AIM and FTSE 100 flotation's, corporate governance matters and incentive schemes.

Mr Blythe-Tinker has assisted with the successful stock-exchange listing of a number of companies in his career including:

- William Hill plc: which was listed in 2002 on the London Stock Exchange. Mr Blythe-Tinker was a member of the Executive Director Management Committee over a period of 6 years, during which time, the enterprise value of the company increased from £825m (1996) to £1.4 billion (on flotation in 2002).
- Gaming VC SA, which was listed on the AIM in 2004. Mr Blythe-Tinker was the Non-executive Chairman from 2005 to 2014.

He was, until recently, between 2008 and 2015, the Non-Executive Chairman of Pentasia Limited, which is the leading iGaming recruitment company operating in the USA, UK, Malta, Italy, Spain and South America.

He holds Bachelor of Laws degree (LLB), various business qualifications and is a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS).

(b) **Laurence Escalante, B. Commerce - Managing Director and Chief Executive Officer**

Laurence Escalante is a gaming and technology entrepreneur with a background in the financial services sector.

Mr Escalante has been an angel investor, founder and entrepreneur in the games industry for 11 years, founding White Knight Games in 2004, and was a founder and angel investor in Anino Mobile, one of the Philippines' premier game development studios (and which was acquired by Playlab in 2014).

Since founding VGW in 2010, Mr Escalante has led the raising of approximately \$15 million in early-stage funding, the invention of multiple innovations in real-money and virtual-currency gaming (including VGW's market leading Social Sweepstakes gaming products) and the development of VGW's global and highly specialised development and operations teams.

Mr Escalante has previous experience as a technical specialist in investment advisory, superannuation, taxation and financial planning gained over a period of 10 years.

Mr Escalante studied Economics and Actuarial Studies at Macquarie University.

(c) **Mats Johnson - Executive Director and Chief Marketing Officer**

Mats Johnson is an accomplished technology and online gaming leader with significant experience in establishing and growing online businesses globally.

Over the last 15 years, Mr Johnson has lead the growth of several well-known online gaming companies including as General Manager at Centrebet, Director at Coral Eurobet, Chief Executive Officer at Playsafe and Chief Marketing Officer at Expekt.

Mr Johnson has lead large and often geographically dispersed teams and formulated and executed global marketing strategies and operational plans delivering significant and profitable growth in both new and established markets.

Mr Johnson has expertise in digital marketing, both acquisition and retention, and in-depth experience in successfully building and managing online brands globally.

Mr Johnson also has extensive mergers and acquisitions experience having been actively involved in six successful exits of online gaming companies, including the £2.18 billion sale of Coral Eurobet to Gala Group.

(d) **Lorenzo Escalante - Non-Executive Director**

Lorenzo Escalante is a highly experienced business intelligence specialist and IT professional with a focus spanning almost 20 years in big data analytics for major Australian corporations.

Mr Escalante has provided specialist business intelligence services to Woodside, BHP Billiton, Commonwealth Bank of Australia, Swiss Re and Visy, and has been employed by OnePath (ANZ), AAPT and Landcorp. He has extensive experience across multiple business intelligence platforms, in particular SAP BusinessObjects.

Mr Escalante is the founder of Lance East Corporation, the founding shareholder of VGW, and has guided Laurence Escalante's knowledge of big data analytics as it applies to VGW's gaming business.

Mr Escalante is currently the sole Non-Executive Director of VGW and is Chairman of VGW's Remuneration Committee.

1.4.1 Senior management

As at the date of this Notice, the key members of VGW's senior management team include:

Name	Position
Laurence Escalante	Chief Executive Officer
Rointon Nugara	Chief Financial Officer
Kevin Brown	Chief Operating Officer
Mats Johnson	Chief Marketing Officer
Nigel Blythe-Tinker	Chief Legal Officer

Biographies in relation to Rointon Nugara and Kevin Brown are set out below:

(a) **Rointon Nugara, *B. Business* - Chief Financial Officer**

Rointon Nugara has over 26 years of experience in finance and accounting.

Mr Nugara started his career Arthur Young (later Ernst & Young) and then joined Sterling Winthrop Pharmaceuticals as an accountant. He then spent 7 years at Singtel Optus, Australia's second largest telecommunications company, in various positions, culminating in the role of Commercial Manager in the Optus Business division. Prior to joining Two Way, he served as Planning & Analysis Manager at Foxtel.

Mr Nugara served as Chief Financial Officer at Two Way Limited from 2005 to 2013 and as the Company Secretary from 2007 to 2013.

Mr Nugara has been a member of Australian Society of CPAs since 1992.

(b) **Kevin Brown - Chief Operating Officer**

Kevin Brown is an experienced operations director, program manager and digital specialist, with an extensive background in ecommerce, project management, product development and digital marketing optimisation.

Mr Brown was the founder, Chief Executive Officer and Managing Director of gaming company BidRivals Australasia, where he grew the business to cashflow positive within 5 days, creating its largest global division. He then oversaw the global parent's buyout of BidRivals Australasia.

As a specialist digital consultant, his clients have included RAC, Nearmap (ASX: NEA), and WA Business News, where he has led the transformation of their digital strategy and e-commerce products.

Mr Brown was the Operations Manager at digital optimisation specialist Memetrics, which was acquired by Accenture, where he continued as a manager and consulting ecommerce specialist to large, multinational corporations including eBay, American Express, Telstra, Westpac and Crown Casino.

Mr Brown also has extensive program and project management experience, including overseeing the scoping, design, build and rollout of privately held building conglomerate BGC's Enterprise Resource Planning system within 24 months.

1.5.1 Capital structure

As at the date of this Notice, VGW has the following securities on issue:

Class	Number on Issue
Shares	942,035,022 ¹
Options	95,662,112
Performance Shares	650,000,000

Notes:

1. VGW will issue the following securities after the date of this Notice:

- (a) 10,833,333 VGW Shares to various VGW employees and contractors on 1 January 2016;
- (b) 12,382,269 VGW Shares to Akru Jessy Capital on the Schemes becoming Effective; and
- (c) 14,282,841 VGW Shares to Convertible Noteholders on the Schemes becoming Effective.

To the extent the above Shares and Options are issued prior to the Record Date, these VGW Securityholders will participate in the Schemes on the same basis as other Scheme Participants.

1.6.1 Register of members

In accordance with sections 169 and 170 of the Corporations Act, VGW maintains a register of the names of all VGW Securityholders. Pursuant to section 173 of the Corporations Act, VGW Shareholders and VGW Optionholders may, upon request:

- (a) inspect the VGW Register free of charge; and
- (b) obtain a copy of the VGW Register, subject to payment of a prescribed fee to VGW.

1.7.1 Top 5 Shareholders

As at the date of this Notice, the top 5 Shareholders of VGW are as follows:

Shareholder	Shares	%
Lance East Corporation ¹	440,000,000	48.2
Timothy Allinson	50,000,000	5.5
Passio Pty Ltd	19,000,000	2.1
Kevin Brown	17,409,167	1.9
Rointon Nugara	15,833,333	1.7

Notes:

- 1. Laurence Escalante is the sole director and shareholder of Lance East Corporation. He holds these shares on trust for the Escalante Family Trust of which he is a beneficiary.
- 2. Kevin Brown will receive an additional 3,333,333 VGW Shares on 1 January 2016.
- 3. Rointon Nugara will receive an additional 4,166,667 VGW Shares on 1 January 2016.

1.8.1 Directors' interests in VGW securities

As at the date of this Notice, the number of VGW Securities held beneficially by or on behalf of each of the Proposed Directors is as follows:

Director's name	Shares	Options	Performance Shares
Nigel Blythe-Tinker ¹	12,200,000	2,000,000	Nil
Laurence Escalante ²	440,000,000	Nil	650,000,000
Mats Johnson ³	Nil	Nil	Nil
Lorenzo Escalante ⁴	Nil	Nil	Nil

Notes:

1. In addition to his Scheme Consideration, Mr Blythe-Tinker will receive 9,000,000 Chairman's Options and 9,000,000 Employee Options on the implementation of the Schemes.
2. In addition to his Scheme Consideration, Mr Escalante will receive 25,000,000 Managing Director Options and 5,986,160 Employee Options on the implementation of the Schemes.
3. Mr Johnson will receive 9,270,300 Employee Options on the implementation of the Schemes.
4. Mr Lorenzo Escalante will receive 2,333,333 Shares and 1,095,000 Employee Options on the implementation of the Schemes.

1.9.1 Performance Shares

VGW has 650,000,000 Performance Shares on issue, all of which are held by Lance East Corporation (**VGW Performance Shares**). Lance East also holds 440,000,000 Shares in VGW. In addition, Mr Escalante will receive 25,000,000 Managing Director Options and 5,986,160 Employee Options on the implementation of the Schemes

On 4 December 2015, Synergy entered into an agreement with Lance East Corporation to acquire all of the VGW Performance Shares from Lance East Corporation in return for the issue of an equal number of Performance Shares (**Performance Share Transfer Agreement**), on substantially the same terms and conditions as the VGW Performance Shares. This agreement is conditional upon the Schemes being implemented and, subject to this condition being met, will complete on the Merger Implementation Date.

1.10.1 Historical financial information

The financial information set out in this section is a summary only. Full financial statements for VGW for the most recent financial years ended 30 June 2013, 30 June 2014 and 30 June 2015 are available free of charge by requesting a copy from the proposed Company Secretary, Rointon Nugara, on +61 2 8599 2507 or rointon.nugara@vgw.co.

(a) Consolidated profit and loss

The following table presents a summary of the consolidated profit and loss of VGW for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 as extracted from VGW's audited financial report for those years.

	Audited Year ended 30 June 2015 \$000	Audited Year ended 30 June 2014 \$000	Audited Year ended 30 June 2013 \$000
Continuing operations revenue	3,711	1,205	-
Other revenue	-	-	-

	Audited Year ended 30 June 2015 \$000	Audited Year ended 30 June 2014 \$000	Audited Year ended 30 June 2013 \$000
Revenue from continuing operations	3,711	1,205	-
Cost of sales	(2,187)	(1,035)	-
Gross profit/(loss)	1,523	170	-
Other income	433		-
Employee benefits	(1,014)	(225)	(109)
Administration expenses	(509)	(775)	(499)
Marketing and advertising expenses	(481)	(1,492)	(66)
Amortisation expenses	(916)	(766)	(107)
Occupancy expenses	(41)	(17)	(1)
Finance costs	(5)	-	(10)
Share based payment expense	(1,298)	(1,079)	(69)
Other expenses	(388)	(369)	(105)
Profit/(loss) before income tax	(2,696)	(4,124)	(966)
Income tax (expense)/ benefit	-	-	-
Profit/(loss) after income tax	(2,696)	(4,124)	(966)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	(2,696)	(4,124)	(966)

(b) **Consolidated statement of financial position**

The following table present summary of the consolidated statement of financial position for VGW as at 30 June 2013, 30 June 2014 and 30 June 2015 as extracted from VGW's audited financial report for those years.

	Audited Year ended 30 June 2015 \$000	Audited Year ended 30 June 2014 \$000	Audited Year ended 30 June 2013 \$000
Current Assets			
Cash and cash equivalents	808	944	666
Trade and other receivables	504	991	114

	Audited Year ended 30 June 2015 \$000	Audited Year ended 30 June 2014 \$000	Audited Year ended 30 June 2013 \$000
Inventories	-	-	-
Other assets	-	-	-
Total Current Assets	1,312	1,935	780
Non-Current Assets			
Trade and other receivables	-	-	-
Inventories	-	-	-
Property, plant and equipment	-	-	2
Intangible assets	5,624	5,323	2,685
Equity accounted investments	-	-	-
Deferred tax assets	-	-	-
Other Assets	-	-	4
Total Non-Current Assets	5,624	5,323	2,691
Total Assets	6,936	7,258	3,471
Current Liabilities			
Trade and other payables	(955)	(698)	(291)
Interest bearing loans and borrowings	-	-	-
Provisions	(35)	(17)	-
Total Current Liabilities	(990)	(715)	(291)
Non-Current Liabilities			
Trade and other payables	-	-	-
Interest bearing loans and borrowings	-	-	-
Provisions	-	-	-
Total Non-Current Liabilities	-	-	-
Total Liabilities	(990)	(715)	(291)
NET ASSETS	5,946	6,543	3,180
Equity			
Issued capital	16,393	13,698	5,998
Accumulated losses	(9,656)	(6,960)	(2,836)
Reserves	694	827	419
Capital raising costs	(1,485)	(1,021)	(401)
Parent interests	5,946	6,543	3,180
Non-controlling interests	-	-	-
TOTAL EQUITY	5,946	6,543	3,180

1.11.1 **Change in financial position**

Since June 30 2015, VGW has undertaken the following capital raisings:

- (a) \$2,517,700 in July and August 2015; and
- (b) \$1,500,000 in December 2015.

The effect of these raisings on VGW's financial position (as stated in the financial reports as at 30 June 2015) is to increase the cash balance of the VGW as set out above.

1.12.1 **Directors' intentions if Schemes are implemented and Resolutions Approved**

In accordance with the requirements of the Corporations Act, this section contains a statement of the VGW Directors' current intentions regarding:

- the continuation of the business of VGW or how the existing business will be conducted;
- major changes, if any, to the business or assets of VGW; and
- the future employment of the present employees of VGW,

in the event that the Schemes are implemented and the Resolutions approved.

Following the implementation of the Schemes and approval of Resolutions:

- (a) the head office of VGW will remain in Perth, Western Australia.
- (b) the Directors of VGW will be appointed to the board of Synergy;
- (c) it is intended that the Proposed Directors will remain as Directors of VGW;
- (d) there is no intention to change VGW's business operations other than as set out in this Notice;
- (e) there is no intention to redeploy any of VGW's fixed assets; and
- (f) there is no intention to change VGW's management team or to make any major changes to VGW's other employees.

1.13.1 **Directors' intentions if Schemes are not implemented**

If the Schemes do not proceed and the Resolutions are not approved, the VGW Directors intend to continue to operate the business of VGW in the ordinary course, with a focus on seeking a listing on ASX either through an initial public offer or a merger with an ASX listed entity. In the event the Schemes do not proceed, the VGW Directors have no present intention to make any major changes to the business of VGW, to redeploy the assets of VGW, or to terminate the employment of the present employees of VGW.

If the Resolutions are not approved and the Schemes are not implemented it is likely that Synergy will be delisted and the Company will be forced to seek alternative opportunities which may not be as attractive as the VGW Acquisition. The Directors can not be certain that Synergy will be a going concern if the Resolutions are not approved and Synergy may be wound up or enter into administration.

1.3 **Agreement**

Set out below is a summary of the terms of the Agreement.

- (a) **Conditions Precedent**

Settlement of the VGW Acquisition is conditional upon the satisfaction (or waiver) of the following conditions precedent (**Conditions**):

- (i) completion of financial, legal and technical due diligence by the Company on VGW. As at the date of this Notice of Meeting, this Condition has been satisfied;
- (ii) completion of a capital raising by the Company to raise a minimum of \$3,500,000 through the issue of Shares at an issue price of \$0.05. The Capital Raising is the subject of Resolution 4;
- (iii) completion of a consolidation of capital by the Company on a ratio of 50:1 (**Consolidation**);
- (iv) the Company obtaining all necessary shareholder approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to lawfully complete the matters set out in the Agreement;
- (v) the Company obtaining all necessary third party approvals or consents to give effect to the matters set out in the Agreement to allow the Company to lawfully complete the matters set out in the Agreement;
- (vi) the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law to allow the Company to lawfully complete the matters set out in the Agreement, including but not limited to, approval for official quotation on ASX on conditions satisfactory to the Company;
- (vii) VGW implementing the Schemes; and
- (viii) execution of the Underwriting Agreement, this condition has been satisfied.

If any of the Conditions are not satisfied (or waived) on or before the date specified in the Conditions or in the absence of a date on or before 5:00 pm (WST) on 31 March 2016, the Agreement will be at an end and the parties will be released from their obligations under the Agreement.

(b) **Consideration**

In consideration of the sale of 100% of the issued share capital of VGW to the Company, the Company will issue to the Vendors (or their nominees), on a post-Consolidation basis, a total of:

- (i) 932,183,398 Shares; and
- (ii) 95,662,112 Options,

(together the **Consideration Securities**).

The Consideration Securities will be subject to any escrow periods imposed by the ASX Listing Rules.

Approval for the issue of the Consideration Securities to the Vendors is the subject of Resolution 5, though it should be noted that the issue is conditional upon all Resolutions being approved.

(c) **Converting Loans**

As at the date of this Notice of Meeting, the Company has liabilities of \$950,000 (**Converting Loans**).

The Converting Loans will convert into Shares at a conversion price of \$0.05, on a post-Consolidation basis, upon Shareholder approval for the issue of Shares in satisfaction of the amounts loaned to the Company.

Approval for the issue of Shares in satisfaction of the Converting Loans is the subject of Resolution 7.

(d) **Settlement**

Settlement of the VGW Acquisition will occur 7 days following the date on which the Schemes are effective.

(e) **Board composition**

Upon Settlement, the Directors of the Company will consist of four persons appointed by VGW. It is intended that all of the current Directors will resign with effect from no later than Settlement.

(f) **Representations and warranties**

The Agreement contained representations and warranties given by the Company and VGW typical for an agreement of this nature.

1.4 Consolidation of Capital

The Company proposes to undertake the Consolidation of its issued capital on the basis of 1 Share for every 50 Shares held, as set out in further detail in section 3 of this Explanatory Statement (**Consolidation**).

Approval for the Consolidation is the subject of Resolution 2.

1.5 Capital Raising

In order to fund the VGW Acquisition, to comply with Chapters 1 and 2 of the ASX Listing Rules and meet the conditions of the Agreement, the Company proposes to conduct the Capital Raising to raise up to \$3,500,000 (before costs) via the issue of 70,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.05 per Share. The Capital Raising will be conducted under a prospectus to be prepared by the Company.

Approval for the issue of Shares pursuant to the Capital Raising is the subject of Resolution 4.

1.6 New Board of Directors

In accordance with the terms of the Agreement, and with effect from Settlement, Domenic Martino, Christopher Martino and Phillip Silva will retire as Directors and four nominees of VGW will be appointed to the Board of the Company. The proposed Directors are Laurence Escalante, Nigel Blythe-Tinker, Mats Johnson and Lorenzo Escalante (**Proposed Directors**). Summaries of the background and experience of each of the Proposed Directors is set out in section 1.2 of this Explanatory Statement.

1.7 Change of Name

As a result of the VGW Acquisition, the Company proposes to change its name to "VGW Gaming Limited". Approval for the change of name is the subject of Resolution 10.

1.8 Proforma capital structure

The capital structure of the Company following completion of the matters contemplated by the Resolutions is set out below:

Class	Number on issue
Shares	1,103,341,622
Options	280,088,892
Performance Shares	650,000,000

The following is a summary of the various share and option issues that will take place as part of, or in connection with, Settlement:

Issue	Shares	Options	Performance Shares
Existing securities on issue	14,808,157	-	-
Shares to satisfy third party debt	19,000,000	-	-
Shares to satisfy related party debt – Minimum Risk	20,000,000	6,000,000	-
Scheme Consideration	932,183,398	95,662,112	-
Performance Shares	-	-	650,000,000
Offer pursuant to Prospectus	70,000,000	-	-
Underwriter Options	-	72,500,000	-
Chairman's Options	-	9,000,000	-
Shares and Options pursuant to Employee Share and Option Plan	47,350,067	96,926,780	-
Totals	1,103,341,622	280,088,892	650,000,000

Notes:

1. Assumes no further securities are issued prior to completion of the matters the subject of the Resolutions, other than as set out in the table. The post-Consolidation issued capital of the Company is only an estimate and is subject to variation, for example arising from rounding of individual Security holdings.

1.9 Pro-forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the VGW Acquisition is set out in Schedule 2.

1.10 Proposed Budget

The Company has current cash reserves of \$152,379 as at the date of this Notice of Meeting.

If the VGW Acquisition is completed, the Company intends to apply the current cash reserves, together with the proposed Capital Raising funds and cash of VGW, which when aggregated with existing cash reserves would give a total of \$6,624,379 funds available, as follows over the next two years:

Item	Proposed Capital Raising (\$3.5 million) plus existing cash
Marketing	4,000,000
New Product Development	1,000,000
General working capital and costs	1,624,379
TOTAL	6,624,379

Please note the Board reserves the discretion to modify the proposed Capital Raising and the table above.

1.11 Anticipated timetable for the key business the subject of the Resolutions

Event	Date
Announcement of the VGW Acquisition	27 October 2015
Dispatch of the Notice to Shareholders	29 December
Lodgement of Prospectus	4 January 2016
Prospectus offer opens	11 January 2016
Prospectus offer closes	28 January 2016
General Meeting of Shareholders ASX notified whether Shareholder approval has been granted for the Resolutions	29 January 2016
Date that securities would ordinarily commence trading on a deferred settlement (post-Consolidation) basis**	1 February 2016
Last day to register transfers on a pre-Consolidation basis (although the Company is anticipated to remain suspended at this stage)	3 February 2016
First day for the Company to send notice to each security holder of the change in their details of holdings First day for the Company to register securities on a post-Consolidation basis First day for issue of new holding statements	5 February 2016
Issue date – deferred settlement market ends** Last day for the Company to send notice to each security holder of the change in their details of holdings Last day to send new holding statements and enter securities into the holders' security holdings	11 February 2016
Subject to Directors' satisfaction that the Conditions in the Agreement are satisfied (or waived), Settlement of the Agreement Issue of Shares and Options under the Resolutions	19 February 2016
Normal T+3 trading anticipated to commence on a post-Consolidation basis and commencement of trading of Shares on ASX (subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and subject to ASX agreeing to reinstate the Company's Shares to quotation)	Around 19 February 2016

* The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders. It should further be noted that the timetable is dependent upon the implementation of the Schemes.

** As the Company's securities are anticipated to be suspended from trading, deferred settlement trading will not occur.

1.12 Board intentions if completion of VGW Acquisition occurs

In the event that the Capital Raising is successful, the funds raised from the Capital Raising, together with the Company's existing cash reserves, will be used to:

- (a) and fund marketing campaigns for player acquisition and accelerated revenue growth and run the business as described in detail at section 1.2.1;
- (b) fund the development of new product initiatives, including social sweepstakes Poker and Live Dealer Casino;
- (c) the costs of the matters proposed in the Acquisition Resolutions; and
- (d) and working capital of the Company.

1.13 Advantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on each Resolution:

- (a) the VGW Acquisition represents an opportunity for the Company to acquire an interest in the online gaming industry, particularly the real money casino sweepstakes market;
- (b) the acquisition of an existing company will enable the Company to tap into the established nature of VGW's business;
- (c) VGW has existing revenue streams which the Company will have access to on Settlement; and
- (d) the proposed board and management of VGW has extensive experience and a proven track record within the online gaming industry.

1.14 Disadvantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on each Resolution:

- (a) the Company will be changing the nature and scale of its activities to become an online gaming company, which may not be consistent with the objectives of all Shareholders;
- (b) the acquisition of VGW will result in the Capital Raising and issue of the Consideration Securities, the Shares on conversion of the Converting Loans and the Options as set out in the Resolutions, which will have a dilutionary effect on the holdings of Shareholders; and
- (c) there are risks associated with the change in nature and scale of the Company's activities, some of which are summarised in section 1.15 of this Explanatory Statement.

1.15 Risk factors

Shareholders should be aware that if the VGW Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from VGW, parties contracted or associated with VGW and the Agreement and other agreements.

The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers immaterial, which may affect the Company and VGW. Based on the information available, a non-exhaustive list of risk factors for the Company, associated with the Company's proposal to acquire all of the VGW shares is set out below.

Company Specific

(a) Summary

There are a number of specific risks involved for the Company, and consequently its Security holders, in the acquisition of VGW, including risks specific to the business and assets of VGW, which include the following non-exhaustive list:

- (i) the Company's ability to operate in the future will depend in part on whether it is able to effectively commercialise its products. This will depend on successful completion of product development activities, obtaining regulatory approvals and on there being commercial demand for such products which cannot be guaranteed; and
- (ii) the Directors make no forecast of whether the Company will ever be profitable.

(b) Regulatory environment

Presently, VGW Holdings operations are subject to applicable laws and regulations in the jurisdictions in which it operates. Users, competitors, members of the general public or regulators could allege breaches of legislation in the relevant jurisdictions (for example, if an advertisement was considered to be misleading or deceptive). This could result in remedial action or litigation, which could potentially lead to the Company being required to pay compensation or a fine.

The Company's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon the Company's profitability. In addition, if regulators took the view that the Company had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant damage to the Company's reputation and consequently impact on its revenue.

The Company intends to offer the VGW Holdings Products, and any future developed products, throughout the world. Regulatory changes could see the Company being required to hold a licence in some of these jurisdictions or otherwise comply with local regulations. This could preclude the Company from offering certain services in these jurisdictions until such a licence has been obtained, or may require the Company to comply with a range of regulatory requirements. Any such increase in the costs and resources associated with the regulatory compliance in these jurisdictions could impact upon the Company's revenues and profitability.

(c) Reinstatement of Shares to trading on ASX

It is anticipated that the Company's Shares will be suspended up until the date of implementation of the Schemes. In the event that all Acquisition Resolutions are approved at the Meeting, it is anticipated that the Company's Shares will remain suspended until completion of the Agreement, Capital Raising and Consolidation, compliance by the Company with Chapters 1 and 2 of the ASX

Listing Rules and compliance with any further conditions ASX imposes on such listing.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its listed Shares may consequently remain suspended from quotation and the Company may be removed from the Official List of the ASX.

(d) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and VGW depends substantially on senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company and VGW if one or more of these employees cease their employment or if one or more of the Proposed Directors leaves the Board.

Industry Specific

(a) **Forecasts**

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or VGW's business or whether any revenues or profitability will eventuate. The business of the Company and VGW are dependent upon a number of factors and many of these factors are outside the control of the Company. Consequently the Company, the Directors and the Proposed Directors do not make any forecast or representation in relation to the Company or VGW's future financial position or performance.

(b) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the estimates summarised in this Explanatory Statement. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and the Company's and VGW's proposed business.

(c) **Contractual Risks**

The business of VGW has a significant dependence on its counterparties and their ability to meet their contractual obligations pursuant to the agreements entered into with VGW.

The ability of the Company and VGW to achieve their stated objectives will depend upon the performance of counterparties to each agreements, of their respective obligations under those agreements, If any counterparty defaults in the performance of their obligations, it may be necessary for the Company or VGW (as the case may be) to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

The Company has no current reason to believe that any of the parties which it or VGW has contracted with will not meet and satisfy their obligations under their respective agreements.

(d) **Competition**

There is significant competition in the online gaming industry generally. There is no assurance that VGW or the Company will succeed in the strategy of developing products that are effective or economic. Competitors' products may

render the potential digital gaming products obsolete and/or otherwise uncompetitive.

The Company and VGW may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. If the Company or VGW are successful in developing its products, which may never occur, such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's and VGW's potential future business, operating results and financial position.

(e) Risk of international operations and Legality

International sales and operations are subject to a number of risks, including:

- (i) Legal uncertainties surrounding the business model of VGW's products;
- (ii) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- (iii) potential difficulties in protecting intellectual property; and
- (iv) restrictive governmental actions, or changes to regulation or policy in any market in which the Company will operate.

Any of these factors could materially and adversely affect the Company and VGW's business, results of operations and financial condition.

General risks

(a) Additional requirements for capital

The funds raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future (including in relation to VGW) to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's and VGW's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company or VGW and might involve substantial dilution to Shareholders.

(b) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's and VGW's business activities and potential development programmes, as well as on their ability to fund those activities.

(c) Litigation Risks

The Company and VGW are exposed to possible litigation risks including, but not limited to, intellectual property claims, regulatory intervention, occupational health and safety claims and employee claims. Further, the Company or VGW may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's and VGW's operations, financial performance and financial position. The Company and VGW are not currently engaged in any material litigation.

(d) **Force Majeure**

The Company's and VGW's projects now or in the future may be adversely affected by risks outside the control of the Company and VGW including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) **Market conditions**

Share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or VGW or any return to Shareholders arising from the transactions the subject of this Notice or otherwise.

1.16 Intentions if VGW Acquisition is not approved

It is highly likely that if the Acquisition Resolutions are not passed ASX will remove the Company from the Official List and the Company will no longer be listed. In this case the Company will become an unlisted public company and there may be little or no market for its securities.

If the Acquisition Resolutions are not passed and the Agreement is not completed, the Company will seek alternative investment opportunities which will build Shareholder value, but will have to raise further funds to remain solvent.

1.17 Conditional Acquisition Resolutions

All Acquisition Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any one of the Resolutions is not approved at the Meeting, none of them will take effect and the Agreement and other matters contemplated by those Resolutions will not be completed pursuant to this Notice.

1.18 Directors' Recommendation

The Directors of the Company unanimously recommend the Company's proposed acquisition of VGW the subject of the Agreement and that Shareholders vote in favour of all of the Acquisition Resolutions.

2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

2.1 General

Resolution 1 seeks approval from Shareholders for the VGW Acquisition.

As outlined in section 1.1 of this Explanatory Statement, the Company has entered into the Agreement to whereby the Company proposed to acquire all of the issued capital in VGW.

The Agreement is subject to the Conditions summarised in section 1.3 above. A detailed description of VGW and its business is also outlined in section 1.2.

Resolution 1 is subject to the approval of all Resolutions.

2.2 Legal requirements

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (b) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (c) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (d) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of proposed VGW Acquisition and Capital Raising requires the Company in accordance with ASX Listing Rule 11.1.2 to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back door listing of VGW which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's Securities as restricted securities). It should be noted that the Company is currently suspended. If the Acquisition Resolutions are approved at the Meeting, it is expected that the Company's securities will remain suspended from quotation until the Company has acquired VGW pursuant to the Agreement and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

If the Acquisition Resolutions are not approved at the Meeting, it is expected that the Company's securities will not be reinstated to quotation on ASX's Official List after the Company announces the results of the Meeting in accordance with the ASX Listing Rules and Corporations Act and it is expected that ASX will permanently remove the Company from the Official List in accordance with its current policy on long-term suspended entities.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

Resolution 2 seeks Shareholder approval for the Company to consolidate the number of Shares on issue on a one (1) for 50 basis (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to seek to comply with Chapters 1 and 2 of the ASX Listing Rules and obtain re-instatement of its Shares to trading on the Official List of ASX.

Resolution 2 is subject to the approval of all of the Resolutions.

The Directors intend to implement the Consolidation prior to completion of the Agreement and prior to the proposed issues of Securities pursuant to the Acquisition Resolutions, but the Consolidation will only occur if Shareholders approve those Resolutions.

3.2 Legal requirements

Section 254H(1) of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

The ASX Listing Rules also require that in respect of options, the number of options must be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

3.3 Fractional entitlements

Not all Shareholders will hold that number of Shares which can be evenly divided by 50. Any fractional entitlements of Shareholders as a consequence of the Consolidation will be rounded up to the nearest whole Share.

3.4 Effect on capital structure

The effect of the Consolidation on the capital structure of the Company (excluding additional issues contemplated in this Notice), as illustrated in the table in section 1.8 above, is that each holding of Shares will be reduced by 50 times its current level (subject to rounding). However, each Shareholder's proportional interest in the Company's capital will remain unchanged as a result of the Consolidation.

3.5 Taxation implications

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation. Neither the Company nor the Directors (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the Consolidation or other Acquisition Resolutions.

3.6 Holding statements and certificates

From the date the Consolidation is approved by Shareholders all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange, in accordance with the timetable set out in section 1.10 of this Explanatory Statement, for new holding statements for Shares to be issued to Shareholders.

It is the responsibility of each Shareholder to check the number of Shares held prior to disposal.

3.7 Indicative Timetable

If Resolution 2 and all the other Acquisition Resolutions are passed, the Consolidation will take effect pursuant to the timetable set out in section 1.10 of this Explanatory Statement in accordance with the timetable as set out in Appendix 7A (paragraph 5) of the ASX Listing Rules.

4. RESOLUTION 3 – CREATION OF NEW CLASS OF SECURITIES

4.1 Requirements for Shareholder Approval

Resolution 3 seeks Shareholder approval for the Company to be authorised to issue the Performance Shares.

A company which proposes to issue new shares which have different rights to its existing shares on issue is taken to have varied the rights of Shareholders unless the Constitution already provides that the Company may do so.

Under clause 2.3 of the Constitution, and subject to the Corporations Act and the ASX Listing Rules, the Directors may at any time issue such number of Shares at the issue price and in the number that the Directors determine. The Directors may issue such Shares with rights and restrictions as determined by the Directors.

Section 246B of the Corporations Act and clause 2.3X of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or
- (b) the written consent of the members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

The terms of the Performance Shares are set out in Schedule 3 of this Explanatory Statement and the issue and conversion of Performance Shares is dealt with in Resolutions 7 and 8.

ASX Approval under Listing Rules 6.1 and 6.2

ASX Listing Rule 6.1 provides that the terms that apply to each class of equity security must, in ASX's opinion, be appropriate and equitable.

ASX Listing Rule 6.2 states that an entity may only have one class of ordinary security unless ASX approves the terms of an additional class.

The Company has sought approval of ASX to the terms of the Performance Shares and expects to receive a decision from ASX prior to the date of the Meeting at which point the Company will announce the decision on ASX.

The Performance Shares will only be created if all the Resolutions are passed.

5. RESOLUTION 4 – CAPITAL RAISING PURSUANT TO A PROSPECTUS

5.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 70,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.05 per Share, to raise up to \$3,500,000 (**Capital Raising**). The Capital Raising will be undertaken via the issue of a prospectus.

As noted in section 1.4 of this Explanatory Statement, the VGW Acquisition is conditional upon the Company raising a minimum of \$3,500,000 pursuant to the Capital Raising.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Shares and Options pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 4 is subject to the approval of all the Resolutions. In addition, the Shares to be issued pursuant to the Capital Raising will only be issued if ASX has confirmed that the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules.

5.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued is 70,000,000 (on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price will be \$0.05 per Share (on a post-Consolidation basis);
- (d) the Shares will be issued pursuant to a prospectus and allocated at the discretion of the Directors. No related party of the Company will participate in the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of Shares and Options under the Capital Raising as a whole, in the manner outlines in sections 1.10 and 1.12 of this Explanatory Statement.

5.3 Guidance Note 12

ASX Guidance Note 12 has altered the application of the '20 cent' rule to ASX as it applies to re-compliance listings. Guidance Note 12 states that the issue price can now be below 20 cents when an entity's securities have been trading on ASX at less than 20 cents. The last traded price of the Shares was below 20 cents.

The Company has made application to ASX for approval to conduct the Capital Raising at \$0.05 and the Company expects to receive this decision prior to the date of the Meeting. Resolution 4 seeks Shareholder approval for the Company to issue Shares at an issue price of \$0.05 as part of the approvals sought under ASX Listing Rule 11.1.2.

6. RESOLUTION 5 – ISSUE OF SECURITIES – VENDOR CONSIDERATION

6.1 General

As noted in section 1 of this Explanatory Statement, in consideration for the acquisition by the Company of the 100% of the issued share capital in VGW, the Company has agreed to issue 492,183,398 Shares (on a post-Consolidation basis) and 95,662,112 Options (on a post-Consolidation basis) (**Consideration Securities**) to the Non-Associated Vendors (or their nominees).

A summary of the VGW Acquisition is set out in section 1 above.

Resolution 5 seeks Shareholder approval for the issue of the Consideration Securities to the Non-Associated Vendors (or their nominees).

A summary of ASX Listing Rule 7.1 is set out in section 5.1 above.

The effect of Resolution 5 will be to allow the Company to issue the Consideration Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 5 is subject to the approval of all Resolutions.

6.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Consideration Securities:

- (a) the maximum number of Shares to be issued is 492,183,398 (on a post-Consolidation basis) and the maximum number of Options to be issued is 95,662,112 (on a post-Consolidation basis);
- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (c) the Consideration Securities will be issued for nil cash consideration as they will be issued as consideration for the acquisition of VGW;
- (d) the Consideration Securities will be issued to the Non-Associated Vendors (or their nominees), who are not a related parties of the Company, or will be related parties of the Company only by virtue of the VGW Acquisition;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) no funds will be raised from the issue of the Consideration Securities as they are being issued in consideration for the acquisition of VGW.

7. RESOLUTION 6 – ISSUE OF SHARES TO LANCE EAST CORPORATION AND INCREASE IN VOTING POWER AS A RESULT OF VGW ACQUISITION

7.1 General

Resolution 6 seeks Shareholder approval under Listing Rule 10.11 and section 611 (Item 7) of the Corporations Act for Lance East Corporation to be issued Shares as consideration for all of

the shares in VGW held by Lance East Corporation (**Lance East Consideration**). Shareholders should note that Lance East Corporation is receiving Shares on the same terms and conditions as the Non-Associated Vendors as set out in the Schemes.

7.2 Section 611 (Item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if the acquisition would result in that person's Voting Power in the company increasing:

- (a) from 20% or below to more than 20%; or
- (a) from a starting point that is above 20% and below 90%,

(Takeover Prohibition).

However, there are certain specified exceptions to the Takeover Prohibition. In particular, under section 611 (Item 7) of the Corporations Act an acquisition will not contravene the Takeover Prohibition if shareholders approve the acquisition by passing a Resolution at a general meeting, where:

- (a) no votes were cast in favour of the Resolution by the person proposing to make the acquisition or their associates; and
- (b) shareholders were given all information known to the acquirer or the company that was material to the decision on how to vote,

(Takeover Exception).

ASIC Regulatory Guide 74: Acquisitions Approved by Members (**ASIC RG 74**) also specifies certain requirements where a Company seeks an acquisition to be exempt under section 611 (Item 7).

The issue of the Lance East Consideration pursuant to Resolution 6 will result in Lance East Corporation acquiring a relevant interest in issued voting shares which will cause Lance East Corporation's Voting Power in the Company to increase from a starting point that is:

- (a) below 20% to more than 20%; or
- (b) from a starting point that is above 20% and below 90% (where the Prescribed Securities are not converted in full at one time).

Accordingly, Resolution 6 seeks approval pursuant to section 611 (Item 7) of the Corporations Act in relation to the issue of Shares to Lance East Corporation as consideration for all of the Shares in VGW held by Lance East Corporation.

7.3 Prescribed information

The Company provides the following information to Shareholders for the purposes of section 611 (Item 7(b)):

- (a) **The identity of the person proposing to make the acquisition and their associates**

The person proposing to make the acquisition is Lance East Corporation. Laurence Escalante who is the sole director and shareholder of Lance East Corporation is an associate of Lance East Corporation. Laurence Escalante is a Proposed Director of the Company.

- (b) **The maximum extent of the increase in that person's voting power in the company that would result from the acquisition**

There are currently 740,407,849 Shares (on pre-consolidation basis) on issue in the Company. Lance East Corporation currently holds 0 Shares, representing 0% of the

issued capital. After issue of the Lance East Consideration to Lance East Corporation, the maximum extent of the increase in that person's Voting Power in the Company that would result from the acquisition, assuming that no additional Shares are issued, is 48.3%. Refer to the IER at Schedule 4 for further details.

(c) **The voting power that the person would have as a result of the acquisition.**

Lance East Corporation would have a maximum voting power of 48.3% as a result of the acquisition under Resolution 6.

(d) **The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition and the voting power that each of that person's associates would have as a result of the acquisition.**

Laurence Escalante currently has an interest in 0 Shares, representing 0% of the issued capital. The maximum extent of the increase in that person's Voting Power in the Company that would result from the acquisition, assuming no additional shares are issued, is 48.3%.

In accordance with ASIC RG 74.25, the Company advises that:

(e) **Reasons for the proposed acquisition**

The Lance East Consideration is proposed to be issued as consideration for VGW and as otherwise set out in the Schemes.

(f) **When the proposed acquisition is to occur**

The proposed issue will occur upon Settlement at the same time as all Non-Associated Vendors are issued Shares.

(g) **Material terms of the proposed acquisition**

Shares issued pursuant to Resolution 6 Shares will rank equally with all other Shares on issue in the Company. Please refer to section 1.3 and the IER for the material terms of the Acquisition.

(h) **Details of any other relevant agreement between the acquirer and the Company that is conditional or depends on members' approval of the proposed acquisition**

All of the Resolutions are conditional upon all of the Resolutions passing and as such the Lance East Consideration will not be issued unless all Resolutions are passed by Shareholders.

(i) **Acquirer's intentions regarding the future of the target entity if members approve the acquisition**

Except as set out in this Explanatory Statement and as a result of the Acquisition, Lance East Corporation has advised the Board that it has no intention of:

- (1) requesting the Company to change its strategic direction or operational priorities;
- (2) seeking to change the Company's current employment arrangements;
- (3) seeking to acquire any of the Company's assets or otherwise redeploy the assets of the Company; or
- (4) using its increased voting power to attempt to secure additional Board positions or vary the current balance of nominee and independent directors.

(j) **Intention of the acquirer to significantly change the financial or dividend distribution policies of the entity**

Lance East Corporation has advised the Board that it has no intention of seeking to change the financial or dividend distribution policies of the Company.

(k) **The interests that any Director has in the acquisition or any relevant agreements disclosed above**

No Director has an interest in the outcome of Resolution 6 or any other relevant agreement.

(l) **Intended directors if members approve the acquisition**

No additional directors will be appointed as a result of the conversion of the Performance Shares.

(m) **Other information**

Apart from as set out in the balance of this Explanatory Memorandum, including the IER, there is no other material information in relation to Resolution 6.

7.4 Independent Expert's Report

For Shareholder approval sought under item 7 of section 611 of the Corporations Act, ASIC RG 74 also requires that Shareholders be provided with an Independent Expert's Report one of the purposes of which is to consider whether the issue of the Lance East Consideration is fair and reasonable to the Shareholders who are not associated with Lance East Corporation.

The Independent Expert's Report concludes that Proposed Transaction is fair and reasonable for Shareholders.

Shareholders are urged to read and consider the Independent Expert's Report which is enclosed as Schedule 6 prior to making a decision as to how to vote on Resolution 6.

7.5 Directors' Recommendation

The Directors recommend that all Shareholders vote in favour of Resolution 6.

7.6 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. Lance East Corporation will be a related Party and as such the issue of the Shares will require Shareholder Approval.

7.7 Information Required under Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolution 6:

- (a) The Shares will be issued to Lance East Corporation, a related party of Proposed Director Laurence Escalante;
- (b) the maximum number of Shares to be issued is 440,000,000 (on a post-Consolidation basis);
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Shares will be issued as consideration for all of the ordinary shares in the capital of VGW held by Lance East as a vendor of VGW;

- (e) the Shares issued will be on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares.

8. RESOLUTION 7 – ISSUE OF SECURITIES – LOAN CONVERSION

8.1 General

Settlement of the VGW Acquisition is conditional upon the Company agreeing with its lenders and suppliers to convert \$950,000 of loans and creditors.

Resolution 7 seeks Shareholder approval for the issue of up to 19,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.05 per Share, to payout, or as consideration for the conversion of previously non-related advanced loans and creditors totalling \$950,000 (**Loan Conversion**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 7 will be to allow the Company to issue the Shares pursuant to the Loan Conversion during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Resolution 7 is subject to the approval of all the Resolutions. In addition, the Shares to be issued pursuant to the Loan Conversion will only be issued if ASX has confirmed that the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules.

8.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Consideration Securities:

- (a) the maximum number of Shares to be issued is 19,000,000 (on a post-Consolidation basis);
- (b) the Loan Conversion Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (c) the Loan Conversion Shares will be issued in satisfaction of outstanding loans to the Company;

the Loan Conversion Shares will be issued to Lenders in proportion to their outstanding amounts owed, who are not a related parties of the Company, or will be related parties of the Company only by virtue of the VGW Acquisition;
- (d) the Loan Conversion Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) no funds will be raised from the issue of the Loan Conversion Shares as they are being issued in satisfaction of debt owed by the Company.

9. RESOLUTION 8 – ISSUE OF PERFORMANCE SHARES

9.1 General

Resolution 8 seeks Shareholder approval for the Company to issue 650,000,000 Performance Shares to Lance East Corporation. Each Performance Share will convert to one ordinary Share in the event of applicable Milestones being achieved. Approval for the issue of the Performance Shares is sought in accordance with Chapter 2E of the Corporations Act. If this Resolution is approved by Shareholders, the Performance Shares will be issued to Lance East Corporation on the same date as Settlement.

9.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A related party is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a related party, or there are reasonable grounds to believe that a person/entity is likely to become a related party of the public company.

A financial benefit for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

(a) Shareholder approval requirement

Resolution 8, if passed, will confer a financial benefit on Lance East Corporation through the issue of the Performance Shares. Lance East Corporation is a related party of the Company in that it is the VGW's major shareholder and is taken to control VGW so upon Settlement Lance East Corporation will be a related party and also a substantial holder. Lance East Corporation is also controlled by Laurence Escalante, a Proposed Director of the Company.

Accordingly, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act.

(b) Prescribed information

The Company provides the following information to Shareholders for the purposes of Chapter 2E of the Corporations Act:

(c) Related party to whom the financial benefit is to be given

The financial benefit will be given to Lance East Corporation, which is a related party of the Company because it is the Company's major shareholder and is taken to control the Company. In addition, Lance East Corporation is controlled by Laurence Escalante, a Director of the Company.

(d) The nature of the financial benefit

The nature of the financial benefit to be given to Lance East Corporation is the issue of the following securities:

- (1) 120,000,000 Class A Performance Shares;
- (2) 120,000,000 Class B Performance Shares;

- (3) 120,000,000 Class C Performance Shares;
- (4) 120,000,000 Class D Performance Shares;
- (5) 120,000,000 Class E Performance Shares; and
- (6) 50,000,000 Class F Performance Shares.

The terms of the Performance Shares are set out in Schedule 3 to this Explanatory Memorandum.

(e) **Proposed Directors' interest in outcome of Resolution**

Laurence Escalante has a material personal interest in the outcome of Resolution 8, as he is the sole director and shareholder of Lance East Corporation and is thereby taken to control Lance East Corporation.

No other Director or Proposed Director has any interest in the outcome of Resolution 8 or any relevant agreement.

Assuming Settlement and no conversion of options held by Mr Escalante or Lance East Corporation, if the Performance Shares are issued to Lance East Corporation (and subsequently converted into Shares) it will have the following effect on the Proposed Directors' holdings in the Company (post Settlement):

Director	Number of Shares currently held	Number of Shares after issue and conversion of Performance Shares
Laurence Escalante ¹	–	1,090,000,000

Notes

- 1. Shares held by Lance East Corporation of which Laurence Escalante is the sole director and shareholder.

(f) **Valuation of Performance Shares**

The Performance Shares are not quoted securities and, as such, have no observable market value. Stantons International has valued the Performance Shares and their findings are set out in Schedule 4 at sections 6.4, 6.5 and 9.8. Shareholders should review this information when deciding whether or not it is in the Company's interest to pass Resolution 8.

Stantons has valued the Performance Shares at between 0 and 5 cents each based on:

- the current value of Shares in the Company (based on the 5 cent offer price under the Capital Raising); and
- the inherent uncertainty relating to whether the milestones attaching to the Performance Shares will be met.

On this basis, the total value of each of the Performance Shares to be issued pursuant to Resolution 8 is between nil and \$0.05.

(g) **Dilutionary effect**

If the Performance Shares are issued to Lance East Corporation (and subsequently converted into Shares) it will have the following dilutionary effect on Shareholders (assuming Settlement):

Shareholder	Current Shareholding	% of Total Shares on issue	Shares held after issue and conversion of Performance Shares	% of Total Shares on issue	Shares held after issue and conversion of All Options	% of Total Shares on issue
Lance East Corporation	440,000,000	39.9	1,090,000,000	62.2	1,120,986,160	55.1
Current Shareholders	663,341,622	60.1	663,341,622	37.8	912,444,354	44.9
Total	1,103,341,622	100.0	1,753,341,622	100.00	2,033,430,541	100.0

(h) **Opportunity costs**

The opportunity costs and benefits foregone by the Company issuing the Performance Shares is the potentially dilutionary impact on the issued share capital of the Company. The subsequent dilution that will occur on any conversion of the Performance Shares should also be noted by Shareholders and taken into account when voting on Resolution 8.

(i) **Taxation consequences**

No stamp duty will be payable in respect of the grant of the Performance Shares or any shares issued on conversion of the Performance Shares. No GST will be payable by the Company in respect of the grant of the Performance Shares or any shares issued on conversion of the Performance Shares (or if it is then it will be recoverable as an input credit).

(j) **Other information**

Save as set out in this Explanatory Memorandum and the IER, the Directors are not aware of any other information that would be reasonably required by Shareholders to make a decision in relation to Resolution 8.

(k) **Directors' recommendation**

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

9.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies. Lance East Corporation will be a related Party and as such the issue of the Performance Shares will require Shareholder Approval.

9.4 Information Required under Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolution 8:

- (a) The Performance Shares will be issued to Lance East Corporation, a related party of Proposed Director Laurence Escalante;
- (b) the maximum number of Performance Shares to be issued is 650,000,000 (on a post-Consolidation basis) to be apportioned as set out in Schedule 3;
- (c) the Performance Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);

- (d) the Performance Shares will be issued for nil consideration as they are issued as remuneration to Mr Escalante;
- (e) the Performance Shares issued will convert into fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares but until such conversion will have the terms and conditions set out in Schedule 3; and
- (f) no funds will be raised from the issue of the Performance Shares.

10. RESOLUTION 9 – CONVERSION OF PERFORMANCE SHARES

10.1 General

Resolution 9 seeks Shareholder approval under section 611 (Item 7) of the Corporations Act for Lance East Corporation to convert the Performance Shares issued pursuant to Resolution 9 into Shares upon the Company meeting certain performance milestones which attach to the Performance Shares.

10.2 Section 611 (Item 7) of the Corporations Act

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if the acquisition would result in that person's Voting Power in the company increasing:

- (a) from 20% or below to more than 20%; or
- (l) from a starting point that is above 20% and below 90%,

(Takeover Prohibition).

However, there are certain specified exceptions to the Takeover Prohibition. In particular, under section 611 (Item 7) of the Corporations Act an acquisition will not contravene the Takeover Prohibition if shareholders approve the acquisition by passing a Resolution at a general meeting, where:

- (a) no votes were cast in favour of the Resolution by the person proposing to make the acquisition or their associates; and
- (b) shareholders were given all information known to the acquirer or the company that was material to the decision on how to vote,

(Takeover Exception).

ASIC Regulatory Guide 74: Acquisitions Approved by Members (**ASIC RG 74**) also specifies certain requirements where a Company seeks an acquisition to be exempt under section 611 (Item 7).

The conversion of the Performance Shares granted pursuant to Resolution 7 into Shares will result in Lance East Corporation acquiring a relevant interest in issued voting shares which will cause Lance East Corporation's Voting Power in the Company to increase from a starting point that is:

- (a) below 20% to more than 20%; or
- (b) from a starting point that is above 20% and below 90% (where the Prescribed Securities are not converted in full at one time).

Accordingly, Resolution 9 seeks approval pursuant to section 611 (Item 7) of the Corporations Act in relation to the issue of Shares to Lance East Corporation on conversion of the Performance Shares.

10.3 Prescribed information

The Company provides the following information to Shareholders for the purposes of section 611 (Item 7(b)):

(a) **The identity of the person proposing to make the acquisition and their associates**

The person proposing to make the acquisition (by way of conversion of the Performance Shares) is Lance East Corporation. Laurence Escalante who is the sole director and shareholder of Lance East Corporation is an associate of Lance East Corporation. Laurence Escalante is a Proposed Director of the Company.

(b) **The maximum extent of the increase in that person's voting power in the company that would result from the acquisition**

There are currently 740,407,849 Shares (pre-consolidation) on issue in the Company. Lance East Corporation currently holds 0 Shares, representing 0% of the issued capital. After issue of the Performance Shares to Lance East Corporation, the maximum extent of the increase in that person's Voting Power in the Company that would result from the acquisition, assuming that no additional Shares are issued, is 62.2%. Refer to the IER at Schedule 4 for further details.

(c) **The voting power that the person would have as a result of the acquisition.**

Lance East Corporation would have a maximum voting power of 62.2% as a result of the acquisition.

(d) **The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition and the voting power that each of that person's associates would have as a result of the acquisition.**

Laurence Escalante currently has an interest in 0 Shares, representing 0% of the issued capital. The maximum extent of the increase in that person's Voting Power in the Company that would result from the acquisition, assuming no additional shares are issued, is 62.2%.

In accordance with ASIC RG 74.25, the Company advises that:

(e) **Reasons for the proposed acquisition**

The conversion will only occur if Company reaches the financial milestones attaching to the Performance Shares. As set out in Section 9.4, Lance East Corporation will be issued with the Performance Shares as consideration for VGW and as remuneration as Managing Director.

(f) **When the proposed acquisition is to occur**

The conversion of the Performance Shares will only take place if the Company reaches the financial milestones attaching to the Performance Shares, namely:

- (1) in the case of the Class A Performance Shares, the achievement of A\$10.0 million in audited Annual Net Revenue;
- (2) in the case of the Class B Performance Shares, the achievement of A\$20.0 million in audited Annual Net Revenue;
- (3) in the case of the Class C Performance Shares, the achievement of A\$30.0 million in audited Annual Net Revenue;
- (4) in the case of the Class D Performance Shares, the achievement of A\$40.0 million in audited Annual Net Revenue;

- (5) in the case of the Class E Performance Shares, the achievement of A\$50.0 million in audited Annual Net Revenue; and
- (6) in the case of the Class F Performance Shares, the achievement of A\$100.0 million in audited Annual Net -Revenue.

As such, there is no certainty as to when the conversions will occur.

The Performance Shares will lapse after 5 years. Accordingly, any conversion must occur within a maximum of 5 years of the date of issue of the Performance Shares.

(g) **Material terms of the proposed acquisition**

Shares issued on conversion of the Performance Shares will rank equally with all other Shares on issue in the Company.

(h) **Details of any other relevant agreement between the acquirer and the Company that is conditional or depends on members' approval of the proposed acquisition**

The issue of the Performance Shares the subject of Resolution 8 and the appointment as a Director under Resolution 14.

(i) **Acquirer's intentions regarding the future of the target entity if members approve the acquisition**

Except as set out in this Explanatory Statement and the Acquisition, Lance East Corporation has advised the Board that it has no intention of:

- (1) requesting the Company to change its strategic direction or operational priorities;
- (2) seeking to change the Company's current employment arrangements;
- (3) seeking to acquire any of the Company's assets or otherwise redeploy the assets of the Company; or
- (4) using its increased voting power to attempt to secure additional Board positions or vary the current balance of nominee and independent directors.

(j) **Intention of the acquirer to significantly change the financial or dividend distribution policies of the entity**

Lance East Corporation has advised the Board that it has no intention of seeking to change the financial or dividend distribution policies of the Company.

(k) **The interests that any Director has in the acquisition or any relevant agreements disclosed above**

No Director has an interest in the outcome of Resolution 9 or any other relevant agreement.

(l) **Intended directors if members approve the acquisition**

No additional directors will be appointed as a result of the conversion of the Performance Shares.

(m) **Other information**

Apart from as set out in the balance of this Explanatory Memorandum there is no other material information in relation to Resolution 9.

10.4 Independent Expert's Report

For Shareholder approval sought under item 7 of section 611 of the Corporations Act, ASIC RG 74 also requires that Shareholders be provided with an Independent Expert's Report one of the purposes of which is to consider whether the issue of the conversion Shares is fair and reasonable to the Shareholders who are not associated with Lance East Corporation.

The Independent Expert's Report concludes that Proposed Transaction is fair and reasonable for Shareholders.

Shareholders are urged to read and consider the Independent Expert's Report which is enclosed as Schedule 4 prior to making a decision as to how to vote on Resolution 9.

10.5 Directors' Recommendation

The Directors recommend that all Shareholders vote in favour of Resolution 9.

11. RESOLUTION 10 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 10 seeks the approval of Shareholders for the Company to change its name to VGW Gaming Limited.

If Resolution 10 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 10 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

Resolution 10 is subject to the approval of all Resolutions.

12. RESOLUTION 11 – ISSUE OF OPTIONS TO UNDERWRITER

12.1 General

Resolution 11 seeks Shareholder approval for the issue of up to 72,500,000 Underwriter Options (on a post-Consolidation basis) in consideration for corporate advisory services and underwriting services provided by Minimum Risk Pty Ltd in connection with the Capital Raising.

A summary of ASX Listing Rule 10.11 is set out in section 8.3 above.

12.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A related party is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a related party, or there are reasonable grounds to believe that a person/entity is likely to become a related party of the public company.

A financial benefit for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In

determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

(a) Shareholder approval requirement

Resolution 11, if passed, will confer a financial benefit on Minimum Risk due to the issue of \$0.05 Options and \$0.06 Options. Minimum Risk is a related party of the Company in that it is controlled by Christopher Martino, a Director of the Company.

Accordingly, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act.

(b) Prescribed information

The Company provides the following information to Shareholders for the purposes of Chapter 2E of the Corporations Act:

(c) Related party to whom the financial benefit is to be given

The financial benefit will be given to Minimum Risk, which is a related party of the Company because it is controlled by Christopher Martino who is a Director.

(d) The nature of the financial benefit

The nature of the financial benefit to be given to Minimum Risk is the issue of 36,250,000 \$0.05 Options and 36,250,000 \$0.06 Options.

The terms of these securities are set out in Schedule 1 to this Explanatory Memorandum and in the Glossary of this Explanatory Memorandum.

(e) Directors' interest in outcome of Resolution

Christopher Martino has a material personal interest in the outcome of Resolution 11, as he is the sole director and shareholder of Minimum Risk and is thereby taken to control Minimum Risk.

No other Director or Proposed Director has any interest in the outcome of Resolution 11 or any relevant agreement.

Assuming Settlement, if the Underwriter Options are issued to Minimum Risk (and subsequently converted into Shares) it will have the following effect on the Directors' holdings in the Company (post Settlement):

Director	Number of Shares currently held (post consolidation)	Number of Shares after issue and conversion of Underwriter Options	% Change
Christopher Martino ¹	100,000	72,600,000	72,500%

Notes

1. Shares held by related parties of Christopher Martino.

(f) Valuation of Underwriter Options

Stantons International has estimated the value of the Underwriter Options under a Black-Scholes model (using an estimated volatility of 50%, deemed issue price of 5 cents, exercise price of 5 cents and 6 cents respectively, expiry 3 years from issue and a risk free rate of 2.14%) at an average of 1.63 cents each based on:

- the current value of Shares in the Company (based on the 5 cent offer price under the Capital Raising); and
- the inherent uncertainty relating to whether the exercise attaching to the Underwriter Options will be more or less than the market price of Shares.

On this basis, the total value of the Underwriter Options to be issued pursuant to Resolution 11 is \$1,181,750.

(g) Dilutionary effect

If the Underwriter Options are issued to Minimum Risk there will be no immediate dilutionary effect on Shareholders. However if the Underwriter Options are subsequently exercised and Shares are issued, it will have the effect of increasing the amount of Shares on issue by the number of Underwriter Options exercised, as detailed below.

Shareholder	Number of Shares (post consolidation)	% of Total Shares on issue
Existing Shares	1,103,341,622	93.8
Underwriter Option Shares	72,500,000	6.2
Total	1,175,841,622	100.0

Notes

1. Assumes that no other Options or Performance Shares are converted into Shares.

(h) Arms Length

The non-associated Directors of the Company are of the opinion that the underwriting services provided by the Underwriter are of value to the Company and that the Underwriting Agreement is generally on commercial terms. However given the overall structure of the Acquisition it has been determined that approval of Shareholders should be obtained for the issue of the Underwriter Options and this is the purpose of Resolution 11.

(i) Other information

Save as set out in this Explanatory Memorandum and the IER, the Directors are not aware of any other information that would be reasonably required by Shareholders to make a decision in relation to Resolution 11.

(j) Directors' recommendation

The Directors, with the exception of Christopher Martino (who gives no recommendation due to his material personal interest in the Resolution, recommend that all Shareholders vote in favour of Resolution 11.

12.3 Information Required under Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolution 11:

- (a) The Underwriter Options will be issued to Minimum Risk, a related party of Director Christopher Martino;

- (b) the maximum number of Underwriter Options to be issued is 72,500,000 (on a post-Consolidation basis) to be apportioned as follows:
 - (i) 36,250,000 \$0.05 Options;
 - (ii) 36,250,000 \$0.06 Options.
- (c) the Underwriter Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Underwriter Options will be issued for nil consideration as they are issued as a fee for the undertakings of the Underwriter in the Underwriting Agreement;
- (e) the Underwriter Options issued will convert into fully paid ordinary shares in the capital of the Company issued on the same terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue of the Underwriter Options.

The effect of Resolution 11 will be to allow the Company to issue the Underwriter Options the subject of this Resolution 11 during the period of 1 month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

13. RESOLUTION 12 – ISSUE OF OPTIONS TO INCOMING CHAIRMAN

13.1 General

Resolution 12 seeks Shareholder approval for the issue of up to 9,000,000 Chairman Options (on a post-Consolidation basis) in consideration for the services of Mr Nigel Blythe-Tinker, the proposed incoming Chairman of the Company following Settlement.

A summary of ASX Listing Rule 10.11 is set out in section 8.3 above.

13.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A related party is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a related party, or there are reasonable grounds to believe that a person/entity is likely to become a related party of the public company.

A financial benefit for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

- (a) Shareholder approval requirement

Resolution 12, if passed, will confer a financial benefit on Mr Nigel Blythe-Tinker, due to the issue of 9,000,000 Chairman Options to Mr Blythe-Tinker (or his nominee). Mr Blythe-

Tinker is the proposed incoming Chairman of the Company (following Settlement) and as such is a related party of the Company.

Accordingly, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act.

(b) Prescribed information

The Company provides the following information to Shareholders for the purposes of Chapter 2E of the Corporations Act:

(c) Related party to whom the financial benefit is to be given

The financial benefit will be given to Nigel Blythe-Tinker, who is a related party of the Company because he is a Proposed Director (see Resolution 13) of the Company.

(d) The nature of the financial benefit

The nature of the financial benefit to be given to Nigel Blythe-Tinker is the issue of 9,000,000 Chairman Options.

The terms of these securities are set out in Schedule 1 to this Explanatory Memorandum.

(e) Directors' interest in outcome of Resolution

Nigel Blythe-Tinker has a material personal interest in the outcome of Resolution 12, though it should be noted that he is not currently a Director.

No other Director or Proposed Director has any interest in the outcome of Resolution 12 or any relevant agreement.

Assuming Settlement, if the Options are issued to Nigel Blythe-Tinker (and subsequently converted into Shares) it will have the following effect on the Directors' holdings in the Company (post Settlement):

Director	Number of Shares currently held	Number of Shares after issue and conversion of Chairman Options
Nigel Blythe-Tinker	Nil	9,000,000

(f) Valuation of Options

Stantons International has estimated the value of the Chairman Options under a Black-Scholes model (using an estimated volatility of 50%, deemed issue price of 5 cents, exercise price of 5 cents, expiry of 5 years from issue and a risk free rate of 2.31%) at 2.29 cents each based on:

- the current value of Shares in the Company (based on the 5 cent offer price under the Capital Raising); and
- the inherent uncertainty relating to whether the exercise attaching to the Options will be more or less than the market price of Shares.

On this basis, the total value of the Chairman Options to be issued pursuant to Resolution 12 is between nil and \$206,100.

(g) Dilutionary effect

If the Chairman Options are issued to Nigel Blythe-Tinker there will be no immediate dilutionary effect on Shareholders. However if the Chairman Options are subsequently exercised and Shares are issued) it will have the effect of increasing the amount of Shares on issue by the number of Chairman Options exercised, as detailed below.

Shareholder	Number of Shares (post consolidation)	% of Total Shares on issue
Existing Shares	1,103,341,622	99.2
Chairman Options	9,000,000	0.8
Total	1,112,341,622	100.0

Notes

1. Assumes that no other Options or Performance Shares are converted into Shares.

(h) Reasons for Issue

The primary purpose of the issue to Nigel Blythe-Tinker is to motivate and reward the performance of Nigel Blythe-Tinker in his role as the incoming Chairman of the Company. The issue of the Options effectively remunerates Mr Blythe-Tinker while also preserving the cash resources of the Company.

(i) Other information

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to make a decision in relation to Resolution 12.

(j) Directors' recommendation

The Directors recommend that all Shareholders vote in favour of Resolution 12.

13.3 Information Required under Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13 the following information is provided in relation to Resolution 12:

- (a) The Chairman Options will be issued to Mr Nigel Blythe-Tinker or his nominee, who is to become a related party of the Company;
- (b) the maximum number of Chairman Options to be issued is 9,000,000 (on a post-Consolidation basis);
- (c) the exercise price of the Chairman Options is \$0.05 with an expiry date of 5 years from issue;
- (d) the Chairman Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) the Chairman Options will be issued for nil consideration as they are issued as a fee for the services of Mr Blythe-Tinker;

(f) the Chairman Options issued will convert into fully paid ordinary shares in the capital of the Company issued on the same terms and conditions set out in Schedule 1; and

(g) no funds will be raised from the issue of the Chairman Options.

The effect of Resolution 12 will be to allow the Company to issue the Chairman Options the subject of this Resolution 12 during the period of 1 month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

14. RESOLUTIONS 13, 14, 15 AND 16 – ELECTION OF DIRECTORS

14.1 General

In accordance with the Agreement the Company has agreed to appoint Laurence Escalante, Nigel Blythe-Tinker, Mats Johnson and Lorenzo Escalante as Directors. The appointment will take effect on and from Settlement.

The qualifications of the Directors are set out below, Shareholders should note that each of the Proposed Directors have consented to act as Directors of the Company.

14.2 Mr Nigel Blythe-Tinker – Proposed Executive Chairman

Nigel Blythe-Tinker has extensive United Kingdom and international corporate experience spanning over thirty years and covering all forms of merger and acquisition, divestments, corporate finance, restructurings, AIM and FTSE 100 flotation's, corporate governance matters and incentive schemes.

Mr Blythe-Tinker has assisted with the successful stock-exchange listing of a number of companies in his career including:

- William Hill plc: which was listed in 2002 on the London Stock Exchange. Mr Blythe-Tinker was a member of the Executive Director Management Committee over a period of 6 years, during which time, the enterprise value of the company increased from £825m (1996) to £1.4 billion (on flotation in 2002).
- Gaming VC SA, which was listed on the AIM in 2004. Mr Blythe-Tinker was the Non-executive Chairman from 2005 to 2014.

Mr Blythe-Tinker is currently the Executive Chairman of Pentasia Limited, which is an i-gaming recruitment business operating in Asia, Malta, Italy, Spain, South America and the United Kingdom.

Mr Blythe-Tinker is a Fellow of the Institute of Chartered Secretaries and Administrators.

14.3 Mr Laurence Escalante – Proposed Managing Director

Laurence Escalante is a gaming and technology entrepreneur with a background in the financial services sector.

Mr Escalante has been an angel investor, founder and entrepreneur in the games industry for 11 years, founding White Knight Games in 2004, and was a founder and angel investor in Anino Mobile, one of the Philippines' premier game development studios (and which was acquired by Playlab in 2014).

Since founding VGW in 2010, Mr Escalante has led the raising of approximately \$15 million in early-stage funding, the invention of multiple innovations in real-money and virtual-currency gaming (including VGW's market leading Social Sweepstakes

gaming products) and the development of VGW's global and highly specialised development and operations teams.

Mr Escalante has previous experience as a technical specialist in investment advisory, superannuation, taxation and financial planning gained over a period of 10 years.

Mr Escalante studied Economics and Actuarial Studies at Macquarie University.

14.4 Mr Mats Johnson – Proposed Executive Director

Mats Johnson is an accomplished technology and online gaming leader with significant experience in establishing and growing online businesses globally.

Over the last 15 years, Mr Johnson has lead the growth of several well-known online gaming companies including as General Manager at Centrebet, Director at Coral Eurobet, Chief Executive Officer at Playsafe and Chief Marketing Officer at Expekt.

Mr Johnson has lead large and often geographically dispersed teams and formulated and executed global marketing strategies and operational plans delivering significant and profitable growth in both new and established markets.

Mr Johnson has expertise in digital marketing, both acquisition and retention, and in-depth experience in successfully building and managing online brands globally.

Mr Johnson also has extensive mergers and acquisitions experience having been actively involved in six successful exits of online gaming companies, including the £2.18 billion sale of Coral Eurobet to Gala Group.

14.5 Mr Lorenzo Escalante – Proposed Non-Executive Director

Lorenzo Escalante is a highly experienced business intelligence specialist and IT professional with a focus spanning almost 20 years in big data analytics for major Australian corporations.

Mr Escalante has provided specialist business intelligence services to Woodside, BHP Billiton, Commonwealth Bank of Australia, Swiss Re and Visy, and has been employed by OnePath (ANZ), AAPT and Landcorp. He has extensive experience across multiple business intelligence platforms, in particular SAP Business Objects.

Mr Escalante is the founder of Lance East Corporation, the founding shareholder of VGW, and has guided Laurence Escalante's knowledge of big data analytics as it applies to VGW's gaming business.

Mr Escalante is currently the sole Non-Executive Director of VGW and is Chairman of VGW's Remuneration Committee.

14.6 Board Recommendation

The current Directors of the Company support the election of the Proposed Directors and recommend that Shareholders vote in favour of each of Resolutions 13, 14, 15 and 16.

15. A SUMMARY OF RESOLUTION 17 – ISSUE OF SHARES ON CONVERSION OF LOANS – MINIMUM RISK

15.1 General

Minimum Risk has loaned the Company amounts totalling \$1,957,027 at 30 June 2015 and subject to Settlement Minimum Risk has agreed to convert the principal balance

owing of \$1,180,504 to 20,000,000 Shares and 6,000,000 \$0.05 Options and reverse all accrued interest.

A summary of ASX Listing Rule 10.11 is set out in section 8.3 above.

The effect of Resolution 17 will be to allow the Company to issue the Shares and Options the subject of this Resolution 17 during the period of 1 month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

15.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met.

A related party is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a related party, or there are reasonable grounds to believe that a person/entity is likely to become a related party of the public company.

A financial benefit for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

(a) Shareholder approval requirement

Resolution 17, if passed, will confer a financial benefit on Minimum Risk due to the issue of Shares and Options. Minimum Risk is a related party of the Company in that it is controlled by Christopher Martino, a Director of the Company.

Accordingly, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act.

(b) Prescribed information

The Company provides the following information to Shareholders for the purposes of Chapter 2E of the Corporations Act:

(a) **Related party to whom the financial benefit is to be given**

The financial benefit will be given to Minimum Risk, which is a related party of the Company because it is controlled by Christopher Martino who is a Director.

(b) **The nature of the financial benefit**

The nature of the financial benefit to be given to Minimum Risk is the issue of 20,000,000 Shares and 6,000,000 \$0.05 Options.

The terms of the \$0.05 Options are set out in Schedule 1 to this Explanatory Memorandum and in the Glossary of this Explanatory Memorandum.

(c) **Directors' interest in outcome of Resolution**

Christopher Martino has a material personal interest in the outcome of Resolution 17, as he is the sole director and shareholder of Minimum Risk and is thereby taken to control Minimum Risk.

No other Director or Proposed Director has any interest in the outcome of Resolution 17 or any relevant agreement.

Assuming Settlement, if the Shares and Options are issued to Minimum Risk (and Options subsequently converted into Shares) it will have the following effect on the Directors' holdings in the Company (post Settlement):

Director	Number of Shares currently held (post consolidation)	Number of Shares after issue and conversion of Options (Resolution 17)	Number of Shares after issue and conversion of Options (Resolutions 11 & 17)
Christopher Martino ¹	100,000	26,100,000	98,600,000

Notes

- Shares held by related parties of Christopher Martino.

(d) Valuation of Options

Stantons has valued the 6,000,000 Options under a Black-Scholes model (using an estimated volatility of 50%, deemed issue price of 5 cents, exercise price of 5 cents, expiry of 3 years from issue and a risk free rate of 2.14%) at approximately \$106,800 based on:

- the current value of Shares in the Company (based on the 5 cent offer price under the Capital Raising); and
- a volatility of 50%, exercise price of 5 cents, 3 year expiry from Settlement and risk free rate of 2%.

On this basis, the total value of the Options to be issued pursuant to Resolution 17 is between nil and \$106,800.

(e) Dilutionary effect

If the Shares and Options are issued to Minimum Risk then, assuming Settlement the issue will have the following dilutionary impact:

Shareholder	Number of Shares (post consolidation)	% of Total Shares on issue
Existing Shares ¹	1,083,341,622	91.7
Shares issued to Minimum Risk	20,000,000	1.7
Options issued to Minimum Risk	6,000,000	0.5
Underwriter Options	72,500,000	6.1
Total	1,181,841,622	100.0

Notes

1. Assumes issue of all shares pursuant to this Notice of Meeting.
2. Shares are held by related parties of Christopher Martino.

(f) **Reasons for Issue**

The purpose of the issue is to satisfy the repayment of outstanding loans.

(g) **Other information**

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to make a decision in relation to Resolution 17.

(h) **Directors' recommendation**

The Directors recommend that all Shareholders vote in favour of Resolution 17.

15.3 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 17:

- (a) the maximum number of Shares to be issued is up to 20,000,000 and 6,000,000 Options (on a post-Consolidation basis);
- (b) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (c) the deemed issue price will be \$0.05 per Share (on a post-Consolidation basis) and the Options issue price is nil;
- (d) the Shares and Options will be issued to Minimum Risk, a related party of Director Christopher Martino;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, the Options are \$0.05 Options and the full terms are set out in Schedule 1; and
- (f) no funds will be raised from the issue of Shares and Options as they are being issued satisfaction of debt owed by the Company.

16. A SUMMARY OF RESOLUTION 18 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

Resolution 18 proposes the approval of a new Employee Share Option Plan, the terms of which are set out in Schedule 5 to this Explanatory Statement.

A summary of ASX Listing Rule 7.1 is set out in section 5.1 above.

Listing Rule 7.2, Exception 9(b) states that where Shareholders have approved an employee incentive scheme then those shares and options issued are exempt from the calculation of the 15% limit under Listing Rule 7.1.

The Directors have determined to implement the Employee Share Option Plan to assist the Company with:

- Attracting and motivating employees;
- Rewarding employees for individual and Company performance;
- Giving employees the opportunity to become Shareholders; and
- Better aligning the interests of employees and Shareholders.

Shareholders should review the full terms of the Employee Share Option Plan set out in Schedule 5.

Shareholders should be aware that the Employee Share Option Plan is a new plan and that no Shares or Options have been issued under it as at the date of this Explanatory Statement.

The effect of Resolution 18 will be to allow the Company to issue Shares and/or Employee Options, without using the Company's 15% annual placement capacity.

Resolution 18 is subject to the approval of all Resolutions.

17. A SUMMARY OF RESOLUTION 19 – ISSUE OF SHARES AND OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – UNRELATED PARTIES

The Company has sought approval of the Employee Share Option Plan under Resolution 18 above and subject to the passing of all Resolutions now seeks approval for the issue of 47,350,067 Shares and 46,125,320 Employee Options under the Employee Share Option Plan.

The purpose of the issues are to compensate selected employee and contractors of VGW under the to replace the existing shares granted under the existing share plan of VGW which will be bought back and cancelled by the VGW as a result of the implementation of the Schemes. The Shares will be purchased by these employees and contractors with the assistance of non-recourse loans from the Company.

The issues set out in this Resolution 19 are first issues under the plan as Resolution 18 is the initial approval of the Employee Share Option Plan.

18. A SUMMARY OF RESOLUTION 20 – ISSUE OF MANAGING DIRECTOR OPTIONS AND EMPLOYEE OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – LAURENCE ESCALANTE

18.1 The Company has sought approval of the Employee Share Option Plan under Resolution 18 above and subject to the passing of all Resolutions now seeks approval for the issue of 25,000,000 Managing Director Options and 5,986,160 Employee Options under the Employee Share Option Plan to Laurence Escalante. The issue of these securities have an estimated value as follows:

- A total of 30,986,160 Managing Director Options and Employee Options valued at up to 2.29 cents each using the Black-Scholes method using a risk free rate of 2.31%, exercise price of 5 cents, share price of 5 cents, 50% volatility and expiry of 5 years from issue and no discount for the likelihood of performance criteria being met.

Listing Rule 10.14 provides that a listed company must not permit a director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution.

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have approved the giving of that benefit in accordance with section 208 of the Corporations Act.

It is the view of the Directors that the exemptions under section 211 of the Corporations Act (remuneration and reimbursement) apply to the proposed option issue pursuant to this Resolution. Accordingly, the Directors are not seeking Shareholder approval under section 208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.14.

18.2 Information under ASX Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 20:

- a) Mr Escalante is a Proposed Director of the Company;
- b) Mr Escalante will be issued a maximum of 25,000,000 Managing Director Options and 5,986,160 Employee Options for nil financial consideration, though in relation to the Employee Options different vesting conditions will apply as per the terms and conditions in Schedule 6(g) where 50% of the total Employee Options vest as per Criteria 1 and 50% as to Criteria 2;
- c) There have been no previous issues under the Employee Share Option Plan;
- d) There is no loan in relation to the acquisition;
- e) Details of any securities issued under the Employee Share Option Plan will be published in the next Annual Report of the Company including the statement that approval was obtained under ASX Listing Rule 10.14.
- f) The Company will issue the Employee Options as soon as practicable and no later than 12 months from the date of this Meeting.
- g) Each of the Proposed Directors may participate in the Employee Share Option Plan.

18.3 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 20.

19. A SUMMARY OF RESOLUTION 21 – ISSUE OF EMPLOYEE OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – NIGEL BLYTHE-TINKER

19.1 The Company has sought approval of the Employee Share Option Plan under Resolution 18 above and subject to the passing of all Resolutions now seeks approval for the issue of 9,000,000 Employee Options under the Employee Share Option Plan to Nigel Blythe-Tinker. The issue of these securities has been estimated to be valued as follows:

- A total of 9,000,000 Employee Options valued at up to 2.29 cents each using the Black-Scholes method using a risk free rate of 2.31%, exercise price of 5 cents, share price of 5 cents, 50% volatility and expiry of 5 years from issue and no discount for the likelihood of performance criteria being met.

Listing Rule 10.14 provides that a listed company must not permit a director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution.

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have approved the giving of that benefit in accordance with section 208 of the Corporations Act.

It is the view of the Directors that the exemptions under section 211 of the Corporations Act (remuneration and reimbursement) apply to the proposed option issue pursuant to this Resolution. Accordingly, the Directors are not seeking Shareholder approval under section 208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.14.

19.2 Information under ASX Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 21:

- a) Mr Blythe-Tinker is a Proposed Director of the Company;
- b) Mr Blythe-Tinker will be issued a maximum of 9,000,000 Employee Options for nil financial consideration, though different vesting conditions will apply as per the terms and conditions in Schedule 6(g) where 50% of the total Employee Options vest as per Criteria 1 and 50% as to Criteria 2;
- c) There have been no previous issues under the Employee Share Option Plan;
- d) There is no loan in relation to the acquisition;
- e) Details of any securities issued under the Employee Share Option Plan will be published in the next Annual Report of the Company including the statement that approval was obtained under ASX Listing Rule 10.14.
- f) The Company will issue the Employee Options as soon as practicable and no later than 12 months from the date of this Meeting.
- g) Each of the Proposed Directors may participate in the Employee Share Option Plan.

19.3 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 21.

20. A SUMMARY OF RESOLUTION 22 – ISSUE OF EMPLOYEE OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – MATS JOHNSON

20.1 The Company has sought approval of the Employee Share Option Plan under Resolution 18 above and subject to the passing of all Resolutions now seeks approval for the issue of 9,720,300 Employee Options under the Employee Share Option Plan to Mats Johnson. The issue of these securities has been estimated to be valued as follows:

- A total of 9,720,300 Employee Options valued at up 2.29 cents each using the Black-Scholes method using a risk free rate of 2.31%, exercise price of 5 cents, share price of 5 cents, 50% volatility and expiry of 5 years from issue and no discount for the likelihood of performance criteria being met.

Listing Rule 10.14 provides that a listed company must not permit a director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution.

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have approved the giving of that benefit in accordance with section 208 of the Corporations Act.

It is the view of the Directors that the exemptions under section 211 of the Corporations Act (remuneration and reimbursement) apply to the proposed option issue pursuant to this Resolution. Accordingly, the Directors are not seeking Shareholder approval under section 208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.14.

20.2 Information under ASX Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 22:

- a) Mr Johnson is a Proposed Director of the Company;
- b) Mr Johnson will be issued a maximum of 9,720,300 Employee Options for nil financial consideration, though different vesting conditions will apply as per the terms and conditions in Schedule 6(g) where 50% of the total Employee Options vest as per Criteria 1 and 50% as to Criteria 2;
- c) There have been no previous issues under the Employee Share Option Plan;
- d) There is no loan in relation to the acquisition;
- e) Details of any securities issued under the Employee Share Option Plan will be published in the next Annual Report of the Company including the statement that approval was obtained under ASX Listing Rule 10.14.
- f) The Company will issue the Employee Options as soon as practicable and no later than 12 months from the date of this Meeting.
- g) Each of the Proposed Directors may participate in the Employee Share Option Plan.

20.3 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 22.

21. A SUMMARY OF RESOLUTION 23 – ISSUE OF EMPLOYEE OPTIONS UNDER EMPLOYEE SHARE OPTION PLAN – LORENZO ESCALANTE

21.1 The Company has sought approval of the Employee Share Option Plan under Resolution 18 above and subject to the passing of all Resolutions now seeks approval for the 1,095,000 Employee Options under the Employee Share Option Plan to Lorenzo Escalante. The issue of these securities has been estimated to be valued as follows:

- A total of 1,095,000 Employee Options valued at up to 2.29 cents each using the Black-Scholes method using a risk free rate of 2.31%, exercise price of 5 cents, share price of 5 cents, 50% volatility and expiry of 5 years from issue and no discount for the likelihood of performance criteria being met.

Listing Rule 10.14 provides that a listed company must not permit a director to acquire securities under an employee incentive scheme without the approval of shareholders by ordinary resolution.

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have approved the giving of that benefit in accordance with section 208 of the Corporations Act.

It is the view of the Directors that the exemptions under section 211 of the Corporations Act (remuneration and reimbursement) apply to the proposed option issue pursuant to this Resolution. Accordingly, the Directors are not seeking Shareholder approval under section

208 of the Corporations Act, although shareholder approval must be obtained pursuant to ASX Listing Rule 10.14.

21.2 Information under ASX Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 23:

- a) Mr Escalante is a Proposed Director of the Company;
- b) Mr Escalante will be issued a maximum of 1,095,000 Employee Options for nil financial consideration, though different vesting conditions will apply as per the terms and conditions in Schedule 6(g) where 50% of the total Employee Options vest as per Criteria 1 and 50% as to Criteria 2;
- c) There have been no previous issues under the Employee Share Option Plan;
- d) There is no loan in relation to the acquisition;
- e) Details of any securities issued under the Employee Share Option Plan will be published in the next Annual Report of the Company including the statement that approval was obtained under ASX Listing Rule 10.14.
- f) The Company will issue the Shares and Employee Options as soon as practicable and no later than 12 months from the date of this Meeting.
- g) Each of the Proposed Directors may participate in the Employee Share Option Plan.

21.3 Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 23.

GLOSSARY

\$ means Australian dollars.

\$0.05 Options means Options to acquire a share at \$0.05 per share with an expiry date of 3 years from the date of issue and otherwise on the terms and conditions set out at Schedule 1

\$0.06 Options means Options to acquire a share at \$0.06 per share with an expiry date of 3 years from the date of issue and otherwise on the terms and conditions set out at Schedule 1

Acquisition Resolutions means the inter-conditional resolutions in this Notice being the Resolutions.

Agreement has the meaning given in section 1.4 of the Explanatory Statement under which the Company will acquire VGW.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Capital Raising has the meaning given in section 5.1 of this Explanatory Statement.

Chair means the chair of the Meeting.

Chairman Options means Options to acquire a share at \$0.05 per share with an expiry date of 5 years from the date of issue and otherwise on the terms and conditions set out at Schedule 1.

Class A Milestone has the meaning given in Schedule 3.

Class B Milestone has the meaning given in Schedule 3.

Class C Milestone has the meaning given in Schedule 3.

Class D Milestone has the meaning given in Schedule 3.

Class E Milestone has the meaning given in Schedule 3.

Class F Milestone has the meaning given in Schedule 3.

Class A Performance Shares means the Performance Shares which have the Class A Milestone as a term.

Class B Performance Shares mean the Performance Shares which have the Class B Milestone as a term.

Class C Performance Shares mean the Performance Shares which have the Class C Milestone as a term.

Class D Performance Shares mean the Performance Shares which have the Class D Milestone as a term.

Class E Performance Shares mean the Performance Shares which have the Class E Milestone as a term.

Class F Performance Shares mean the Performance Shares which have the Class E Milestone as a term.

Company means Synergy Plus Limited (to be renamed VGW Gaming Limited) (ACN 091 126 082).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Employee Options means options issued under the Employee Share Option Plan, the terms of which are set out in Schedule 5 and subject to the performance and vesting conditions as set out in Schedule 6.

Employee Share Option Plan means the proposed incentive plan of the Company as attached at Schedule 5.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

IER means the report of Stantons International attached as Schedule 4 to this Notice.

Lance East Consideration means the shares to be issued under Resolution 6 as consideration for all of the shares in VGW held by Lance East Corporation.

Lance East Corporation means Lance East Corporation, incorporated in Belize City, Belize as International Business Company No. 98,793.

Lenders means Hall Chadwick, Australia Tailing Group, Boardworx Pty Ltd, ClarkeKann, Hopgood Ganim, Jackori Consulting and Legacy Iron Ore.

Loan Conversion Shares means Shares issued in satisfaction of liabilities as set out in this Notice.

Managing Director Options means Options to acquire a share at \$0.05 per share with an expiry date of 5 years from the date of issue and otherwise on the terms and conditions set out at Schedule 1.

Meeting means the general meeting convened by this Notice.

Non-Associated Vendors means all of the shareholders of VGW except for Lance East Corporation.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Official List means the official list of the ASX.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option.

Performance Shares means collectively or separately, as appropriate:

- (a) the 120,000,000 Class A Performance Shares;
- (b) the 120,000,000 Class B Performance Share;
- (c) the 120,000,000 Class C Performance Shares;

- (d) the 120,000,000 Class D Performance Shares;
 - (e) the 120,000,000 Class E Performance Shares; and
 - (f) the 50,000,000 Class F Performance Shares,
- the terms of which are set out in Schedule 3.

Proposed Directors means the directors to be appointed under this Notice effective on and from Settlement under the Agreement.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Schemes means the share scheme of arrangement and the option scheme of arrangement entered into by the shareholders of VGW whereby the share and option holders of VGW agree to receive Shares in exchange for all of the issued capital of VGW and lodged with ASIC on 7 December 2015.

Security means a security issued or to be issued in the capital of the Company, including a Share or an Option.

Securityholders means a holder of a Security.

Settlement means completion of the Agreement and the implementation of the Schemes.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Underwriter means Minimum Risk Pty Ltd (ACN 144 840 595)

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter underwriting the full amount of the Capital Raising.

Underwriter Options means the \$0.05 Options and the \$0.06 Options to be issued to the Underwriter.

Vendors means all of the current shareholders of VGW.

VGW means VGW Holdings Ltd (ACN 147 193 511).

VGW Acquisition has the meaning given in section 0 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.05 or \$0.06 dependent upon the applicable Option (**Exercise Price**).

(c) Expiry Date

Unless specified otherwise on the grant of any Option (for example in relation to Employee Options), each Option will expire at 5:00 pm (WST) on 14 August 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) Not Quoted

The Company will not apply for quotation of the Options on ASX.

(m) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – PRO FORMA BALANCE SHEETS

The following table presents the pro-forma statement of financial position for the Merged Group as at 30 June 2015. The pro-forma statement of financial position has been prepared for illustrative purposes only and gives effect to the Merger pursuant to the notes and assumptions described in Section (b)

The pro-forma is presented for illustrative purposes and does not necessarily reflect the financial position that actually would have resulted had the Merger occurred at the date indicated, or project the financial position of the Merged Group for any future date or period. The pro-forma should be read in conjunction with the historical financial statements of both VGW and Synergy.

The Merger will be accounted for as a business combination using the acquisition method of accounting in conformity with IFRS. Under this method, the assets acquired and liabilities assumed have been recorded based on preliminary estimates of fair value. The actual fair values will be determined upon the implementation of the Merger and may vary from these preliminary estimates.

a) Pro forma statement of financial position as at 30 June 2015

		Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
Assets				
Current Assets				
Cash and cash equivalents	2	502	808	7,116
Trade and other receivables	3	590	504	504
Inventories	4	35	-	-
Total Current Assets		1,127	1,312	7,620
Non-Current Assets				
Property, plant and equipment	5	12	-	-
Intangible assets	6	-	5,624	45,114
Total Non-Current Assets		12	5,624	45,114
Total Assets		1,139	6,936	52,734
Current Liabilities				
Trade and other payables	7	1,443	955	890

		Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
Provisions	8	128	35	35
Amounts due to a related entity	9	1,957	-	-
Total Current Liabilities		3,528	990	925
Total Liabilities		3,528	990	925
NET (LIABILITIES)	ASSETS	(2,390)	5,946	51,809
Equity				
Issued capital	10	31,492	15,543	86,175
Convertible Notes	11	-	850	-
Reserves	12	287	694	211
Capital Raising Costs	13	-	(1,485)	(984)
Accumulated losses	14	(34,214)	(9,656)	(33,592)
Non-controlling interest	15	45	-	-
TOTAL EQUITY (DEFICIT)		(2,390)	5,946	51,809

b) Notes to pro-forma financial information

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
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1. Statement of Accounting Policies

Accounting policies used in compilation of the Pro-forma Statement of Financial Position are consistent with policies used in the historical audited Financial Statements for Synergy and VGW.

2. Cash Assets

Cash and cash equivalents	502	808	1,310
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	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
Disposal of Air Data			(249)
Issue of Shares			7,175
Issue of Convertible Notes			100
Payout of Convertible notes			(125)
Transaction costs			(1,095)
	502	808	7,116
3. Trade and Other Receivables			
Current			
Trade receivable	63	41	104
Australian Tax office - R&D claim	506	426	932
Prepayment	21		21
GST receivable		34	34
Rental Bond		3	3
less Disposal of Air Data			(590)
	590	504	504
4. Inventories			
Finished goods and spares	35		35
less: disposal of Air Data			(35)
	35	-	-
5. Fixed Assets			
Plant and equipment at cost	37	-	37
Accumulated depreciation	(25)		(25)
less: disposal of Air Data			(12)
	12	-	-
6. Intangibles			
Goodwill on Consolidation			39,490

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
Software Development Costs opening		5,295	5,295
Internal Development FY15		1,997	1,997
less accumulated amortisation		(1,668)	(1,668)
		5,624	5,624
Betsoft Licence		36	36
less accumulated amortisation		(36)	(36)
		-	-
	-	5,624	45,114

7. Trade and other payables

Trade payables	72	390	462
Accrued expense	335	437	670
Other payables	890	129	170
Unearned revenue	146		146
less: disposal of Air Data			(558)
	1,443	956	890

8. Provisions

Current

Employee Entitlements	128	35	163
less: disposal of Air Data			(128)
	128	35	35

9. Amounts due to related entity

Loan principal	1,180	-	-
Accrued interest	777	-	-
	1,957	-	-

10. Issued Capital

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
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Synergy

Ordinary shares at 30 June 2015	31,492		31,492
Reclassification of Convertible Notes to Issued Capital from Reserves			76,000
Issue of 932,183,398 shares to VGW shareholders (Acquisition Shares)			49,951
Issue of 47,350,067 Employee Shares			-
Issue of 19,000,000 shares post consolidation to third party lenders (Conversion Shares)			950
Issue of 20,000,000 shares post consolidation for set-off of loans from Minimum Risk (Minimum Risk Shares)			1,957
Issue of 70,000,000 shares post consolidation to raise \$3,500,000 under prospectus (Capital Raising Shares)			3,500

VGW

Ordinary shares at 30 June 2015		15,543	15,543
Issue of shares in August 2015 to raise \$2,175,200 by way of private placement			2,175
Success fees paid by way of shares			727
Conversion of Convertible Notes			725
Issue and conversion of Convertible notes			110
Contractor fees paid by way of shares			169
Vesting of remaining employee shares			685
Issue of shares in December 2015 to raise \$1,500,000 by way of private placement			1,500
Less elimination on Acquisition			(21,634)
	31,492	15,543	86,175

11. Convertible Notes

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
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Convertible Notes	-	850	-
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12. Reserves

Share based payment and Convertible Note reserves	287	694	211
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13. Capital Raising Costs

Capital Raising Costs opening		(1,020)	(1,020)
Pre IPO costs (VGW)			(838)
Transaction costs associated with Prospectus		(465)	(1,449)
Less elimination on Consolidation			2,322
	-	(1,485)	(984)

14. Accumulated Losses

Opening Retained Losses	(33,641)	(6,961)	(41,601)
Loss for the Year	(573)	(2,695)	(3,268)
Writeback of accrued interest to related party (Synergy)			777
Interest from Convertible Notes			(10)
Vesting of remaining employee shares			9
Contractors paid by way of shares			(168)
Loss on Sale of Air Data			(155)
Less elimination on Consolidation			9,826
Closing Retained Earnings	(34,214)	(9,656)	(33,592)

15. Non-Controlling Interest

Opening Non-Controlling interest	213		213
Share of Profit (Loss) for the Year	(168)		(168)
less: disposal of Air Data			(45)
Closing Retained Earnings	45	-	-

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
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16. Contingent Liabilities and Commitments

On 30 August 2013, Synergy announced it had received correspondence from King & Wood Mallesons who act for Mr Frank Stranges, a previous non-executive director and the previous executive chairman of Synergy. The letter claims that Mr Stranges is owed \$171,856.30 in outstanding director fees for a period of time he served in these capacities, including during the period whilst the company was in voluntary administration. Synergy strongly refutes any claim by Mr Stranges that he is owed compensation for outstanding director fees and Synergy will vigorously defend any action brought by Mr Stranges in respect of the same. Since that date, on 22 December 2015, the Company received another letter on Mr Stranges behalf requesting payment before 18 January 2016. The Company denies any claim of Mr Stranges and believes that there is no basis in the claim.

Apart from the matter mentioned above, there are no other contingent to the Company and the Consolidated Entity as at 30 June 2015.

SCHEDULE 3 – TERMS OF PERFORMANCE SHARES

There will be six classes of Performance Shares issued to Lance East Corporation. All six classes will have the same terms save for the performance milestones specified in clause 2(a) below. For the purposes of these terms, Performance Shares will refer to all six classes and means, collectively or separately as appropriate, the Class A Performance Shares, the Class B Performance Shares, the Class C Performance Shares, the Class D Performance Shares, the Class E Performance Shares and the Class F Performance Shares.

1. Rights attaching to Performance Shares

- (a) **(Nature of Performance Share)** Each Performance Share is a share in the capital of the Company.
 - (b) **(General Meetings)** A Performance Share confers on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. The holder has the right to attend general meetings of Shareholders of the Company.
 - (c) **(No Voting Rights)** A Performance Share does not entitle the holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.
 - (d) **(No Dividend Rights)** A Performance Share does not entitle the holder to any dividends.
 - (e) **(Rights on Winding Up)** The holder is not entitled to participate in the surplus profits or assets of the Company upon the winding up of the Company.
 - (f) **(Not Transferable)** A Performance Share is not transferable, except as otherwise contemplated by these terms.
 - (g) **(Reorganisation of Capital)** If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the applicable rules of any recognised securities exchange where the Company's Shares are listed (**Recognised Securities Exchange**) at the time of reorganisation (for example, the ASX Listing Rules).
 - (h) **(Application to Recognised Securities Exchange)** If the Company is admitted to the Official List of a Recognised Securities Exchange (such as the ASX), a Performance Share will not be quoted on the Recognised Securities Exchange. However, upon conversion of a Performance Share into one (1) Share in accordance with clause 2(a), the Company must after the conversion, apply for the quotation on the relevant Recognised Securities Exchange of the Shares arising from the conversion in accordance with the rules of the Recognised Securities Exchange.
 - (i) **(Amendments required by a Recognised Securities Exchange)** The terms of the Performance Shares may be amended by the Directors of the Company as reasonable or necessary in order to comply with the rules of a Recognised Securities Exchange, or any directions of the Recognised Securities Exchange regarding the terms, including where necessary to enable the Company to list on a Recognised Securities Exchange.
 - (j) **(Participation in Entitlements and Bonus Issues)** The holder of a Performance Share will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
 - (k) **(No Return of Capital)** A Performance Share does not entitle the holder to the return of any capital whether in a winding up, upon a reduction of capital or otherwise.
 - (l) **(No Other Rights)** A Performance Share gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
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2. Conversion of Performance Shares

- (a) **(Conversion on achievement of Milestones)** Subject to clauses 2(c), 2(d), 2(e) and 3 below, a Performance Share will convert into one (1) Share upon:
- (1) in the case of the Class A Performance Shares, the achievement of A\$10.0 million in audited Annual Net Revenue by the Company (**Class A Milestone**);
 - (2) in the case of the Class B Performance Shares, the achievement of A\$20.0 million in audited Annual Net Revenue by the Company (**Class B Milestone**);
 - (3) in the case of the Class C Performance Shares, the achievement of A\$30.0 million in audited Annual Net Revenue by the Company (**Class C Milestone**);
 - (4) in the case of the Class D Performance Shares, the achievement of A\$40.0 million in audited Annual Net Revenue by the Company (**Class D Milestone**);
 - (5) in the case of the Class E Performance Shares, the achievement of A\$50.0 million in audited Annual Net Revenue by the Company (**Class E Milestone**) and
 - (6) in the case of the Class F Performance Shares, the achievement of A\$100.0 million in audited Annual Net -Revenue by the Company (**Class F Milestone**).

For the purposes of this clause:

- (7) **A\$** means Australian dollars;
 - (8) **Annual Net Revenue** means the gross revenues (or player purchases) less refunds for the Company's fiscal year (being the period from 1 July to 30 June next) determined in accordance with *Generally Accepted Accounting Standards*; and
 - (9) a determination as whether or not the above Milestones have been achieved, will be made by the Company's auditor immediately after completion of the audit of the Company's financial statements. In the absence of manifest error, the auditor's determination will be conclusive and binding on both the Company and the Holder.
- (b) **(Conversion on Control Event)** Subject to clauses 2(c), 2(d) and 2(e), and 3 below, a Performance Share will convert into one (1) Share upon a Control Event occurring provided always that if the Company is admitted to the Official List of a Recognised Securities Exchange (such as the ASX), the maximum number of Shares, in aggregate, a Holder of Performance Shares may obtain is 10% of the issued ordinary capital of the Company as at the date of conversion.

For the purposes of this clause, a **Control Event** means any of the following:

- (1) an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as it is not at the time owned by the offeror or any person acting in concert with the offeror);
- (2) any other event which the holder of the Performance Shares or the Company reasonably considers should be regarded as an event which changes the control of the Company,

but does not include any transaction or event required to occur (at the reasonable discretion of the Board of the Company) as part of or to facilitate the Company becoming listed on a Recognised Securities Exchange.

- (c) **(Expiry Date)** The Milestones must be achieved on or before that date which is five (5) years following the issue date of the Performance Shares (**Expiry Date**).
-

- (d) **(No conversion if Milestone not Achieved)** Subject to clauses 2(c), 2(e) and clause 3 below, if a Milestone is not achieved on or before the Expiry Date, then all of the relevant Performance Shares held by the holder will **automatically consolidate into one (1) Share only (Automatic Conversion)**.
- (e) **(Compliance with law)** The conversion of a Performance Share is subject to compliance at all times with the Corporations Act and, if applicable, the rules of the Recognised Securities Exchange on which the Company is listed.
- (f) **(Conversion Procedure)** the Company will issue the holder with a new Share certificate or (if applicable) holding statement for the Shares as soon as practicable following the conversion of a Performance Share into a Share in accordance with condition 2(a).
- (g) **(Ranking of Shares)** The Shares into which the Performance Shares will convert will rank pari passu in all respects with existing Shares and will confer rights identical with all other Shares then on issue.

3. Shareholder Approval – Takeover Provisions

- (a) **(Conversion Event)** Where conversion of Performance Shares is to occur as a consequence of either:
 - (1) the achievement of a Milestone (pursuant to clause 2(a));
 - (2) the occurrence of a Control Event (pursuant to clause 2(b));
 - (3) Automatic Conversion (pursuant to clause 2(d)); or
 - (4) any other provision of these terms,(each a **Conversion Event**), and the issue of the Shares on conversion of the Performance Shares (**Conversion Shares**) will or will be likely to result in an acquisition of a relevant interest in the Company's Shares which causes the voting power in the Company of any person and their associates (as defined in the Corporations Act) (**Defined Person**) exceeding, in aggregate, 19.99% (a **Threshold Event**), the Company must follow the procedure set out in 3(b) below.
 - (b) **(Shareholder Approval)** Where clause 3(a) applies, prior to issuing the Conversion Shares:
 - (1) the Company must provide the Defined Person with 20 days after the Conversion Event occurs (**Prescribed Period**) to divest itself of the Performance Shares or make such other arrangements as may be necessary or appropriate so that the issue of the Conversion Shares will not result in a Threshold Event; and
 - (2) if at the end of the Prescribed Period, a Threshold Event still will or will be likely to occur as a result of the issue of the Conversion Shares, the Company must as soon as reasonably practicable and within 60 days after the Conversion Event, do all such things, including without limitation, convening one or more Shareholder meetings to obtain the Shareholder Approval (**Approval Meeting**), preparing and circulating to its members all materials required for the Approval Meeting and engaging any experts required, reasonably necessary to seek shareholder approval to issue the Conversion Shares pursuant to section 611 (Item 7) of the Corporations Act (**Shareholder Approval**); and
 - (3) If Shareholder Approval is not obtained at the Approval Meeting, the Company will provide the holder with a further 30 days to divest itself of the Performance Shares or make such other arrangements as may be necessary or appropriate so that the issue of the Conversion Shares will not result in a Threshold Event.
 - (c) **(Unconverted Performance Shares)** Where clauses 3 (a) and (b) apply, provided that the procedure in clause 3(b)(1)-(3) has been followed, the Company will issue:
-

- (1) the Conversion Shares:
 - (A) if the Shareholder Approval has been obtained;
 - (B) if a Threshold Event will not occur; or
 - (C) only to the extent possible without resulting in a Threshold Event, and any other Performance Shares will remain unconverted (**Unconverted Performance Shares**) if:
 - (i) the Shareholder Approval has not been obtained;
 - (ii) a Threshold Event will occur if all of the Conversion Shares are issued.
 - (iii) Where there are Unconverted Performance Shares, the Conversion Shares in respect of the Unconverted Performance Shares will be converted when, in the Company's reasonable opinion, the issuance would no longer result in a Threshold Event.
-

SCHEDULE 4 – INDEPENDENT EXPERTS REPORT

24 December 2015

The Directors
Synergy Plus Limited
C/- RSM Australia Pty Ltd
8 St George's Terrace
PERTH WA 6000

Dear Sirs

The Independent Expert has concluded that the transactions related to the issue of 440,000,000 Acquisition Shares and the approval to convert 650,000,000 Performance Shares to be issued to Lance East as part of the consideration for the Acquisition of VGW Holdings Limited the subject of Resolutions 6, and 9 and allowing the issue and exercise of 30,986,160 Employee Options by Laurence Escalante, the subject of Resolution 20 as outlined in this Notice of General Meeting are fair and reasonable to the shareholders of the Company (not associated with Lance East Corporation and Laurence Escalante) as at the date of this report.

Dear Sirs

Re: SYNERGY PLUS LIMITED (ACN 091 126 082) ("SYNERGY" OR "THE COMPANY") ON THE PROPOSAL TO ISSUE 440,000,000 ACQUISITION SHARES TO LANCE EAST CORPORATION AND THE APPROVAL TO CONVERT UP TO 650,000,000 PERFORMANCE SHARES TO BE ISSUED TO LANCE EAST CORPORATION AS PART OF THE CONSIDERATION FOR THE ACQUISITION OF VGW HOLDINGS LIMITED ("VGW") AND THE ISSUE OF 30,986,160 SHARE OPTIONS TO LAURENCE ESCALANTE AS EMPLOYEE SHARE OPTIONS AND ALLOWING SUCH SHARE OPTIONS TO BE EXERCISED - SHAREHOLDERS MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001

1. Introduction

- 1.1 On 27 October 2015 the Company announced that it had entered into a conditional acquisition agreement with VGW to acquire 100% of VGW ("conditional term sheet"), a company that owns gaming technology and operates an online gaming business. Pursuant to the conditional term sheet it was proposed that Synergy will acquire VGW via the issue of up to 933,346,204 ordinary shares (post consolidation) at a deemed issue price of 5 cents per share ("Acquisition Shares"), 650,000,000 Performance Shares and 65,662,112 options exercisable at 5 cents per share and with an expiry date of 14 August 2017 ("Acquisition Securities") and agreeing to issue 9,000,000 options exercisable at 5 cents per share and with an expiry date of 5 years from date of issue to VGW's Executive Chairman. The acquisition of VGW is known as the Acquisition.
- 1.2 Subsequent to the initial conditional term sheet and pursuant to an amended and restated term sheet executed on 4 December 2015 between the Company and VGW, it is now proposed that Synergy will undertake the following:

- a 1 for 50 consolidation of its existing capital so that prior to any issue of shares to VGW and other parties as noted below, there will be approximately 14,808,157 post consolidation shares;
- Subject to receiving the consent of third party lenders and creditors, Synergy will issue up to 19,000,000 post consolidation shares at a deemed issue price of 5 cents per share to pay out or in consideration for the conversion of previously advanced loans and creditors totalling approximately \$950,000 (“Conversion Shares”);
- The issue of 20,000,000 shares (post consolidation) and 6,000,000 options (post consolidation) exercisable at 5 cents with an expiry date 3 years from date of issue to Minimum Risk Pty Ltd (“Minimum Risk”) in consideration for the off-set of outstanding loans made by Minimum Risk to Synergy and or its subsidiaries (“Minimum Risk Shares” and “Minimum Risk Options” respectively). Minimum Risk is a company associated with and controlled by Mr Christopher Martino, a director of Synergy;
- Synergy will acquire VGW via the issue of up to 979,533,465 shares (post-consolidation) at a deemed issue price of 5 cents per share (“Acquisition Shares”), 650,000,000 Performance Shares (refer below) and 95,662,112 options exercisable at 5 cents and with an expiry date of 14 August 2017 (“Acquisition Options”) (combined referred to as “Acquisition Securities”) and agreeing to issuing 9,000,000 options (exercisable at 5 cents and with an expiry date of 5 years from date of issue) to VGW’s Executive Chairman, Mr Nigel Blythe-Tinker and issuing 96,926,780 employee options to be issued at 5 cents each and exercisable within 5 years from date of issue under the Synergy Employee Share Option Plan;
- The 979,533,465 Acquisition Shares are to be issued in exchange for 952,868,355 VGW shares on issue post a capital raising of \$1,500,000 by VGW together with 14,282,841 VGW shares to be issued on the conversion of the VGW convertible notes and 12,382,269 Adviser Shares prior to the completion of the Acquisition. Included in the 979,533,465 Acquisition Shares are 47,350,067 VGW Employee Plan Shares. The 47,350,067 VGW Employee Plan Shares are to be cancelled by VGW prior to the completion of the Acquisition and will be reissued under the same terms by Synergy under the Employee Share Option Plan (refer below) and have therefore for purposes of our report been included as part of the 979,533,465 Acquisition Shares;
- Synergy will issue Performance Shares as follows to Lance East Corporation (“Lance East”), the founding shareholder of VGW controlled by Mr Laurence Escalante in consideration for equal number of Performance Shares currently issued by VGW:
 - 120,000,000 Performance Shares if VGW achieves \$10,000,000 annual audited net revenues within 5 years;
 - 120,000,000 Performance Shares if VGW achieves \$20,000,000 annual audited net revenues within 5 years;
 - 120,000,000 Performance Shares if VGW achieves \$30,000,000 annual audited net revenues within 5 years;
 - 120,000,000 Performance Shares if VGW achieves \$40,000,000 annual audited net revenues within 5 years;
 - 120,000,000 Performance Shares if VGW achieves \$50,000,000 annual audited net revenues within 5 years; and
 - 50,000,000 Performance Shares if VGW achieves \$100,000,000 annual audited net revenues within 5 years.

Each Performance Share will convert into one ordinary share if the relevant Milestone is met within the Performance Period;

- VGW has convertible note liabilities totalling \$400,000 and comprising: (a) three convertible notes with a total face value of \$250,000 convertible (at the noteholder's discretion) to 12,500,000 shares (post-consolidation) at 2 cents per share; and (b) one convertible note with a face value of \$150,000 convertible (at the noteholder's discretion). The three convertible notes with a total face value of \$250,000 will be converted into 12,500,000 shares and 50% of the \$150,000 convertible note will now convert into 1,782,841 shares in VGW prior to the Acquisition (\$75,000 will be redeemed in cash); and
- Synergy will seek to issue 70,000,000 shares (post-consolidation) at an issue price of 5 cents per share to raise not less than \$3,500,000 (before capital raising costs) under a prospectus ("Capital Raising Shares"). The Capital Raising is to be underwritten by Minimum Risk, a related party and is subject to shareholder approval. Synergy has agreed to issue 72,500,000 Underwriter/Broker options of which 36,250,000 options will have an exercise price of 5 cents and 36,250,000 options an exercise price of 6 cents expiring 3 years from the date of issue. Refer to Paragraph 2.3 below for changes to the potential changes to the share structure of Synergy.

1.3 Completion of the Acquisition of VGW is conditional upon satisfaction of the following conditions by the dates included below (or such other dates as agreed between the parties):

- Completion of due diligence by Synergy by 15 November 2015;
- Receipt of consents from lenders and creditors of Synergy to effect the proposed loan restructurings by 15 December 2015;
- ASX conditional approval for listing by 29 February 2016;
- Receipt of shareholder approval in relation to the underwriting agreement with Minimum Risk with respect to the Capital Raising Shares before 29 February 2016; and
- The parties obtaining all relevant approvals, including shareholder approval, court approval, board approval and any third party consents necessary to implement the Acquisition by 29 February 2016.

1.4 Following the 1 for 50 consolidation of capital, the issue of 19,000,000 Conversion Shares, the issue of 20,000,000 Minimum Risk Shares, the issue of 70,000,000 Capital Raising Shares and the issue of up to 979,533,465 Acquisition Shares, the number of shares on issue will be approximately 1,103,341,622.

VGW shareholders would have an approximate 88.78% shareholding interest in Synergy and Lance East would own approximately 39.88% of the then issued capital (after the issue of any Capital Raising Shares and the conversion of any Performance Shares or issue of shares on conversion of options).

Assuming all the performance milestones are achieved and post the conversion of the 650,000,000 Performance Shares into ordinary shares (but before the issue of any other shares including on exercise of any options), Lance East could increase its shareholding to 1,090,000,000 shares or 62.17% of the shares on issue of 1,753,341,622.

Laurence Escalante is to receive 30,986,160 Employee Options (out of 96,926,789 Employee Options) and as Laurence Escalante is associated with Lance East, the combined

shareholding of Lance East/Laurence Escalante on exercise of the 39,986,610 Employee Options will be approximately 55.13% (assuming all 650,000,000 Performance Shares convert to ordinary shares in Synergy and all share options are exercised) (approximately 62.51% if only Laurence Escalante exercised his 39,986,610 Employee Options).

We refer to the table in Paragraph 2.3 of this report and to the Explanatory Statement (“ES”) attached to the Notice of Meeting of Shareholders (“Notice”) to be mailed to shareholders in December 2015.

- 1.5 Under Paragraph 606 of the Corporations Act 2001 (“TCA”), a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons’ or someone else’s voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transactions noted pursuant to a Section 611 (Item 7) meeting.

- 1.6 Lance East, as a result of the proposed transactions will increase its shareholding in Synergy from nil% to obtain a shareholders’ interest in Synergy of more than 20%. An independent expert’s report should accompany the Notice stating whether the proposals with VGW, Lance East and Laurence Escalante as described in Resolutions 6, 9 and 20 and as noted above are fair and/or reasonable to the shareholders of Synergy not associated with Lance East and Laurence Escalante.
- 1.7 Therefore a notice prepared in relation to a meeting of shareholders convened for the purposes of Section 611 (Item 7) of TCA must be accompanied by an Independent Expert’s Report stating whether the issue of 440,000,000 Acquisition Shares and the approval to convert 650,000,000 Performance Shares to be issued to Lance East as part of the consideration for the Acquisition and allow 30,986,160 Employee Options to be issued and exercised are fair and reasonable to the shareholders not associated with Lance East and Laurence Escalante. To assist shareholders in making a decision on the proposals with Lance East and Laurence Escalante, the directors have requested that Stantons International Securities prepare an Independent Expert’s Report, which must state whether, in the opinion of the Independent Expert, the issue of 440,000,000 Acquisition Shares and the approval to convert 650,000,000 Performance Shares to ordinary shares to Lance East as part of the consideration for the Acquisition and allowing the issue and exercise of 30,986,160 Employee Options are fair and reasonable to the shareholders of Synergy (not associated with Lance East and Laurence Escalante). Resolution 6 refers to the issue of the Acquisition Shares to Lance East, Resolution 9 refers to the approval to convert the 650,000,000 Performance Shares and Resolution 20 refers to the approval to convert 30,986,160 Employee Options by Laurence Escalante.
- 1.8 Apart from this introduction, this report considers the following:
- Summary of opinion
 - Implications of the proposals
 - Corporate history and nature of business of Synergy
 - Corporate history and nature of business of VGW
 - Future direction of Synergy
 - Basis of valuation of Synergy shares
 - Basis of valuation of VGW shares

- Conclusions as to fairness
- Reasonableness of the offers
- Conclusions as to reasonableness
- Shareholders Decision
- Sources of information
- Appendices A and B and our Financial Services Guide

- 1.9 In determining the fairness and reasonableness of the transactions related to the issue of 440,000,000 Acquisition Shares and the approval to convert 650,000,000 Performance Shares to be issued to Lance East as part of the consideration for the Acquisition of VGW the subject of Resolutions 6 and 9 and allow the issue and exercise of 30,986,160 Employee Options as outlined in Resolution 20 in the Notice, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111, “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair.

An offer may also be reasonable, if despite not being “fair”, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

- 1.10 There are 23 resolutions being put to the shareholders of Synergy. Resolution 1 relates to the approval for a change to nature and scale of activities. Resolution 2 relates to the approval for the consolidation of capital (1 for 50 basis). Resolution 3 relates to the approval for the creation of a new class of shares. Resolution 4 relates to the approval for a Capital Raising of 70,000,000 shares at 5 cents each pursuant to a Prospectus. Resolution 5 relates to the approval for the issue of 492,183,398 shares and 95,662,112 options as Vendor consideration. Resolution 6 relates to the approval for the issue of 440,000,000 shares to Lance East and its associates. Resolution 7 relates to approval for the Company to issue 19,000,000 shares to various lenders and creditors. Resolution 8 relates to the approval for the issue of 650,000,000 Performance Shares to Lance East. Resolution 9 relates to the approval for the conversion of the Performance Shares the subject of Resolution 8. Resolution 10 relates to the approval for a change of company name. Resolution 11 relates to the approval for the issue of 36,250,000 5 cents and 36,250,000 6 cents options to the underwriter Minimum Risk. Resolution 12 relates to approval for the issue of 9,000,000 options to the incoming Chairman. Resolution 13 relates to the appointment of Nigel Blythe-Tinker as a director of Synergy. Resolution 14 relates to the appointment of Laurence Escalante as a director of Synergy. Resolution 15 relates to the appointment of Mats Johnson as a director of Synergy. Resolution 16 relates to the appointment of Lorenzo Escalante as a director of Synergy. Resolution 17 relates to the approval for the issue of 20,000,000 shares and 6,000,000 options on conversion of loans from Minimum Risk. Resolution 18 relates to the approval of an Employee Share Plan. Resolution 19 relates to the approval of issue of up to 47,350,067 shares and 46,125,320 Employee Options under the Employee Share Option Plan. Resolution 20 relates to the approval to issue up to 30,986,180 Employee Options under the Employee Share Option Plan to Laurence Escalante. Resolution 21 relates to the approval to issue up to 9,000,000 Employee Options under the Employee Share Option Plan to Nigel Blythe-Tinkler. Resolution 22 relates to the approval to issue up to 9,720,300 Employee Options under the Employee Share Option Plan to Mats Johnson and Resolution 23 relates to the approval to

issue up to 1,095,000 Employee Options under the Employee Share Option Plan to Lorenzo Escalante.

We are only reporting on the fairness and reasonableness of the proposals under Resolutions 6, 9 and 20 but do note that approval of Resolutions 1 to 23 are all interdependent on each other.

- 1.11 **In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 11 of this report we conclude that the transaction related to the issue of 440,000,000 Acquisition shares, the approval for the conversion of 650,000,000 Performance Shares into ordinary shares in Synergy the subject of Resolutions 6 and 9 and allow the issue and exercise of 30,986,160 Employee Options, the subject of Resolution 20 as outlined in this Notice of General Meeting are fair and reasonable to the shareholders of the Company (not associated with Lance East and Laurence Escalante) as at the date of this report.**
- 1.12 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

- 2.1 As at 24 December 2015, there were 740,407,849 pre-consolidated fully paid ordinary fully paid shares on issue in Synergy. The top 20 shareholders list as at 15 November 2015 discloses the following significant shareholders (pre consolidation):

Shareholder Name	No. of fully paid shares	% of issued fully paid shares
Dyncap Global Performance	86,666,667	11.71
Impact Nominees Pty Ltd	85,867,201	11.60
Doemenal Enterprises Pty Ltd	49,675,114	6.71
Robin Scott Rindel	43,333,333	5.85
Jemaya Pty Ltd	22,666,667	3.06
	<u>288,208,982</u>	<u>38.93</u>

The top 20 shareholders as per the top 20 shareholders list at 15 November 2015 owned approximately 74.89% (554,496,995 fully paid shares) of the ordinary issued capital of the Company. Post the 1 for 50 consolidation of capital and before the issue of any further shares, there will be approximately 14,808,157 post consolidated shares on issue. As at the date of this report Lance East does not own any shares in Synergy.

- 2.2 As at 24 December 2015 there are no share options on issue in Synergy.
- 2.3 Subsequent to 24 December 2015 the movement in the issued capital of the Company could be as follows:

	Other Synergy Shareholders	Lance East Corporation (A Vendor of VGW) and Laurence Escalante	Total shares on Issue in Synergy	Potential percentage shareholding of Lance East Corporation/ Laurence Escalante
Pre consolidated Shares on issue at 24 December 2015	740,407,849	-	740,407,849	-
Consolidation of capital on a 1:50 basis	(725,599,692)	-	(725,599,692)	-
No of shares on issue post consolidation	14,808,157	-	14,808,157	-
Shares issued for settlement of loans	10,000,000	-	10,000,000	-
Shares issued for settlement of creditors	9,000,000	-	9,000,000	-
Shares issued for settlement of Minimum Risk loan	20,000,000	-	20,000,000	-
Issue of Capital Raising Shares	70,000,000	-	70,000,000	-
Issue of Acquisition Shares	539,533,465	440,000,000	979,533,465	-
Potential shares on issue before conversion of Performance Shares or options	663,341,622	440,000,000	1,103,341,622	39.88
Potential conversion of Performance Shares	-	650,000,000	650,000,000	-
Potential shares on issue before conversion of Options	663,341,622	1,090,000,000	1,753,341,622	62.17
Potential conversion of Minimum Risk Options, Acquisition Options, Chairman's Options, Employee Options and Underwriter/Broker Options	249,102,732	30,986,160	280,088,892	-
Total potential shares on issue on a fully diluted basis	912,444,354	1,120,986,160	2,033,430,514	55.13

- 2.4 If the Acquisition is completed, the fully paid shareholding of Lance East in Synergy would initially approximate 39.88% as Lance East post the Capital Raising and issue of any other shares as noted above will hold 440,000,000 shares in Synergy out of a total issued capital of 1,103,341,622. If the Performance Shares are converted (but before any options are converted) Lance East's shareholding could increase up to 62.17% of the expanded issued capital of Synergy (1,753,341,622 shares in Synergy will be on issue). If all the options are converted (but before any Performance Shares are converted) Lance East's shareholding could decrease down to 34.04%. However, if all options and all Performance Shares are converted, Lance East/Laurence Escalante's shareholding could increase from an initial 39.88% to 55.13%.

- 2.5 The current Board of Directors is proposed to change in the near future as a result of the Acquisition and other proposals with VGW. The current Board comprises of Dominic Martino, Phillip Silva and Christopher Martino. Post the Acquisition, all the existing directors of Synergy will resign and four nominees of VGW will be appointed to the Board. The nominees are Messrs. Nigel Blythe-Tinker (Executive Chairman), Laurence Escalante (Chief Executive Officer), Mats Johnson (Executive Director) and Lorenzo Escalante (Non-Executive Director). The current Company Secretary of Synergy will also resign and VGW will nominate a Company Secretary who at this stage is Rointon Nugara (VGW Company Secretary and CFO). Details of the proposed new directors are outlined in the ES attached to the Notice.
- 2.6 AirData will cease to be a subsidiary of Synergy (as will AirData's subsidiary, AirData Australia Pty Ltd) as it is proposed that Synergy's 60% interest in AirData will be sold to an unrelated third party before the Acquisition. The debt due to Minimum Risk of \$1,180,504 (after write-back of accrued interest of \$850,515) will be settled via the issue of 20,000,000 ordinary shares and 6,000,000 5 cent options in Synergy. Refer the pro-forma statement of financial position of Synergy Balance Sheet "A" post the sale of AirData and additional estimated costs to 31 January 2016 in Paragraph 5.4.1 below.
- 2.7 Additionally subject to receiving the consent of third party lenders and creditors, Synergy will issue up to 19,000,000 post consolidation shares at a deemed issue price of 5 cents per share in consideration for the conversion of previously advanced loans and creditors totalling approximately \$950,000.

3. Corporate History and Nature of Businesses

Synergy and AirData

- 3.1 Principal Activities and Significant Assets
- 3.1.1 Synergy is an ASX listed company having achieved an ASX listing on 6 December 2000. Over most of that time, the primary business was in the provision of information and communications technology infrastructure solutions to customers in Australia, mainly via its shareholding in Synergy Plus Operations Pty Ltd ("SPOPL"). In March 2011, the Company and all of its subsidiaries (including AirData and its subsidiary but excluding SPOPL) were placed into Administration. Synergy, AirData and AirData (Australia) Pty Ltd entered into DOCA's in May 2011. Synergy on 12 April 2013 effectuated its Deed of Company Arrangement ("DOCA") after being in Administration and subject to a DOCA since 17 March 2011. Currently, the only operating subsidiary is AirData (via its subsidiary AirData (Australia) Pty Ltd) that is to be sold before the Acquisition.
- 3.1.2 AirData currently owns 100% of AirData (Australia) Pty Ltd (combined referred to as the AirData Group) and the AirData Group operates enterprise- class mobility solutions. In November 2015, Synergy advised that it had agreed to dispose of its interest in AirData and its subsidiary for \$1,000 and in complete satisfaction of the Synergy loan to AirData, AirData will pay Synergy \$250,000. The amount of \$250,000 is due to be paid in instalments over approximately 12 months and Synergy has received \$30,000 to date. After the disposal of the AirData Group, Synergy will not have any operating businesses.

We refer to the ES attached to the Notice which provides further background on Synergy and its subsidiaries.

VGW

3.2 Principal Activities and Significant Assets

- 3.2.1 VGW is an Australian based public company which operates a social (or online) casino through its wholly-owned gaming platform, Chumba Casino at www.chumbacasino.com and through a Facebook application at apps.facebook.com/chumbacasino. VGW has been in operation since November 2010 and has offices in Perth, Sydney and Manila. VGW has one subsidiary, Virtual Gaming Worlds Inc., a non-trading company which is 100% owned by VGW.

VGW is a developer and operator of social casino games with sweepstakes cash prize gameplay, which provides for the payout of cash prize winnings from casino games. Sweepstakes gameplay entails a real-money, online prize gaming solution for all 50 states of the United States, where online gambling is largely prohibited. VGW derives a majority of revenues via its wholly owned platform: <http://www.chumbacasino.com>.

VGW's strategy following the transaction with Synergy is to:

- continue to expand its social sweepstakes casino gaming platform throughout the United States and to expand across other key gaming product lines including jackpots, poker and sports;
- expand into major Asian, United Kingdom, European, Latin American and African gaming markets;
- pursue strategic acquisitions in the social games and gaming sectors, to accelerate growth by integrating VGW's social sweepstakes gameplay technology with existing gaming businesses and their player bases; and
- leverage the skills and expertise of VGW's highly experienced executive and leadership team.

VGW currently has a monthly revenue run rate of over \$27 million per annum and has over 10,000 users.

- 3.2.2 As at 30 November 2015, VGW has 912,035,022 ordinary shares on issue and 65,662,112 options on issue. 30,000,000 shares are to be issued in December 2015 pursuant to a capital raising undertaken by VGW in November/December 2015. VGW has an Employee Share Plan and included in the 912,035,022 ordinary shares on issue are the following Plan Shares which are backed by Plan Loans (non recourse loans).

- 77,987,742 2 cent Plan Shares
- 38,475,067 5 cent Plan Shares
- 375,000 10 cent Plan Shares

A further 8,500,000 Plan Shares will be issued to various employees that are backed by Plan Loans in January 2016. In addition a further 2,333,333 shares that are not backed by Plan Loans will be issued to contractors in January 2016. The terms of the Plan Shares require VGW to buy back and cancel the Plan Shares if a Liquidity Event (such as the Merger) occurs and the consideration offered to Plan Shareholders is equal to or less than the amounts due or payable by Plan Shareholders under their Plan Loans. The proceeds from the buy-back must be used to discharge the Plan Loans with any outstanding balance to be waived by VGW.

The terms of the Plan Shares also require Plan Shareholders to repay their Plan Loans if a Liquidity Event occurs and their Plan Shares are not bought back by VGW because the consideration offered exceeds the amounts due or payable under their Plan Loans.

VGW estimates that up to 47,350,067 Plan Shares (being all of the 5 and 10 cent Plan Shares currently on issue together with those to be issued on 1 January 2016) will need to be bought back and cancelled by VGW on the basis that the Scheme Consideration payable to Plan Shareholders will be less than or equal to the amounts due under their Loan Plans. Immediately post the Acquisition an equivalent number of Synergy shares will be issued under the Synergy Employee Share Option Plan and backed by non recourse loans so that these shareholders are no worse off post the Acquisition. The 77,987,742 2 cent Plan Shares will participate in the Acquisition and will be exchanged for Synergy shares on a 1 for 1 basis.

- 3.2.3 As at 30 November 2015 VGW has 650,000,000 Performance Shares on issue, all of which are held by Lance East. Lance East also holds 440,000,000 ordinary shares in VGW. The terms of the Performance Shares are the same as those disclosed in Paragraph 1.2 of this report. As part of the Acquisition, Laurence Escalante (associated with Lance East) is to be issued 30,986,160 Employee Options with a 5 cent exercise price and expiry period of up to 5 years. Of these Employee Options, 25,000,000 options vest immediately, 2,993,080 vest in 3 equal instalments over 3 years subject to certain revenue targets being achieved and 2,993,080 vest after 30 June 2018 if the Total Shareholder Return is 100% greater than the return on the All Ordinaries Accumulation Index over the performance period. We refer to the ES for further details of the terms of the Employee Options.
- 3.2.4 As at 30 November 2015 VGW has four convertible notes on issue totalling \$400,000. Three convertible note holders with a total value of \$250,000 have indicated they will convert their convertible notes into 12,500,000 shares at 2 cents each. A fourth convertible note holder has indicated that he will convert 50% of his convertible note (\$75,000) into approximately 1,782,841 shares and the remaining \$75,000 will be redeemed for cash.

We refer to the ES attached to the Notice which provides further background on VGW and the securities on issue.

4. Future Directions of Synergy

- 4.1 We have been advised by a director of Synergy that:
- There are no proposals currently contemplated for Synergy to acquire any further properties or assets from VGW (however Synergy will issue ordinary fully paid shares to VGW shareholders as outlined above in relation to the Acquisition) or where Synergy will transfer any of its property or assets to VGW;
 - The composition of the Board will change in the short term as noted above;
 - The Company will use the proceeds of the capital raising to develop its United States growth, global expansion and development of new products in the online gaming business to be acquired via the Acquisition;
 - The Company may raise further capital in 2016/17 if the need arises and subject to market conditions (in addition to the \$3,500,000 proposed Capital Raising) (VGW is raising a gross \$1,500,000 expected to be completed in December 2015 prior to the Acquisition);
 - No dividend policy has been set;
 - The Company will endeavour to enhance the value of its interests in the sweepstakes gameplay technology and online gaming business to be acquired via the Acquisition;
 - Proposes to sell AirData and undertake the other proposals as noted above (including the consolidation of capital, clearing of intercompany loans, debts due to creditors, loans due to Minimum Risk); and
 - Change the name of the Company to VGW Gaming Limited.

5. Basis of Valuation of Synergy Shares

5.1 Shares

5.1.1 In considering the proposal to issue 440,000,000 Acquisition shares (post consolidation) to Lance East as part of the issue of 979,533,465 Acquisition Shares, the issue of 650,000,000 Performance Shares to Lance East (and authorising the conversion of the Performance Shares) and the issue of 30,986,160 Employee Options to Laurence Escalante (and authorising the conversion of such Employee Options), we have sought to determine if such proposals are fair and reasonable to the existing non-associated shareholders of Synergy.

5.1.2 The issue of the 440,000,000 Acquisition shares to Lance East would be fair to the existing non-associated shareholders of Synergy if the pre announcement fair value of a Synergy share is less than the deemed issue price of a VGW share. The offer for the acquisition of VGW would be fair to the existing non-associated shareholders if the value of the shares in VGW being acquired by Synergy is greater than the implicit value of the shares (ordinary shares) in Synergy being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Synergy shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a Synergy share are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of Synergy shares.

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Synergy's current operations, a lack of a reliable long term profit history arising from business undertakings, the disposal of the AirData Group and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. Synergy (group) made an audited loss after tax of \$681,289 for the year ended 30 June 2015 and as at 30 June 2015 has consolidated losses of approximately \$34,213,838. Of this consolidated loss after tax, the AirData Group contributed a loss after tax of \$422,315 for the year ended 30 June 2015, the balance of the loss being attributed to Synergy. The AirData Group is being sold prior to the Acquisition taking place and therefore will not contribute to future results. Synergy will incur a loss of approximately \$924,281 on the disposal of the AirData Group based on the selling price of \$1,000 for the shares and \$250,000 for repayment of a loan compared to the carrying value of the investment of \$900,000 and a loan to AirData of \$275,281 as at 30 September 2015 per the unaudited accounts of Synergy.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Synergy could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Synergy have formed the view that there are unlikely to be any takeover bids made for Synergy in the immediate future. However, if the agreement to issue shares to VGW shareholders as noted above is completed, VGW shareholders immediately after the issue of the Capital Raising Shares could obtain an interest in Synergy of approximately 88.78%. We refer you to the table in Paragraph 2.3 above for further details.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an unaudited balance sheet (statement of financial position) of Synergy (Balance Sheet “A”) as at 30 September 2015 adjusted for the following transactions: :

- The incurring of cash costs relating to the Acquisition and issuing of the Notice approximating \$200,000 (all expensed);
- The incurring of estimated additional costs of approximately \$150,000 for the period 1 October 2015 to 31 January 2016;
- Accounting for the sale of all of the shares in AirData for \$1,000, accounting for the loss on the investment in AirData of \$899,000, providing for the loss on the loan of \$25,281 and accounting for the expected cash proceeds to 31 January 2016 of \$70,000;

We also disclose a pro-forma consolidated Balance Sheet “B” assuming the following:

- The completion of the 1 for 50 consolidation of capital;
- The issue of 979,533,465 Acquisition shares of which 47,350,067 relate to the 5 cents and 10 cents Plan Shares held by employees in VGW and 77,987,742 relate to 2 cent Plan Shares held by directors in VGW. The Acquisition shares are issued at a deemed price of 5 cents per share as part of the consideration for the acquisition of VGW. In arriving at the consolidated Balance Sheet (“B”) reverse acquisition accounting principles have been applied and thus the excess of the fair value of the shares owned by Synergy shareholders and the identifiable net assets of Synergy immediately prior to the completion of the merger has been accounted for under AASB 2 Share Based Payments and resulted in estimated goodwill of \$757,651 being written off to the profit or loss as restructuring costs.
- The issue of 650,000,000 Performance Shares to Lance East as part of the consideration for the acquisition of VGW and ascribing a value of nil;
- The issue of 95,662,112 Acquisition Options as part of the consideration for the acquisition of VGW and ascribing a fair value based on Black-Scholes of 1.28 cents per option and totalling \$1,224,475. These options have been valued using an estimated volatility of 50%, deemed issue price of 5 cents, exercise price of 5 cents and a risk free rate of 2%;
- The issue of 12,382,269 Adviser shares at a deemed price of 5 cents per share totalling \$619,113 to Akru Jesse Capital as a success fee relating to the Acquisition which has been expensed;
- The reversal of accrued interest amounting to \$850,515 on the Minimum Risk Loan prior to conversion of the loan into shares and options;
- The issue of 20,000,000 Minimum Risk Shares at a deemed issue price of 5 cents per share totalling (\$1,000,000) and 6,000,000 options with an exercise price of 5 cents and an expiry date of 3 years from the date of issue (valued under Black-Scholes at approximately \$106,800) to settle a loan to Minimum Risk estimated to amount to \$1,180,504;
- The issue of 19,000,000 Conversion Shares at 5 cents each (post consolidated) to settle two loans totalling \$500,000 and creditors totalling \$450,000;
- The issue of a minimum of 70,000,000 shares at 5 cents each net of estimated capital raising costs of \$210,000 pursuant to the Capital Raising to raise a net amount of \$3,290,000;
- The issue of 72,500,000 Underwriter options issued to Minimum Risk for underwriting the Capital Raising at a deemed fair value of \$1,181,750. 36,250,000 Underwriter Options are exercisable at 5 cents each with an expiry date 3 years from the date of issue and 36,250,000 Underwriter Options are exercisable at 6 cents with an expiry date 3 years from the date of issue;
- The issue of 9,000,000 options to the proposed new Chairman exercisable at 5 cents and expiring 5 years from date of issue. The Chairman’s Options have been valued using Black Scholes at 2.29 cents per option for a deemed value of \$206,100; and

- The issue of 96,926,780 options to employees (the Employee Options) exercisable at 5 cents and expiring five years from date of issue. Options have been valued using Black Scholes at 2.29 cents per option for a deemed value of \$2,219,623. As only 27,000,000 options vest immediately, the amount expensed is \$618,300.

In addition, we disclose the unaudited consolidated statement of financial position of VGW as at 30 September 2015 adjusted for the following transactions:

- The incurring of additional costs of approximately \$1,557,000 based on budgets for the period 1 October 2015 to 31 January 2016;
- The issue of 30,000,000 shares at 5 cents each to raise \$1,500,000 and incurring cash capital raising costs of approximately \$132,000;
- The issue of 30,000,000 options exercisable at 5 cents and expiring in August 2017 to the broker arranging the capital raising of \$1,500,000 in November 2015;
- The conversion of 3 convertible notes with a face value of \$250,000 into 12,500,000 shares at 2 cents each and the conversion of one convertible note with a face value of \$150,000 into approximately 1,782,841 ordinary shares and repayment in cash of \$75,000;
- The estimated amortisation of intangible assets amounting to \$665,000 for the 7 months from 1 July 2015 to 31 January 2016 (in the unaudited accounts to 30 September 2015 no amortisation has been charged for the period 1 July 2015 to 30 September 2015);
- Capitalisation of further estimated development costs of the online gaming platform for the period 1 July 2015 to 31 January 2016 amounting to \$1,069,000 (in the unaudited accounts to 30 September 2015 no development costs have been capitalised for the period 1 July 2015 to 30 September 2015); and
- The vesting and allotment as at 1 January 2016 of 8,500,000 Plan Shares under the non recourse employee Share Plan scheme and 2,333,333 Plan Shares not subject to the Plan Loans (no additional values are booked as values were initially booked on grant date).

	Unaudited Adjusted 30 September 15 Synergy "A"	Unaudited Pro-forma 30 September 15 "B"	Unaudited Adjusted Consolidated VGW 30 September 15 "C"
	\$	\$	\$
Current Assets			
Cash assets	72,836	4,569,477	1,206,641
Trade and Other Receivables	19,740	924,152	904,412
AirData Loan	180,000	180,000	
Security deposits	-	31,862	31,862
Total Current Assets	272,576	5,705,491	2,142,915
Non Current Assets			
Receivables	-	-	-
Property, Plant and Equipment	-	20,670	20,670
Intangible Assets	-	6,028,392	6,028,392
Other	-	199	199
Total Non Current Assets	-	6,049,261	6,049,261
Total Assets	272,576	11,754,752	8,192,176

	Unaudited Adjusted 30 September 15 Synergy “A” \$	Unaudited Pro-forma 30 September 15 “B” \$	Unaudited Adjusted Consolidated VGW 30 September 15 “C” \$
Current Liabilities			
Trade and other payables	939,820	3,078,424	2,788,605
Owing to Minimum Risk	2,031,019	-	-
Employee entitlements	-	53,102	53,102
Other	300,000	-	-
Total Current Liabilities	3,070,839	3,131,526	2,841,707
Non Current Liabilities			
Convertible notes	-	-	-
Total non-current liabilities	-	-	-
Total Liabilities	3,270,839	3,131,526	2,841,707
Net Assets (Liabilities)	(2,998,263)	8,623,226	5,350,469
Equity			
Issued Capital	31,492,031	21,720,191	18,252,420
Reserves	287,146	2,431,105	424,955
Accumulated Losses	(34,777,440)	(15,528,070)	(13,326,906)
Total Equity (Deficiency)	(2,998,263)	8,623,226	5,350,469

Number of pre consolidated shares on issue	740,407,849	n/a
Book value per pre consolidated share on issue (cents)	(0.405)	n/a
Number of post consolidated shares on issue	14,808,157	1,103,341,622
Book value per post consolidated share on issue (cents)	(20.25)	0.78

The net asset/(liability) (book value) backing per fully paid (pre Acquisition of VGW and issue of Capital Raising Shares) ordinary Synergy share as at 30 September 2015 based on the unaudited adjusted (see above) balance sheet (Balance Sheet “A”) and 740,407,849 fully paid pre- consolidated ordinary shares on issue is approximately (0.405) cents. On a post consolidated basis with 14,808,157 shares on issue, this equates to approximately (20.25) cents per post consolidated share. We have been advised by the directors of Synergy that all the assets and liabilities as disclosed in Balance Sheet “A” above are stated at their fair values and therefore no further adjustments are required for purposes of our report.

- 5.4.2 Based on the unaudited pro-forma consolidated net asset book values (Balance Sheet “B”), this equates to a value per fully paid post consolidated ordinary share of approximately 0.78 cents per share (1,103,341,622 post consolidated shares on issue) (ignoring the value, if any, of non-booked tax benefits).
- 5.4.3 We note that the market has been informed of all of the current projects of Synergy. We also note it is not the present intention of the Directors of Synergy to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire

shares in Synergy based on the market perceptions of what the market considers a Synergy share to be worth. However, the shares in Synergy are currently suspended from trading (for a number of years) and will not be requoted until completion of the Acquisition. Following the disposal of the AirData group, Synergy does not have a business. It is noted that Synergy and AirData do not have sufficient cash to meet existing creditors and commitments and monies to expand the business. The Company has a going concern problem and in the event that the recapitalisation proposals with VGW noted above do not proceed or some other commercial reconstruction proposal is not put in place, there is the high chance that the Company and its subsidiaries may be placed back into Administration or be liquidated. It is noted that the adjusted book asset backing as at 30 September 2015 is a net liability of approximately \$2,998,263 (the Company as a “shell” may have some value (but more to an incoming investor) and anecdotal evidence indicates that this may fall in the range of \$250,000 to \$1,000,000 (mid-point \$500,000). However on a liquidation basis the return to creditors and financiers may not exceed total debts due and shareholders receive nothing.

5.5 Market Price of Synergy Fully Paid Ordinary Shares

5.5.1 The Company has been suspended from trading in its shares on ASX since mid March 2011 and thus a market price methodology is not useful.

5.5.2 The future value of a Synergy share assuming the recapitalisation proposals with VGW will depend upon, inter alia:

- the future prospects of the online gaming platform and business being obtained via the Acquisition;
- the new Synergy Group returning to profitability;
- the state of Australian and overseas stock markets;
- the strength and performance of the Board and management and/or who makes up the Board and management;
- foreign exchange rates;
- general economic conditions;
- the liquidity of shares in Synergy; and
- possible ventures and acquisitions entered into by Synergy.

5.6 Conclusion on the Value of Synergy Shares

5.6.1 In assessing the fair value of Synergy and a Synergy ordinary share pre the Acquisition, we have selected the net assets on a going concern methodology as the preferred methodology as:

- Synergy per the audited accounts has incurred significant losses in the financial years ended 30 June 2015 and 2014 and subsequent to the disposal of the AirData Group will not have a business. Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- Although the shares of Synergy are listed, they have been suspended from trading since 17 March 2011 and therefore there is no market value. We are not aware of any recent off market trades in Synergy shares.
- We also note that the Conversion Shares and the Minimum Risk Shares which are being issued prior to the Acquisition are being issued at a deemed 5 cents per share (post consolidated basis). However we do not believe these are necessarily representative of the fair value of a Synergy share as these transactions have been entered into as a

condition precedent of the Acquisition in order to raise funds to progress the Acquisition and to reduce the liabilities of Synergy.

- 5.6.2 As stated at Paragraph 5.4.1 we have assessed the technical value of a Synergy share prior to the proposed Acquisition and Capital Raising on a net asset basis on a going concern basis as follows being (0.405) cents on a pre consolidation basis and (20.25) cents on a post consolidation basis. As these values are net liabilities we have assessed the value of a Synergy share prior to the proposed Acquisition and Capital Raising as follows:

Preferred Assessed value per share (cents)	nil
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We note that, the technical net asset value may not necessarily reflect fair values in the current economic circumstances of the Company and there may be some value to the “shell”.

- 5.6.3 We thus consider the fair value of a Synergy fully paid share for the purposes of this report in assessing the fairness of the issue of the Acquisition Shares to VGW shareholders (including the shares to Lance East) to have minimal value in the absence of the recapitalisation by Synergy that includes the Acquisition. It is noted that the Minimum Risk Shares and the Conversion Shares are being issued at 5 cents on a post 1 for 50 consolidation basis. The Directors of Synergy will need to consider the accounting standards in determining the final price attributable to the issue of the Acquisition Shares to be issued to acquire VGW.

6. Value of Consideration

- 6.1 Based on the pre-acquisition assessed preferred fair value of an ordinary share in Synergy (Paragraph 5.6.2 above), the ordinary share consideration for the Acquisition would be as follows:

Number of shares	Preferred fair value per share (cents)	Total ordinary share consideration \$
979,533,465 Acquisition Shares	nil	nil
Total	nil	nil

- 6.2 Using a 5 cents post consolidated Capital Raising issue price, the deemed Consideration attributable to the up to 979,533,465 Acquisition Shares would be \$48,976,673.
- 6.3 In addition to the up to 979,533,465 Acquisition Shares with an estimated deemed value of \$48,976,673 (based on the Capital Raising price), the Company is issuing to the Vendors, 95,662,112 options. The options have an exercise price of 5 cents and are exercisable on or before 14 August 2017. Assuming a grant date fair value of 5 cents per share (based on the Capital Raising price), an exercise price of 5 cents, an estimated volatility of 50% and a government bond rate of 2.00%, the fair value of one option based on Black Scholes is 1.28 cents and the total value of 95,662,112 options would be \$1,352,475.
- 6.4 In addition to the up to 979,533,465 post consolidated ordinary shares and the 95,662,112 options, Synergy will issue 650,000,000 Performance Shares to Lance East a shareholder in VGW. Synergy will issue Performance Shares as follows:
 - 120,000,000 Performance Shares if VGW achieves \$10,000,000 annual net audited revenues within 5 years;
 - 120,000,000 Performance Shares if VGW achieves \$20,000,000 annual net audited revenues within 5 years;

- 120,000,000 Performance Shares if VGW achieves \$30,000,000 annual net audited revenues within 5 years;
- 120,000,000 Performance Shares if VGW achieves \$40,000,000 annual net audited revenues within 5 years;
- 120,000,000 Performance Shares if VGW achieves \$50,000,000 annual net audited revenues within 5 years; and
- 50,000,000 Performance Shares if VGW achieves \$100,000,000 annual net audited revenues within 5 years

Annual Net Revenue means the gross revenues (or player purchases) less refunds for the fiscal year (being the period from 1 July to 30 June next) determined in accordance with Generally Accepted Accounting Standards. A determination as whether or not the above Milestones have been achieved, will be made by Synergy's auditor immediately after completion of the audit of Synergy's financial statements. In the absence of manifest error, the auditor's determination will be conclusive and binding on both Synergy and the holder.

We cannot be assured that the annual net revenues envisaged above will be met. Thus, for the purposes of this report, we have not ascribed a value to these Performance Shares as it is not possible at this stage of assessing the probability of these milestones being achieved. We also note that these milestones are performance based conditions and it is possible that if none of the conditions are met then no Performance Shares will vest and therefore the value of the Performance Shares may not be relevant as no value will be subsequently booked. Additionally, as these Performance Shares are dependent on the future performance of the Company and in particular the performance of the Chief Executive Officer Laurence Escalante, they are arguably not accounted for as consideration for the Acquisition.

- 6.5 We would note however that if all Performance Shares were issued and using the assessed fair value of an ordinary post consolidated share in Synergy of nil cents, results in an undiscounted value attributable to the 650,000,000 Performance Shares of nil.

If we used the Capital Raising price of 5 cents per share, this results in a possible undiscounted value attributable to the 650,000,000 Performance Shares of \$32,500,000. However this is not our preferred basis for valuation of the Performance Shares.

If any Performance Shares are converted as a result of the milestones being met (and there is no guarantee that any will be converted), it would be expected that the market price of such shares may be in excess of the 5 cents post-consolidated Capital Raising issue price at the time of issuing the Performance Shares as it would suggest that the Company has performed well.

- 6.6 Based on the pre-acquisition assessed preferred fair value of an ordinary share in Synergy, the consideration based on the issue of all the Acquisition Securities for the Acquisition would be as follows:

Number of shares	Preferred fair value per security (cents)	Total consideration \$
979,533,465 Acquisition shares	nil	nil
95,662,112 Acquisition Options	nil	nil
650,000,000 Performance Shares	nil	nil
Total Consideration	nil	nil

7. Basis of Valuation of VGW

7.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

7.2 Completion of the Acquisition is conditional on all necessary due diligence being successfully completed on the online gaming platform and business, and VGW. We advise that we have not undertaken any further steps to ascertain ownership of the online gaming platform and business VGW's assets and liabilities.

7.3 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. To estimate the fair market value of the online gaming platform and business and VGW, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.

7.4 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings; discounted cash flows and multiples of EBITDA or EBIT;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings methods estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where the company's earnings are relatively stable. The most recent share trading history provides evidence on the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. Industry-specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors.

7.5 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

7.6 Asset-based methods

Asset-based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset-based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net asset on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter timeframe. Since winding up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis, estimates the market values of the net assets of the company but does not take account of realisation costs.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets. Asset-based methods are appropriate when companies are not profitable or a significant proportion of a company's assets are liquid.

- 7.7 We set out below the adjusted net assets (extracted from the statement of financial position) of VGW as at 30 September 2015 as noted in Paragraph 5.4.1 of this report.

Unaudited Adjusted Consolidated VGW 30 September 15 \$	
Current Assets	
Cash assets	1,206,641
Trade and Other Receivables	904,412
Security deposits	31,862
Total Current Assets	2,142,915
Non Current Assets	
Receivables (Plan Loans)	-
Property, Plant and Equipment	20,670
Intangible Assets	6,028,392
Investments	199
Total Non Current Assets	6,049,261
Total Assets	8,192,176
Current Liabilities	
Trade and other payables	2,788,605
Employee entitlements	53,102
Total Current Liabilities	2,841,707
Total Liabilities	2,841,707
Net Assets	5,350,469

- 7.7.1 All assets and liabilities noted in paragraph 7.7, with the possible exception of the intangible assets are considered to be at fair value. The intangible assets reflect the amortised cost of the development of the online gaming platform. As the Company has a history of incurring losses and there are no reliable future cash-flows it is not possible to value the online gaming platform on a capitalisation of future maintainable earnings or discounted cash-flow basis.
- 7.7.2 In view of this the most appropriate basis of valuation of the intangible assets (the online gaming platform) may be considered to be the amortised carrying value. Alternatively it may be argued that a more appropriate methodology is to value the intangible assets based on the cost of replacing the online gaming platform. The online gaming platform is continuously being developed and improved and the amortisation rates used for accounting

purposes may not necessarily reflect the usage of that asset. In view of this it is arguable that the accumulated amortisation should be written back and the fair value of the intangible assets be assessed as being the gross cost of the development of the online gaming platform. The carrying amount of the intangibles as noted in paragraph 7.7 is \$6,028,392. Accumulated amortisation to date is \$2,333,035 and therefore the cost of the development is estimated at \$8,361,427.

- 7.7.3 Under the terms of VGW's existing employee share plan (Employee Share Plan), the VGW Board may issue VGW Shares to eligible employees and contractors on such terms as the VGW Board may determine (Plan Shares) and may to grant loans to eligible employees and contractors for the purposes of purchasing such Plan Shares (Plan Loans). VGW has various Plan Shares on issue as noted in Paragraph 3.2.2, all of which are backed by Plan Loans. On the granting of Plan Shares under the Employee Share Plan the accounting policy of VGW is to raise a loan receivable for the value at which the director or employee can purchase the Plan Shares and credit a share based payment reserve (or issued capital once the shares vest and are allotted). At 30 June 2015 and as at 30 September 2015 the Plan Loans which amounted to \$3,945,963 have been fully expensed. The Plan Shares may be acquired at share prices ranging from 2 cents, 5 cents and 10 cents and would only be acquired if the value of a share was in excess of the purchase price.

An alternative accounting policy (which we prefer) is to account for the granting of the Plan Shares as being akin to an option and only record the shares as part of issued capital when the shares are purchased by the employee. Under this policy no Plan Loans or receivable is brought to account. This supports the view taken that as there is always some uncertainty as to whether the Plan Shares will ever be purchased and the Plan Loans recovered, no Plan Loans (asset) should be recognised. Additionally it is proposed that as part of the Acquisition the 5 cents and 10 cents Plan Loans and the Plan Shares will be cancelled and new Synergy shares and Plan Loans will be issued under the new Synergy Share Employee scheme. The 2 cents Plan Shares will be exchanged for 77,987,742 new Synergy shares and the Plan Loans in respect of these 2 Cents Plan Shares totalling \$1,559,755 will remain outstanding. We have been advised that if the 2 cents Plan Loans are not repaid then 31,195,096 of the 77,987,742 new Synergy shares will be cancelled so that the current holders of the 2 cents Plan Shares will receive 60% of their current shareholding. In view of these matters, for purposes of this report in assessing the net asset value of a VGW share pre acquisition we have agree the value of all of the Plan Loans (refer paragraph 7.7.4) are not bought to account as an asset of VGW in assessing the value of VGW for the purposes of this report.

- 7.7.4 Based on the unaudited adjusted consolidated Balance Sheet of VGW as at 30 September 2015 the low, preferred and high values of the net assets and net assets per share of VGW on a going concern basis could be calculated as follows:

	Low \$	Preferred \$	High \$
Net assets (Para 7.7)	5,350,469	5,350,469	5,350,469
Deduct Intangibles at book value	n/a	n/a	(6,028,392)
Add Intangibles at estimated replacement cost	n/a	n/a	8,361,427
Total net assets	5,350,469	5,350,469	7,683,504
Number of shares on issue (including Adviser Shares)	979,533,465	979,533,465	979,533,465
Net asset value per share (cents)	0.55	0.55	0.78

7.8 Selection of Valuation Methodologies

The development of the online gaming platform and business has been ongoing since 2013. VGW has incurred losses before income tax of approximately \$2,696,000, \$4,124,000 and \$966,000 in the 3 years ended 30 June 2015, 30 June 2014 and 30 June 2013 respectively. The unaudited loss (before any adjustments) for the three months to 30 September 2015 per the unaudited management accounts is \$2,337,131. The audited revenues in the years ended 30 June 2015 and 30 June 2014 were \$3,710,521 and \$1,205,081 respectively. As noted above due to the varying annual losses and due to a lack of a reliable long term profit history arising from the business which is still in the development stage, we have considered that the capitalised maintainable earnings basis of valuing VGW and its online gaming platform and business is not appropriate. The directors have provided estimated cash-flows for the years ended 30 June 2016 and 30 June 2017. However it is not possible to assess the reliability of these cash-flow forecasts due to the nature of the business, its development stage and the short time it has been operating. Therefore in our opinion we have considered the discounted cash-flow basis of valuation as not being suitable.

We also note that VGW is an unlisted Company and therefore there is no ready market for its shares.

7.9 Conclusion on the Value of a VGW share

7.9.1 In assessing the fair value of VGW ordinary share pre the Acquisition, we have selected the net assets on a going concern methodology as the preferred methodology.

- VGW per the audited accounts has incurred significant losses in the financial years ended 30 June 2015 and 2014 and has continued to incur losses since 30 June 2015. Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- The shares of VGW are unlisted and therefore there is no market value. We are not aware of any recent off market trades in VGW shares.

7.9.2 As stated at paragraph 7.7.4 we have assessed the value of a VGW share prior to the proposed Acquisition on a net asset basis on a going concern basis as follows:

	Low (cents)	Preferred (cents)	High (cents)
Net asset value per share on a pre and post consolidated basis	0.55	0.55	0.78

We note that, the technical net asset value may not necessarily reflect fair values in the current economic circumstances of the Company. The value of a VGW share may be significantly higher based on the potential for revenues and profits to grow significantly in the future. We also note that a recent capital raising was or is being made by VGW where 30,000,000 shares are to be issued at 5 cents per share. This capital raising was initially to be undertaken by Synergy as part of a \$5,000,000 Capital Raising, however the raising was restructured so that \$1,500,000 was raised prior to the Acquisition (of VGW) by VGW and the balance of \$3,500,000 is the Capital Raising to be undertaken by Synergy.

8. Premium for Control

- 8.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.
- 8.2 Under the Corporations Act 2001 (“TCA”), control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, Lance East could initially obtain a shareholding interest of greater than 20% by increasing from nil % to 39.88% after the Acquisition and issue of the Capital Raising Shares and potentially up to 62.16% after the issue of the Performance Shares. Collectively, the Vendors voting shareholding in Synergy could potentially increase from approximately nil% as at 8 December 2015 to approximately 88.78% after the issue of the Acquisition Shares and 70,000,000 Capital Raising Shares (and may increase further if any Performance Shares are converted to ordinary shares).
- 8.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company, and shareholding percentages. It is our view that a control premium of 20% is reasonable.
- 8.4 Our preferred methodology is to value Synergy and a Synergy share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the book asset value determined under Paragraph 5.4.1 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Transactions (Acquisition) control basis.
- 8.5 Under the terms of the Acquisition, one Synergy ordinary share (post consolidation) will be exchanged for one VGW share. We set out below the comparison of the estimated book value of a Synergy share compared to the estimated book value of a VGW share at the date of the transaction.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a Synergy ordinary share	5.6.2	nil	nil	nil
Estimated fair value of a VGW ordinary share	7.9.2	0.55	0.55	0.78
Excess/(shortfall) between the fair value of a Synergy share and a VGW share		0.55	0.55	0.78

On a pre Acquisition control basis, the book value (not market value) of a Synergy share approximates nil cents per post consolidated share compared to the preferred book value (not market value) of a VGW share of 0.55 cents. On this basis Lance East is paying a premium for control of 0.55 cents per share.

- 8.6 Under the terms of the Acquisition, 650,000,000 Synergy Performance Shares (post consolidation) will be exchanged for 650,000,000 VGW Performance Shares. The 650,000,000 Synergy Performance Shares will convert to 650,000,000 Synergy ordinary shares on the achievement of the milestones as set out in paragraph 1.2 of this report. The terms of the 650,000,000 VGW Performance Shares are the same as those of the Synergy

Performance Shares and will only vest on certain revenue targets being achieved within specified periods.

The number of Performance Shares that may vest could range from nil, if no milestones are met, to 650,000,000 if all milestones are met and as these Performance Shares have performance and service related vesting conditions they would be expensed over the estimated vesting period. As a result the Performance Shares are not considered part of the Acquisition cost but are regarded as relating to services to be provided post the Acquisition. In any event as referred to in paragraph 6.5 for purposes of this report we have attributed a nil value to both the Synergy Performance Shares and the VGW Performance Shares.

- 8.7 Under the terms of the Acquisition, one Synergy option will be exchanged for one VGW option on issue at the date of the completion of the Acquisition. The preferred value of a Synergy share is nil cents prior to the Acquisition and therefore the value of a Synergy option is deemed to be nil cents. The preferred value of a VGW share prior to acquisition is 0.55 cents and therefore the VGW options will have some value, which will be in excess of the value of nil for a Synergy option. The issue of 95,662,112 Acquisition Options as part of the consideration for the acquisition of VGW may have a fair value based on Black-Scholes of 1.28 cents per option and totalling \$1,224,475. This assumes the options have been valued using an estimated volatility of 50%, a deemed issue price of 5 cents, exercise price of 5 cents (the Capital Raising share issue price) and a risk free rate of 2%.
- 8.8 As noted above, we have assessed the current fair value of VGW to fall in the range of \$5,350,469 to \$7,683,504 with a preferred fair value of \$5,350,469. The excess/(shortfall) of the consideration offered by Synergy compared to the fair value of the net assets of VGW is estimated as follows:

	Para.	Low \$	Preferred \$	High \$
Estimated deemed consideration issued by Synergy	6.6	nil	nil	nil
Estimated fair value of VGW net assets acquired	7.7.4	5,350,469	5,350,469	7,683,504
Excess/(shortfall) between the fair value consideration issued and fair value of the net assets of VGW		(5,350,469)	(5,350,469)	(7,683,504)

- 8.9 We note that the Vendors do not have Board control of Synergy before the Proposed Transactions pursuant to Resolutions 1 to 23 post the Acquisition, the current directors of Synergy will resign and four nominees of VGW will be appointed as noted in paragraph 2.5 above.

9. **Fairness of the proposals with the Vendors**

- 9.1 In arriving at our conclusion on fairness, we considered whether the transaction is “fair” by comparing:
- (a) the fair market value of a Synergy share pre-transaction on a control basis; versus
 - (b) the fair market value of a Synergy share post-transaction on a minority basis, taking into account the additional cash raised via the Capital Raising and the associated dilution resulting from the issue of new ordinary shares under the proposed Acquisition (refer below).

9.2 The preferred value of a Synergy share **pre the Proposed Acquisition on a control basis** (but after the 1 for 50 consolidation of capital) as noted in paragraph 5.6.2 is nil cents (nil cents pre-consolidation).

9.3 We set out below the estimated technical net asset value of Synergy post acquisition based on Pro-forma Balance Sheet "A" as detailed in Paragraph 5.4.1 and after adjusting for the following transactions:

- The 1 for 50 consolidation of capital;
- The completion of the Capital Raising assumed to be the maximum gross amount of \$3,500,000 (issue of 70,000,000 post consolidated shares) and incurring capital raising costs of \$210,000;
- The acquisition of VGW (and its online gaming platform) by way of an issue of up to 979,533,465 ordinary post consolidated Acquisition Shares (deemed value \$48,976,673 based on a Capital Raising price of 5 cents per share), the issue of 95,662,112 Acquisition Options (deemed value of \$1,224,475) and issue of 650,000,000 Performance Shares (deemed nil value for Acquisition purposes);
- Bringing to account the net assets of VGM as disclosed in Balance Sheet "C" in Paragraph 5.4.1. As noted above we have assumed that the preferred fair value of the online gaming platform is the same as that disclosed in the Balance Sheet in paragraph 7.7 above;
- The issue of 9,000,000 Chairman Options to the incoming Chairman at a deemed value of \$206,100 based on Black Scholes (estimated volatility of 50%, exercise price of 5 cents, expiry date of 5 years from date of issue and risk free rate of 2.31%);
- The issue of 96,926,780 Employee Options to employees pursuant to the Acquisition exercisable at 5 cents and expiring three years from date of issue. The Employee Options have been valued using Black Scholes at 1.78 cents per option for a deemed value of \$2,219,623. As only 27,000,000 options vest immediately, the amount expensed is \$618,300;
- The reversal of accrued interest amounting to \$850,515 on the Minimum Risk Loan prior to conversion of the loan into shares and options;
- The issue of 20,000,000 Minimum Risk Shares at a deemed issue price of 5 cents per share totalling (\$1,000,000) and 6,000,000 Minimum Risk Options with an exercise price of 5 cents and an expiry date of 3 years from the date of issue (valued under Black-Scholes at approximately \$106,800) to settle a loan to Minimum Risk estimated to amount to \$1,180,504; and
- The issue of 19,000,000 Conversion Shares at 5 cents each (post consolidated) to settle two loans totalling \$500,000 and creditors totalling \$450,000.

	Low \$	Preferred \$	High \$
Synergy net assets at fair values pre Acquisition and other transactions	(2,998,262)	(2,998,262)	(2,998,262)
Net Cash raised from the Capital Raising (after payment of Capital Raising costs)	3,290,000	3,290,000	3,290,000
Increase in Synergy net assets in relation to the conversion of the Minimum Risk Loan and other loans and creditors	2,981,019	2,981,019	2,981,019
VGW net assets at estimated fair values (refer to paragraph 7.7.4)	5,350,469	5,350,469	7,683,504

	Low \$	Preferred \$	High \$
Total Post Acquisition Value	8,623,226	8,623,226	10,956,261

9.4 The post acquisition minority value on an undiluted basis is calculated as follows:

	Low \$	Preferred \$	High \$
Total Post Acquisition value	8,623,226	8,623,226	10,956,261
Number of post consolidated ordinary shares on issue (see below) (assumed no issue of Performance Shares)	1,103,341,622	1,103,341,622	1,103,341,622
Net asset value per share	0.78	0.78	0.99
Minority interest discount	16.67%	16.67%	16.67%
Minority value per share (cents)	0.65	0.65	0.83

9.5 In terms of the Acquisition and the Capital Raising, Synergy will issue the following options on a post consolidation basis:

- 95,662,112 Acquisition Options exercisable at 5 cents on or before 14 August 2017 to the vendors;
- 9,000,000 Chairman Options exercisable at 5 cents on or before 5 years from date of issue to the Chairman of VGW;
- 75,000,000 Underwriter/Broker Options with a three year term of which 36,250,000 are exercisable at 5 cents and 36,250,000 at 6 cents each within 3 years of issue;
- 6,000,000 Minimum Risk Options to Minimum Risk as part payment for the repayment of the Minimum Risk loans; and
- 96,926,780 Employee Options under the Synergy Employee Share Option Plan.

The total number of options on a post consolidated basis will be 280,088,892. The proposed Capital Raising will be undertaken at 5 cents per share. 243,838,892 options are exercisable at 5 cents per share and 36,250,000 options are exercisable at 6 cents per share. Should the Synergy Group post Acquisition be successful the options are likely to be exercised.

In terms of the Milestones for the Performance Shares, the First tranche of 120,000,000 Performance Shares will be converted to ordinary shares if VGW achieves \$10,000,000 annual audited revenues within 5 years. Based on the unaudited revenues earned for the 3 months to 30 September 2015 of approximately \$2,574,000 and VGW's projected revenues to 30 June 2016, it is possible that the milestone will be achieved and the Performance shares will be converted to ordinary shares, but there is no certainty.

The post acquisition minority value on a diluted basis (after exercise of the options but before the exercise of the Performance Shares) is initially calculated as follows:

	Low \$	Preferred \$	High \$
Total Post Acquisition Value	8,623,226	8,623,226	10,956,261
Cash received on the exercise of the Underwriter Options			
• 36,250,000 at 5 cents each	1,812,500	1,812,500	1,812,500
• 36,250,000 at 6 cents each	2,175,000	2,175,000	2,175,000
Cash received on the exercise of 9,000,000 Chairman Options at 5 cents each	450,000	450,000	450,000
Cash received on the exercise of 6,000,000 Minimum Risk Options	300,000	300,000	300,000
Cash received on the exercise of 95,662,112 Acquisition Options	4,783,106	4,783,106	4,783,106
Cash received on the exercise of the 96,926,780 Employee Options	4,846,339	4,846,339	4,846,339
Total Post Acquisition value after exercise of all the options	22,990,171	22,990,171	25,323,206
Number of post consolidated ordinary shares on issue (see below) (assumed no Milestone Performance Shares converted to ordinary shares)	1,103,341,622	1,103,341,622	1,103,341,622
Number of post consolidation options on issue exercised	280,088,892	280,088,892	280,088,892
Total potential shares on issue	1,383,430,514	1,383,430,514	1,383,430,514
Net asset value per share on a diluted basis	1.66	1.66	1.83
Minority interest discount	16.67%	16.67%	16.67%
Minority value per share (cents) on a diluted basis (after exercise of options)	1.38	1.38	1.52

- 9.6 As noted above, valuing the online gaming platform is very difficult due to the difficulty in obtaining reliable cash-flow forecasts (for at least the next 3 years) in order to undertake a valuation based on discounted future cash flows. Historically VGW has continued to incur significant losses and therefore if no value was attributed to the online gaming business the minority value per share would decrease from 1.38 cents (paragraph 9.5) to 1.02 cents on a diluted basis.
- 9.7 Both of the above calculations take into account the Capital Raisings as part and parcel of the Acquisition. Shareholders must approve the Capital Raising and Acquisition before the Capital Raising can proceed. In the absence of the Acquisition approval, the Acquisition will not proceed and Synergy will end up as virtually a cash box.
- 9.8 We have excluded all the Performance Shares as they are subject to Performance Conditions that are not guaranteed to be met. If met, the value of the online gaming platform would probably have increased (as the financial Performance Milestones are based on significantly increased improved revenues being earned which should improve the profitability of the online gaming business).

If we assume all 650,000,000 Performance Shares were converted into ordinary shares as all the milestones were achieved, the preferred minority value per share on a fully diluted basis could be approximately 0.94 cents per share.

- 9.9 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 8.3.
- 9.10 Using the preferred net asset fair values, the estimated fair value of a Synergy share pre the Proposed Acquisition on a control basis (nil cents on a post consolidated basis) is less than the estimated fair value of a Synergy share post the proposals on an undiluted minority basis of 0.65 cents and 1.38 cents on a diluted basis but before the exercise of any Performance Shares.
- 9.11 The Plan Loans in relation to the 2 cents Plan Shares (held by directors) currently on issue in VGW will not be cancelled as part of the Acquisition although the 77,987,742 2 cents Plan Shares will be exchanged for 77,987,742 Synergy shares. Should the directors decide to sell their shares and repay the Plan Loans, the Synergy Group could potentially receive an additional \$1,559,755 in cash. The impact of this is that the post Acquisition minority value on an undiluted basis (Paragraph 9.4) would on a preferred basis increase by a further 0.12 cents per share based on 1,103,341,622 shares on issue.

10. Conclusion as to Fairness

- 10.1 The proposals pursuant to Resolutions 6, 9 and 20 are believed fair to Synergy's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the VGW being acquired and if the fair market value of a Synergy share pre-transaction on a control basis is equal to or less than the fair market value of a Synergy share post-transaction on a minority basis, taking into account the additional cash raised via the Capital Raising and the associated dilution resulting from the issue of new ordinary shares under the proposed Acquisition.
- 10.2 We have assessed the current fair value of VGW to fall in the range of \$5,350,469 to \$7,683,504 with a preferred fair value of \$5,350,469 and the deemed consideration given by Synergy based on a technical net asset value basis to be nil as noted in paragraph 5.6.2 of this report. The deemed consideration is therefore less than the fair value of assets being acquired.
- 10.3 The fair value of a share in Synergy post Acquisition on a minority basis has been assessed at 0.65 cents compared with a value of a share pre Acquisition of nil cents (post consolidated basis and before the exercise of any share options).
- 10.4 The fair value of a share in Synergy post Acquisition on a diluted minority basis (after conversion of options) has been assessed at 1.38 cents compared with a value of a share pre Acquisition of nil cents (post consolidated basis).
- 10.5 The fair value of a share in Synergy post Acquisition on a fully diluted minority basis (after conversion of all options and conversion of all Performance Shares) has been assessed at 0.94 cents compared with a value of a share pre Acquisition of nil cents (post consolidated basis).

- 10.6 After taking into account the factors referred to in 10 above and elsewhere in this report we are of the opinion that the transactions related to the issue of 440,000,000 Acquisition Shares to Lance East and allowing the 650,000,000 Performance Shares to be granted to Lance East to be converted into ordinary shares as noted in paragraph 1.2 and allowing the issue and exercise of 30,986,160 Employee Options, the subjects of Resolutions 6, 9 and 20 in the Notice may be considered, on balance, to be fair to the shareholders of Synergy (not associated with Lance East and Laurence Escalante) at the date of his report.

Thus, we conclude that the proposals pursuant to Resolutions 6, 9 and 20 are fair.

11. Reasonableness of the Acquisition

- 11.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition that we considered in arriving at our conclusion on the reasonableness of the Acquisition and in particular the proposals pursuant to Resolutions 6, 9 and 20.

Advantages

- 11.2 The Company, in effect moves from a near-cash box company with only one investment asset (to be sold) to an online gaming company with opportunities to move into the earning of profits and positive cash flows.
- 11.3 The Company has been suspended from trading since March 2011. If Resolutions 1 to 23 are passed together with the recapitalisation of the Company, the Company will seek obtaining quotation of the Company's shares on the ASX thereby providing liquidity to the existing shareholders to sell their shares.
- 11.4 The Company may be better placed to raise further funds by way of share equity as a result of acquiring VGW and the online gaming platforms and business. It is noted that a gross \$5,000,000 (of which \$1,500,000 is being raised by VGW pre the Acquisition) is being raised on the back of the proposed Acquisition and if the online gaming businesses continues to expand, Synergy may be able to raise additional funds for further expansion of the online gaming business.
- 11.5 There is an incentive to Synergy and the Vendors (including Lance East) to successfully exploit the online gaming business as the Vendors (including Lance East) will have collectively significant shareholding interests in Synergy. The Performance Shares as noted above that may be issued vest on meeting the Performance Milestones and Lance East will then increase its ordinary shares held in Synergy. All shareholders would benefit from an increased share price which would be expected if the Performance Conditions were achieved.
- 11.6 Synergy, after disposal of the AirData Group will not have any businesses or assets to develop. Diversification into the online gaming business via the acquisition of VGW may reduce the risk of the Company being suspended from trading and remaining in effect a cash box. Currently capital raisings for small junior companies are extremely difficult and by diversifying into a business with the potential to grow, increases the scope for new capital raisings.
- 11.7 Existing shareholders may be given the opportunity to sell their shares in excess of the share prices existing prior to the Acquisition announcement. However, those shareholders who consider the risk of entering into a new business to be too high may wish to sell their shareholdings in Synergy.

- 11.8 The proposed Acquisition provides the Company with a clear strategic direction as compared with the existing position of shareholders owning shares in a near dormant company with minimal cash and no clear vision. The Company requires a business (via the Acquisition) that will provide it with the opportunity to sustain a viable business and allow the Company to be a going concern in the longer term.
- 11.9 The net book assets of Synergy prior to the Capital Raising and Acquisition are estimated at a net liability of (\$2,998,262) whilst post the Acquisition and Capital Raising, the net preferred value of the Synergy Group is estimated to be an initial \$8,623,226 (assumes a Capital Raising of \$3,500,000 by Synergy) (refer paragraph 9.3 above). The value attributable to the existing shareholders approximates \$115,551 (assumes a \$3,500,000 Capital Raising but before any conversion of Performance Shares or exercise of options) compared with a current shareholding book interest of \$nil.

Disadvantages

- 11.10 Currently, the Vendors collective shareholding in Synergy is nil% and if Resolutions 1 to 23 (all are interdependent) are passed the collective shareholding of the Vendors will initially increase to 88.78% and that of Lance East to 39.88% (before the conversion of any options or Performance Shares). The existing shareholders will be diluted from owning a current 100% shareholding interest in Synergy and its underlying assets to a smaller shareholding of approximately 1.34% post the Acquisition and Capital Raising (before the conversion of any options and Performance Shares). After the conversion of the Performance Shares, Lance East may increase its shareholding interest to potentially approximately 62.17% (before the conversion of any options) or 55.13% after the conversion of all options (by Laurence Escalante and others).
- 11.11 The online gaming business's earnings in the future cannot be guaranteed although Synergy believes that earnings will improve over time. The Company is acquiring a business that is currently incurring losses and may require additional funding in the short to medium term to develop and market its online gaming business, further diluting the existing shareholders of Synergy.
- 11.12 If the VGW Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from VGW, parties contracted or associated with VGW and the Acquisition and other agreements.

Other Factors

- 11.13 It is noted that for accounting purposes in the books of Synergy, the ordinary shares will be booked at the market value of the ordinary shares in Synergy at the date the ordinary shares are issued to the Vendors. Synergy as the legal parent entity will account for the value of the ordinary shares at the market value of the ordinary shares in Synergy. As the Synergy shares have been suspended from trading since March 2011 there is no market value but we note the Capital Raising price is 5 cents and for accounting purposes the directors may consider using 5 cents per share on a post consolidated basis. In this report, we have noted a potential undiscounted value to the Performance Shares but there is some uncertainty as to whether the Performance Milestones be met. The ultimate fair value of an investment in the online gaming platform and business may alter depending upon financial performance.
- 11.14 The number of post consolidated fully paid ordinary shares on issue increases significantly as noted in paragraph 2.3 of this report. This represents a substantial increase in the ordinary shares of the Company based on the number of shares on issue at the time of the announcement of the Acquisition on 27 October 2015 (after allowing for the planned 1 for 50 consolidation of capital). In addition, if the Performance Milestones are met, the

Company may be required to issue further ordinary shares on conversion of the Performance Shares, however, if this was to occur, it would be expected that the share prices of a Synergy share would be substantially higher than the estimated net book value per share of the Synergy immediately pre or post the Acquisition and potentially higher than the Capital Raising price of 5 cents and thus the existing shareholders would benefit.

- 11.15 The proposed new board members, being Nigel Blythe-Tinker, Laurence Escalante, Mats Johnson and Lorenzo Escalante bring significant online gaming, IT and business experience. Further detail on the proposed new directors has been included in section 14 of the ES.
- 11.16 The ultimate value ascribed to the Performance Shares may be higher at the time of meeting the Performance Conditions, than at the date of this report, based upon the share trading price of a Synergy ordinary Share.

Furthermore the share price of a Synergy share may be higher than the conversion prices of the Employee Options (including those to be issued to Laurence Escalante). However, it is noted that on exercise of all of the Employee Options, the Company would receive a total of \$4,846,339, of which \$1,549,308 would be received from Laurence Escalante.

If all 280,088,892 share options are exercised, the Company would receive \$14,366,945.

- 11.17 It is the view of the existing Board of Synergy that the proposed Acquisition offers a superior opportunity to the Company's present activities to create shareholder value.

12. Conclusion as to Reasonableness

- 12.1 **After taking into account the factors referred to in 11 above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed transactions related to the issue of 440,000,000 Acquisition Shares to Lance East and allowing the 650,000,000 Performance Shares to be granted to Lance East to be converted into ordinary shares and allowing the issue and exercise of 30,986,160 Employee Options all as noted in paragraph 1.2 and the subjects of Resolutions 6, 9 and 20 in the Notice may be considered, on balance, to be reasonable to the existing shareholders of Synergy (not associated with Lance East and Laurence Escalante) at the date of his report.**

13. Shareholder Decision

- 13.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of up to 440,000,000 Acquisition Shares and allowing up to 650,000,000 Performance Shares (as part consideration to acquire all of the shares in VGW) and allowing the issue and exercise of 30,986,160 Employee Options are fair and reasonable and state reasons for that opinion.

Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 1 to 5, 7, 8, 10 to 19 and 21 to 23 but we have been requested to determine whether the proposals pursuant to Resolutions 6, 9 and 20 are fair and/or reasonable to those shareholders not associated with the Lance East and Laurence Escalante. The responsibility for such a voting recommendation lies with the directors of Synergy.

- 13.2 In any event, the decision whether to accept or reject Resolutions 6, 9 and 20 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances,

including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the proposals under Resolutions 6, 9 and 20 (and all other Resolutions), shareholders should consult their own professional adviser.

- 13.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Synergy. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolutions 6, 9 and 20 (and all other Resolutions). Shareholders should consult their own professional adviser in this regard.

14. Sources of Information

- 14.1 In making our assessment as to whether the proposed issue of 440,000,000 Acquisition shares and allowing the potential conversion of 650,000,000 Performance Shares and the proposed issue and exercise of 30,986,160 Employee Options as noted in paragraph 1.7 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, VGW and the online gaming platform and business that is relevant to the current circumstances. In addition, we have held discussions with the management of Synergy about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Synergy.

- 14.2 Information we have received includes, but is not limited to:

- a) Drafts of the Notice of Synergy and ES;
- b) Discussions with management of Synergy and VGW;
- c) Details of historical market trading of Synergy ordinary fully paid shares recorded by ASX (the shares have been suspended since March 2011 to the date of this report)
- d) Shareholding details of Synergy as supplied by the Company's share registry as at 15 November 2015;
- e) Audited balance sheet of Synergy as at 30 June 2015, 30 June 2014 and 30 June 2013;
- f) Unaudited management accounts of AirData Pty Ltd as at 30 September 2015;
- g) Consolidation working papers of Synergy as at 30 September 2015 and 30 June 2015;
- h) Announcements made by Synergy to the ASX from 1 January 2014 to 23 December 2015;
- i) The audited financial statements of VGW for the three years ended 30 June 2015;
- j) Unaudited management accounts of VGW for the 3 months ended 30 September 2015;
- k) Cash flow and profit forecasts of VGW for the period 1 July 2015 to 30 June 2017;
- l) Schedule on estimated amortisation of intangibles and intangibles capitalised for the period 1 July 2015 to 31 January 2016 prepared by VGW management;
- m) The undated Term Sheet entered into between Synergy and VGW for the acquisition of the entire share capital of VGW;
- n) The VGW Notice of Meeting and Explanatory memorandum for the Extraordinary General Meeting held on 14 August 2015;
- o) The Merger Implementation Deed (Share Sale) executed on 4 December 2015 for the proposed acquisitions of the online gaming platform and business;
- p) The proposed Synergy share structure post the Acquisition and Capital Raising;
- q) Share register of VGW at 30 June 2015 and reconciliation of shares issued to 30 September 2015;
- r) Summary of VGW Convertible Notes terms and copies of certificates;
- s) Draft copy of the Amended and Restated Underwriting Agreement with Minimum Risk;

- t) General information on VGW, the online gaming platforms including information on the Social Casino Gaming and Sweepstakes Gaming;
- u) The Convertible Note agreements issued by VGW;
- v) Details of the VGW Plan Shares and Plan Loans;
- w) Draft copies of the VGW Scheme Booklet ; and
- x) Draft copies of the amended and restated Term Sheet.

14.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 24 December 2015, relating to the issue of a total of up to 440,000,000 Acquisition Shares and the approval to convert 650,000,000 Performance Shares to be issued to Lance East as part of the acquisition of VGW and allow the issue of 30,986,160 Employee Options and conversion thereof as outlined in Section 1 of the report and Resolutions 6, 9 and 20 in the Notice of Meeting to Shareholders and the Explanatory Statement proposed to be distributed to the Synergy shareholders in December 2015.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with Synergy and VGW other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International Securities Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at \$35,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) do not hold any securities in Synergy and VGW. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, and Mr Jorge Dos Santos, CA, the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Synergy in order to assist them to assess the merits of the proposals as outlined in Resolutions 6, 9 and 20 to the Explanatory Statement (to shareholders) to which this report relates. This report has been prepared for the benefit of Synergy's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of Synergy, VGW and the online gaming platform and business. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Synergy and VGW. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolutions 6, 9 and 20 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 6, 9 and 20.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Synergy and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), Synergy has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Synergy may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Synergy ; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Synergy or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Synergy or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd

A draft of this report was presented to Synergy directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 24 December 2015**

1. Stantons International Securities Pty Ltd ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone	08 9481 3188
Fax	08 9321 1204
Email	jvdieren@stantons.com.au

SCHEDULE 5 – EMPLOYEE SHARE OPTION PLAN

Employee Share and Option Plan

Synergy Plus Limited ACN 091 126 082 (to be renamed VGW Gaming Limited)

Contact – Nino Odorisio, Partner, n.odorisio@hopgoodganim.com.au

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Employee Share and Option Plan

1. Introduction

1.1 Name of Plan

This Plan is called the VGW Gaming Limited Employee Share and Option Plan.

1.2 Objects of Plan

This Plan is a long term incentive aimed at creating a stronger link between an Eligible Person's performance and reward whilst increasing Shareholder value in the Company.

1.3 Commencement date

This Plan commences on the date determined by the Board.

2. Defined terms and interpretation

2.1 Defined terms

In this Plan, unless the context otherwise requires:

Acceptance Date has the meaning ascribed to that term in:

- (a) clause 4.2(e), in the case of an Offer of Shares; and
- (b) clause 5.2(f), in the case of an Offer of Options.

Acceptance Form means a form for the acceptance of offers made to an Eligible Person or Eligible Associate in such form as the Board may approve from time to time.

Acknowledgement means the form of acknowledgement from time to time approved by the Board for the purposes of clause 13.

ADI has the meaning given in section 5 of the *Banking Act 1959* (Cth).

ASIC means the Australian Securities and Investments Commission.

ASIC CO 14/1000 means ASIC Class Order [CO 14/1000] as amended or replaced from time to time.

Associated Body Corporate in relation to the Company means:

- (a) a Related Body Corporate of the Company; or
- (b) a body corporate that has voting power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has voting power of not less than 20%.

ASX means ASX Limited ACN 008 624 691.

Board means the board of directors of the Company.

Business Day means a day on which ASX is open for business.

Employee Share and Option Plan

Casual Employee in relation to the Company or an Associated Body Corporate, means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with the Company or the Associated Body Corporate.

Company means Synergy Plus Limited ACN 091 126 082 (to be renamed VGW Gaming Limited).

Contractor in relation to the Company or an Associated Body Corporate means:

- (a) an individual with whom the body has entered into a contract for the provision of services under which the individual performs work for the body; or
- (b) a company with whom the body has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for the body,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the body.

Contribution Plan has the meaning given to that term by ASIC CO 14/1000.

Controllable Event means cessation of employment or engagement other than by an Uncontrollable Event.

Corporations Act means the *Corporations Act 2001* (Cth), as amended from time to time.

Current Market Price means the closing market price as that term is defined in the ASX Listing Rules.

Director means a director of the Company from time to time.

Eligible Associate means:

- (a) an immediate family member of an Eligible Person;
- (b) a company whose members comprise no persons other than the Eligible Person or immediate family members of the Eligible Person; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Person is a director of the trustee.

Eligible Person means a Director, Employee, Contractor or Prospective Participant.

Employee means a full-time or part-time employee of the Company or an Associated Body Corporate of the Company or a Casual Employee.

Exercise Price means the price to be determined by the Board at its sole discretion.

Financial Year means the financial year adopted by the Company for the purpose of making up the profit and loss account and balance sheet of the Company pursuant to the Corporations Act.

Employee Share and Option Plan

Issue Date means the date on which the Securities are issued to Participants.

Issue Price means the price payable by a Participant which will at the time of issue be determined by the Board at its sole discretion.

Listing Rules means the Listing Rules of the ASX, as amended from time to time.

Offer means an offer to take up Securities pursuant to clauses 4 and 5.

Option means an option to subscribe for a Share.

Option Commencement Date means the date to be determined by the Board prior to the issuance of the relevant Options.

Option Period means in respect of an Option, the period commencing on the Option Commencement Date and (unless the Board determines otherwise) expiring on the date nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than 2 years after grant, subject to clauses 10.1, 10.2 and 10.3.

Participant means an Eligible Person or an Eligible Associate who accepts an offer from the Board to participate in this Plan.

Participant Option means an Option that is issued to a Participant under this Plan.

Participant Share means a Share that is issued to a Participant under this Plan.

Performance Hurdle means a criterion, condition or other requirement that must be satisfied.

Plan means this Employee Share and Option Plan.

Prospective Participant means a person to whom an Offer has been made but who can only accept the Offer if an arrangement is entered into that will result in the person becoming an Eligible Person.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Relevant Restricted Shares has the meaning given to that term in clause 20.1.

Restricted Option means a Participant Option issued pursuant to this Plan that is subject to the restrictions contemplated in clause 18.

Restricted Share means a Participant Share issued pursuant to this Plan that is subject to the restrictions contemplated in clause 16.

Security means a Share or an Option and **Securities** has a corresponding meaning.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Tax Law means the *Income Tax Assessment Act 1997* (Cth) and the *Income Tax Assessment Act 1936* (Cth), as the case may be.

Terms of Allotment means, in relation to a Security issued pursuant to this Plan:

- (a) the terms and conditions of this Plan;

Employee Share and Option Plan

- (b) the Acknowledgement required under clause 13;
- (c) each statement setting out particulars in relation to the Security under clause 14; and
- (d) each restriction and other condition prescribed by the Board in relation to the Security.

Uncontrollable Event means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of, or ceasing their engagement with, the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

Unrestricted Option means a Participant Option that is no longer subject to the restrictions imposed by the Board pursuant to clause 18.

Unrestricted Share means a Participant Share that is no longer subject to the restriction imposed by the Board pursuant to clause 16.

2.2 Interpretation

In this Plan, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Plan;
- (b) words denoting the singular include the plural and vice versa;
- (c) words denoting a gender include the other genders;
- (d) a reference to any legislation or a provision of any legislation includes a modification or re-enactment of the legislation or a legislative provision substituted for, and all legislation and statutory instruments and regulations issued under, the legislation;
- (e) a reference to an item, recital, clause, subclause, paragraph, schedule or attachment is to an item, recital, clause, subclause, paragraph of, or schedule or attachment to this Plan and a reference to this Plan includes any schedule or attachment to it;
- (f) a reference to any document or agreement includes reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (g) a party includes the party's executors, administrators, successors, substitutes (including a person who becomes a party by novation) and permitted assigns;
- (h) where any word or phrase is given a defined meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (i) where an act or thing must be done on a particular day or within a particular period, that act or thing must be done before, and that period ends at, 5.00pm on the relevant day;
- (j) a reference to time is to Western Australian time; and

Employee Share and Option Plan

- (k) a reference to money is to Australian dollars.

3. Operation of Plan

3.1 Operation determined by Board

Subject to clauses 3.2 and 3.3, the Board may at any time decide that this Plan should be operated in respect of any Financial Year and the Board may determine at its discretion the total number of Securities to be offered to each Eligible Person (or Eligible Associate, as the case may be) and the Issue Price, terms, conditions and restrictions on which the Securities are offered.

3.2 Plan limit

The total number of Securities which may be offered by the Company under this Plan must not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued or that may be issued as a result of offers made at any time during the previous 3 year period under:

- (a) an employee incentive scheme covered by ASIC CO 14/1000; or
- (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

3.3 Compliance with ASIC CO 14/1000

The Board may only offer to issue Securities pursuant to this Plan:

- (a) if the Company has provided ASIC with notice that it is relying upon ASIC CO 14/1000 with respect to this Plan;
- (b) if the Company has issued an offer document pursuant to which the Company offers to issue Securities pursuant to this Plan;
- (c) the Company has complied with clause 3.2; and
- (d) the Company has complied with any other requirements imposed upon the Company by ASIC CO 14/1000.

4. Offer of Shares

4.1 Offer of Shares

The Board may offer such number of Shares to such Eligible Persons or Eligible Associates (where applicable) as determined in accordance with clause 3 subject to the terms and conditions of this Plan for the time being.

4.2 Requirements for offer document

The Offer must be in writing and must specify:

- (a) the name and address of the Eligible Person or Eligible Associate (where applicable) to whom the Offer is made;
- (b) the number of Shares being offered;

Employee Share and Option Plan

- (c) the Issue Price of the Shares being offered;
- (d) the date of the Offer;
- (e) the date, being not more than forty-five (45) days after the date of the Offer by which the Offer must be accepted;
- (f) any Performance Hurdle applying to the Offer;
- (g) any other terms and conditions attaching to the Offer including, without limitation, whether any restrictions contemplated in clause 16 of this Plan will be imposed on the Shares being offered;
- (h) whether deferral of any taxation in accordance with Division 83A-C of the Tax Law is to apply to the Offer; and
- (i) any other information required by ASIC CO 14/1000.

4.3 Acceptance Form

The Offer will be accompanied by an Acceptance Form, a copy of this Plan and a summary of terms and conditions of this Plan.

4.4 Ability to renounce Offer

An Eligible Person who receives an Offer of Shares pursuant to this Plan may renounce the Offer in favour of the Offer being made to an Eligible Associate.

5. Offer of Options

5.1 Offer of Options

The Board may offer such number of Options to such Eligible Persons or Eligible Associates (where applicable) as determined in accordance with clause 3, subject to the terms and conditions of this Plan for the time being.

5.2 Requirements for offer document

The Offer must be in writing and must specify:

- (a) the name and address of the Eligible Person or Eligible Associate (where applicable) to whom the Offer is made;
- (b) the number of Options being offered;
- (c) the Option Period;
- (d) the Exercise Price;
- (e) the date of the Offer;
- (f) the date, being not more than forty-five (45) days after the date of the Offer by which the Offer must be accepted;
- (g) any Performance Hurdle applying to the Offer or the Options;

Employee Share and Option Plan

- (h) any other terms and conditions attaching to the Offer or the Options including, without limitation, whether any restrictions contemplated in clause 18 of this Plan will be imposed on the Options being offered;
- (i) whether deferral of any taxation in accordance with Division 83A-C of the Tax Law is to apply to the Offer; and
- (j) any other information required by ASIC CO 14/1000.

5.3 Acceptance Form

The Offer will be accompanied by an Acceptance Form, a copy of this Plan and a summary of terms and conditions of this Plan.

5.4 Ability to renounce Offer

An Eligible Person who receives an Offer of Options pursuant to this Plan may renounce the Offer in favour of the Offer being made to an Eligible Associate.

6. Market Price

6.1 Company to provide Current Market Price

At any time from the date of an Offer until the Acceptance Date of that Offer, the Company will, within 3 Business Days of a written request to the Company from a Participant to do so, notify the Participant in writing of:

- (a) the Current Market Price of the Shares; and
- (b) where the Issue Price is to be worked out in the future under a formula, the price were that formula applied at the date of the Offer,

6.2 Market Price on ASX

Notwithstanding clause 6.1, a Participant may, at any time, independently access the Current Market Price of the Shares from the ASX's website at www.asx.com.au.

7. Trusts, Contribution Plans and Loans

7.1 Trusts

A Company or an Associated Body Corporate that makes an offer of Securities under this Plan in relation to which a trustee holds or will hold the Securities, must ensure that the Company, the relevant trust and relevant trustee comply with ASIC CO 14/1000 with respect to the obligations imposed for issues of such Securities to trustees.

7.2 Contribution Plans

If the Company or an Associated Body Corporate has a Contribution Plan for use by an Eligible Person in conjunction with this Plan, the Company or Associated Body Corporate must ensure that any use of the Contribution Plan by the Company, Associated Body Corporate or Eligible Person complies with the obligations imposed by ASIC CO 14/1000 [including:

- (a) the Participant must agree in writing to the terms of the Contribution Plan;

Employee Share and Option Plan

- (b) the Contribution Plan may not be used to acquire Options;
- (c) subject to clause 7.2(h), any contributions under the terms of the Contribution Plan which are to be used but have not yet been used to acquire Securities are to be held by or on behalf of the Company or an Associated Body Corporate on trust for the Participant, in an account with an Australian ADI that is used solely in connection with employee incentive schemes of Company or an Associated Body Corporate;
- (d) the Company or an Associated Body Corporate must ensure that if Shares have been acquired using contributions made by a Participant under a Contribution Plan, the Participant has the right to:
 - (1) exercise, or to direct the holder of Shares to exercise on their behalf, any voting rights attaching to the Shares; and
 - (2) receive income deriving from the Shares, including dividends and distributions;
- (e) the right to receive dividends or distributions in clause 7.2(d) may be subject to terms that the dividends or distributions are to be applied to repay a loan from the body or an associated body corporate to the Participant in connection with this Plan;
- (f) the Participant may, by giving a notice to the Company, discontinue their participation in the Contribution Plan, with the discontinuance to take effect no more than 45 days after the giving of the notice;
- (g) subject to clause 7.2(h), if a Participant has discontinued their participation in the Contribution Plan any contributions under the terms of the Contribution Plan that have not been used to acquire Shares, are repaid to or as directed by the Participant as soon as practicable after the Participant has discontinued their participation in the Contribution Plan (such repayment including any accumulated interest (if any), less any tax); and
- (h) the contributions referred to in clauses 7.2(c) and 7.2(g) do not include contributions in the form of future gross (before-tax) salary or wages or from a loan from the Company or an Associated Body Corporate to the Participant.]

7.3 Loan backed Offers

A Company or an Associated Body Corporate that makes an offer of Securities under this Plan that involves a loan from the Company or Associated Body Corporate to the Participant must ensure that the Company or Associated Body Corporate making the loan complies with the obligations imposed by ASIC CO 14/1000 [including:

- (a) the loan may not be used to acquire Options or incentive rights; and
- (b) under the terms of the loan:
 - (1) no fees or interest are payable; and
 - (2) either:
 - (A) the Company or Associated Body Corporate making the loan has no recourse against the Participant in relation to the repayment of the loan; or
 - (B) the recourse of the Company or Associated Body Corporate making the loan against the Participant in relation to the repayment of the loan is

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limited to forfeiture of the Securities issued or transferred to, or held on behalf of, the Participant in connection with this Plan.]

8. Acceptance of Offer

8.1 Acceptance of Offer

An Eligible Person or Eligible Associate may accept the Offer by:

- (a) delivering to the Company the completed Acceptance Form by the Acceptance Date; and
- (b) paying the Issue Price applicable to the Offer in cleared funds.

8.2 Unaccepted Offer will lapse

An Offer which is not accepted by the Participant by the Acceptance Date will lapse.

8.3 No brokerage, commission or stamp duty

No brokerage, commission, stamp duty or other transaction costs will be payable by Eligible Persons or Eligible Associates in respect of any allotment of Securities under this Plan.

8.4 Terms of Securities

All Securities allotted under this Plan will rank pari passu in all respects with the Securities of the same class for the time being on issue with the exception of:

- (a) any rights attaching to other Securities by virtue of entitlements arising from a record date prior to the date of the allotment in respect of those Securities; and
- (b) the restrictions applying by virtue of clauses 16 and 18.

9. Lapse of Options

A Participant Option lapses, to the extent it has not been exercised, on the earlier of:

- (a) the expiry of the Option Period;
- (b) if an Eligible Person's employment or engagement with the Company ceases because of an Uncontrollable Event, the last day of any period specified in clause 10.1(b); and
- (c) if an Eligible Person's employment or engagement with the Company ceases because of a Controllable Event, the last day of any period specified in clause 10.2(b), subject to clause 10.2(a).

10. Cessation of employment or engagement

10.1 Uncontrollable Event

If an Eligible Person's employment or engagement with the Company ceases because of an Uncontrollable Event:

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- (a) the Board in its absolute discretion may determine to reduce, vary or waive any Performance Hurdle that has not been satisfied as at the date of the Uncontrollable Event so that the Participant Options subject to the Performance Hurdle may be exercised;
- (b) the Participant may at any time prior to the earlier of:
 - (1) the expiry of the Option Period; or
 - (2) 6 months (or such other period as the Board may, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement;

exercise any Participant Options capable of being exercised; and

- (c) all of the Participant Options held by the Participant that have not been exercised in accordance with clause 10.1(b) or are not capable of being exercised will automatically lapse.

10.2 Controllable Event

If an Eligible Person's employment or engagement with the Company ceases because of a Controllable Event:

- (a) unless otherwise determined by the Board, all Participant Options subject to Performance Hurdles that have not been satisfied as at the date of the Controllable Event will lapse;
- (b) the Participant may, at any time prior to the earlier of:
 - (3) the expiry of the Option Period; and
 - (4) 3 months (or such other period as the Board may, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement,

exercise all Participant Options not subject to Performance Hurdles (including any Participant Options that have vested under clause 10.2(a)); and

- (c) all of the Participant Options held by the Participant that have not been exercised in accordance with clause 10.2(b) will automatically lapse.

10.3 Breach, fraud or dishonesty

If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company or an Associated Body Corporate, then the Board may in its absolute discretion determine that all of the Participant Options issued to the Participant will lapse and then Board's decision will be final and binding.

11. Exercise of Options

11.1 Exercise of Options

A Participant may at any time during the Option Period (but not after a Participant Option has lapsed and subject to clause 11.2) exercise all or any of the Participant Options held by him or her by lodging with the Company:

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- (a) a written notice of exercise of option specifying the number of Shares in respect of which Participant Options are being exercised (**Option Exercise Notice**); and
- (b) payment to the Company by way of a cheque, electronic transfer or such other method of payment approved by the Board for the Exercise Price multiplied by the number of Shares in respect of which Participant Options are being exercised on a Business Day within the earlier of 30 days of delivery of the Option Exercise Notice or the Business Day prior to the expiry of the Option Period.

11.2 Exercise and Allotment of Marketable Parcel

Participant Options must be exercised so as to result in the allotment of a marketable parcel within the meaning of the Listing Rules **provided that** where the number of Participant Options held by a Participant has been adjusted from time to time in accordance with the terms and conditions of this Plan, the Participant Options must be exercised by the Participant so as to result in as near as possible a marketable parcel of Shares being created.

11.3 Allotment upon receipt of Notice

Upon receipt of the Option Exercise Notice and the payment referred to in clause 11.1, the Board will allot to the Participant the Shares to which the Participant is entitled subject to the provisions of the constitution of the Company.

11.4 Quotation on ASX

Upon allotment of Shares pursuant to the exercise of Options, the Company will, if listed on the ASX, use its best endeavours to have such Shares quoted and listed on the Official List of the ASX.

12. Participation rights, bonus issues, rights issues and reorganisations of capital

12.1 No entitlement to new securities

Participant Option holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.

12.2 No entitlement to dividends

The Option holder does not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.

12.3 Bonus Issue

If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

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12.4 Adjustment for Rights Issue

If, during the life of any Option, there is a pro rata issue (except a bonus issue) then the subscription price applicable to each Share then comprised in the Option may be reduced according to the following formula:

$$O' = O - \frac{E [P - (S + D)]}{N + 1}$$

where

- O' = the new exercise price of the Option
- O = the old exercise price of the Option
- E = the number of underlying securities into which one Option is exercisable
- P = if the Company is listed on the ASX, the average market price per Share (weighted by reference to volume) of the underlying Shares during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue)
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security

12.5 Adjustments to entitlements

In addition to the rights set out in clauses 12.3 and 12.4, the Board may, subject to and in accordance with any relevant Listing Rule, vary:

- (a) the number of Options to which a Participant is entitled under this Plan;
- (b) the Exercise Price; or
- (c) both the number of Options and the Exercise Price,

to make such adjustments to the entitlements of Participants as the Board may regard as appropriate following any reduction or restructuring of the capital of the Company **provided always** that:

- (d) in the event of a reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of a reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on Participants which are not conferred on holders of Shares; and
- (e) subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of the holders of Shares approving the reorganisation of capital, in all other respects the terms for the exercise of Options will remain unchanged.

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13. Eligibility and Acknowledgements

13.1 Ineligible participants

The Board may in its absolute discretion determine that an Eligible Person who otherwise would be eligible to acquire Securities under this Plan is nonetheless not eligible.

13.2 Misconduct

An Eligible Person will not be eligible to acquire Securities under this Plan at any time if he or she has been given notice of dismissal or termination for misconduct from the employment or engagement by virtue of which he or she would, but for this clause 13.2, be eligible to acquire Securities (or has given notice of resignation from employment or engagement in order to avoid such dismissal).

13.3 Issue subject to Acknowledgement

The Board may, at such time as it determines, issue Securities under this Plan to each Participant, subject to the Participant providing, or having provided to the Company, a valid Acknowledgement that the Participant agrees to be bound by the Terms of Allotment and by the constitution of the Company.

13.4 Approved form

An Acknowledgment required under this clause 13 must be in the form from time to time approved by the Board and must state any restrictions or other conditions relating to the Securities as determined by the Board.

13.5 Fresh Acknowledgement for future participation in Plan

The Board may at any time in its absolute discretion determine that an existing Acknowledgment provided by a Participant under this clause 13 ceases to be of effect and that a new Acknowledgment must be provided by the Participant if that Participant wishes to participate in any future issue under this Plan.

14. Statement of allotment and interest in Securities

14.1 Statement of allotment

As soon as reasonably practicable after the allotment of Securities, the Company will cause a statement to be provided to each Participant setting out particulars of the Securities allotted to that Participant.

14.2 Interest in Securities

Each Participant has full legal and beneficial ownership of the Securities allotted to that Participant but any dealings with those Securities by the Participant are restricted as provided in this Plan.

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15. Share and Option Certificates

15.1 No requirement to issue certificate in case of Restricted Securities

The Company is not required to issue Share certificates or Option certificates, and is entitled to retain custody of any Share certificates or Option certificates issued, in respect of Participant Shares or Participant Options as long as those Shares are Restricted Shares or those Options are Restricted Options.

15.2 Restriction from dealing procedure

If any Participant Shares or Participant Options are uncertificated, the Company is authorised to implement any procedure it deems appropriate to restrict the Participant from dealing with the Participant Shares or Participant Options (as the case may be) for as long as those Shares are Restricted Shares or Options are Restricted Options.

16. Restriction on disposal of Shares

The Board, at its discretion may Offer and issue Restricted Shares under this Plan upon the terms and conditions it sees fit, including without limitation, the length of and any exceptions to such restriction imposed. If the Board offers and issues Restricted Shares the following provisions will apply:

- (a) Shares allotted under this Plan may not be dealt with (meaning for the purposes of this Plan, disposed of, transferred, encumbered or otherwise dealt with on such terms and with such exceptions as the Directors see fit) by a Participant at any time whilst those Shares are so restricted;
- (b) the Company will not apply for listing of Restricted Shares on ASX; and
- (c) if the Participant deals with or attempts to deal with a Participant Share in breach of clause 16(a), to the extent permitted by law, the Board will be entitled to refuse to register any transfer of a Restricted Share.

17. Unrestricted Shares

17.1 Removal of restrictions

Upon a Participant Share becoming an Unrestricted Share, all restrictions on dealing with the Share provided in or pursuant to this Plan will lapse.

17.2 Subsequent actions

As soon as practicable after a Share becomes an Unrestricted Share, the Company will:

- (a) cause the removal of any restriction imposed on dealing with the Share under clause 16(a);
- (b) cause a statement of holding to be sent to the Participant to whom the Share is allotted; and
- (c) if the Company is listed on the ASX, at the expense of the Company, forthwith apply to ASX for quoting of the Unrestricted Share on ASX.

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18. Restriction on disposal of Options

The Board, at its discretion may offer and issue Restricted Options under this Plan upon the terms and conditions it sees fit, including, without limitation, the length of and any exceptions to such restriction imposed. If the Board offers and issues Restricted Options the following provisions will apply:

- (a) Options allotted under this Plan may not be dealt with (meaning for the purposes of this Plan disposed of, transferred, encumbered or otherwise dealt with on such terms and with such exceptions as the Directors see fit) by a Participant at any time until they become Unrestricted Options;
- (b) the Company will not apply for listing of Restricted Options on ASX; and
- (c) if the Participant deals with or attempts to deal with a Participant Option in breach of clause 18(a) to the extent permitted by law, the Board will be entitled to refuse to register any transfer of a Restricted Option.

19. Unrestricted Options

19.1 Removal of restrictions

Upon a Participant Option becoming an Unrestricted Option, all restrictions on dealing with the Option provided in or pursuant to this Plan will lapse.

19.2 Subsequent actions

As soon as practical after an Option becomes an Unrestricted Option, the Company will:

- (a) cause the removal of any restriction imposed on dealing with the Option under clause 18(a); and
- (b) cause a statement of holding to be sent to the Participant to whom the Option is allotted.

19.3 Listing of Options

Following an Option becoming an Unrestricted Option the Board may, if provided for in the terms and conditions attaching to the Option, at the expense of the Company, apply for those Unrestricted Options to be quoted on ASX if the Board forms the view, acting reasonably, that the Unrestricted Options meet the quotation requirements set out in the Listing Rules.

20. Exercise of Restricted Options

20.1 Restricted Options convert to Restricted Shares

For the avoidance of doubt, in the event that a Participant exercises a Restricted Option in accordance with this Plan, the resulting Shares allotted as a consequence of exercise of the relevant Option will be deemed to be Restricted Shares pursuant to clause 16 (**Relevant Restricted Shares**).

Employee Share and Option Plan

20.2 Restriction periods for Relevant Restricted Shares

The Relevant Restricted Shares will remain Restricted Shares for the purpose of this Plan until the expiration of the remainder of the restriction period originally imposed on the exercised Restricted Option.

20.3 Removal on restriction on Relevant Restricted Shares

Upon the Relevant Restricted Shares becoming Unrestricted Shares in accordance with clause 20.2, the provisions of clause 17.1 and clause 17.2 will apply.

21. Taxation

21.1 Offer to specify whether tax deferral applies

Any Offer made pursuant to this Plan will specify whether subdivision 83A-C of the Tax Law applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

21.2 Compliance with section 83A-105(6) of the Tax law

In order to avoid any ambiguity, this clause is intended to comply with section 83A-105(6) of the Tax Law such that subdivision 83A-C applies to any Offers made pursuant to this Plan where the terms of the Offer comply with the requirements of that subdivision and the offer expressly states that subdivision 83A-C is to apply to the Offer.

21.3 Company not liable

Neither the Company nor its Directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Eligible Persons or Eligible Associates.

22. Administration of Plan

22.1 Board to administer Plan

This Plan will be administered by the Board which may:

- (a) determine appropriate procedures for the administration of this Plan consistent with the Terms of Allotment; and
- (b) delegate to any one or more persons for such period and on such conditions as it may determine, the exercise of any of its powers or discretions arising under this Plan.

22.2 Board's unfettered discretion

Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion in the exercise of any of its powers or discretions pursuant to this Plan and to act or refrain from acting under or in connection with this Plan.

22.3 Waiver of Terms of Allotment

The Board may, in relation to any Participant Share or Participant Option, waive in whole or in part, on terms it considers appropriate, any of the Terms of Allotment.

Employee Share and Option Plan

22.4 Dispute

If there is any dispute or disagreement as to the interpretation of this Plan or the Terms of Allotment of any Security, the decision of the Board is final and binding upon all persons.

22.5 Termination or suspension

This Plan may be terminated or suspended at any time by resolution of the Directors and notification to the ASX in accordance with the Listing Rules.

23. Amendments to Plan

23.1 Board may amend

Subject to clause 23.2 and the Listing Rules, the Board may by resolution amend (meaning, for the purposes of this clause 23, amend, add to, revoke or replace) this Plan (including this clause 23) or any of the Terms of Allotment of a Participant Share or a Participant Option.

23.2 Must not materially prejudice

The Board may not amend this Plan if the amendment would materially reduce the rights of a Participant in respect of a Participant Share or a Participant Option allotted before the date of the amendment, unless the amendment is introduced primarily:

- (a) for the purpose of complying with any State or Commonwealth legislation that affects this Plan;
- (b) to correct a manifest error;
- (c) to address possible adverse tax implications in respect of this Plan arising from, amongst others:
 - (1) a ruling of any relevant taxation authority;
 - (2) a change to tax legislation (including an official announcement by any relevant taxation authority); or
 - (3) changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction; or
- (d) to enable the Company to comply with its constitution, the Corporations Act, other legislation or the Listing Rules.

23.3 Retrospective effect

Subject to clause 23.2, any amendments made under clause 23.1 may be given retrospective effect as specified in the written instrument by which the amendment is made.

23.4 Notification of Participants

As soon as reasonably practicable after making any amendment under clause 23, the Board, by written notice, will inform each Participant affected.

Employee Share and Option Plan

24. Terms of employment or engagement unaffected

24.1 Employment or engagement unaffected

The Terms of Allotment of this Plan do not:

- (a) form part of any contract of employment, engagement or any arrangement in respect of any such employment or engagement, between an Eligible Person and Eligible Associate (when applicable) and the Company; or
- (b) constitute a related condition or collateral arrangement to any such contract of employment or engagement,
- (c) and participation in this Plan does not in any way affect the rights and obligations of a Participant under the terms of his or her employment or engagement.

24.2 Terms of Allotment unaffected

The terms of a Participant's employment or engagement with the Company do not in any way affect the rights and obligations of a Participant under this Plan.

24.3 No right to compensation

A Participant has no right to compensation or damages from the Company in respect of any loss of future rights under this Plan as a consequence of termination of the Participant's employment or engagement.

24.4 Rights of Participants

Nothing in this Plan or participation in this Plan:

- (a) confers on any Eligible Person the right to continue as a Director, Employee or Contractor;
- (b) confers on any Eligible Person the right to become or remain a Director, Employee or Contractor or to participate under this Plan;
- (c) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements (where applicable);
- (d) affects the rights and obligations of any Eligible Person under the terms of their office, employment with the Company or Associated Body Corporate;
- (e) affects any rights which the Company may have to terminate the office, employment or engagement of an Eligible Person or will be taken into account in determining an Eligible Person's termination or severance pay;
- (f) may be used to increase damages in any action brought against the Company or an Associated Body Corporate in respect of any such termination; or
- (g) confers any responsibility or liability on the Company or Associated Body Corporate or their directors, officers, employees, representatives or agents in respect of any taxation liabilities of the Eligible Person.

Employee Share and Option Plan

25. Notices

25.1 General

A notice (meaning for the purposes of this clause 25, notice, application, permission or other communication) under this Plan may be given in writing, addressed to the person to whom it is given, and is taken to be given and received if sent in accordance with clauses 25.2, 25.3 and 25.4.

25.2 Pre-paid mail, facsimile or email

For the purposes of clause 25.1, a notice is duly given and received by the Company if sent to the Company by pre-paid mail or by facsimile or other electronic communication, to an address at which it is actually received by:

- (a) the person who is, from time to time, designated by the Board as the person to whom the notice should be sent or by whom it should be received, and whose name or title and address are notified to the sender; or
- (b) if no other person is designated by the Board for this purpose, the secretary of the Company.

25.3 Delivery

For the purposes of clause 25.1, a notice is duly given and received by a natural person (other than a person designated as the person to whom the notice should be sent in order to be received by the Company) if sent to:

- (a) the person's last known mailing address or the person's last known facsimile or other electronic communication address; or
- (b) in the case of an Eligible Employee or a Participant, to the last known mailing, facsimile or other electronic communication address of the place of business at which the person performs the whole or substantially the whole of his or her office or employment or engagement.

25.4 Notice to deceased

A notice given under clause 25.1 to a person being a natural person, is duly given even if the person is then deceased (and whether or not the Company has notice of his or her death), unless the legal personal representative of the person has established title to the satisfaction of the Company and supplied to the Company an address to which documents should be sent.

25.5 Treatment of notice

A notice sent in accordance with clause 25.1 is treated as given and received in the case of:

- (a) a notice sent to the Company, at the time it is actually received by the secretary or other person designated by the Board as the person to whom it should be sent or by whom it should be received;
- (b) any other notice sent by prepaid mail, forty eight (48) hours after it was put into the post properly stamped; and
- (c) any other notice sent by facsimile or other electronic communication, at the time of transmission.

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26. Applicable and governing law

26.1 Constitution, Listing Rules and Corporations Act

This Plan and any Terms of Allotment made pursuant to this Plan are subject to the Company's constitution, the Corporations Act and the Listing Rules. If there is any inconsistency between the Plan and any Terms of Allotment on the one part and Company's constitution, the Corporations Act or the Listing Rules on the other part, then the Company's constitution, the Corporations Act or the Listing (as applicable) will prevail.

26.2 Contravention of law

Notwithstanding clause 26.1 of the Plan, no Participant Share or Participant Option may be offered, issued, vested or exercised if to do so:

- (a) would contravene the Corporations Act or the Listing Rules; or
- (b) would contravene the local laws or customs of an Eligible Person or Eligible Associate's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

26.3 Governing law

This Plan is governed by the laws in force in Western Australia and the Commonwealth of Australia.

Employee Share and Option Plan

Schedule 1 - Summary of terms and conditions of Plan

2. This Plan is to extend to such Eligible Persons or Eligible Associate (as the case may be) of Synergy Plus Limited ACN 091 126 082 (to be renamed VGW Gaming Limited) (**Company**) or an Associated Body Corporate of the Company as the Board may in its discretion determine.
3. The total number of Securities which may be offered by the Company under this Plan must not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued, or that may be issued, as a result of offers made at any time during the previous 3 year period under:
 - (a) an employee incentive scheme covered by ASIC CO 14/1000; or
 - (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
4. The Shares are to be issued at a price determined by the Board at its sole discretion.
5. The Options are to be issued for no consideration.
6. The exercise price of an Option is to be determined by the Board at its sole discretion.
7. The Option Commencement Date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issuance of the relevant Options.
8. The Option Period commences on the Option Commencement Date and ends on the earlier of:
 - (a) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than 2 years; or
 - (b) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:
 - (1) the expiry of the Option Period; or
 - (2) 6 months (or such other period as the Board may, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
 - (c) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:
 - (1) the expiry of the Option Period; or
 - (2) 3 months (or such other period as the Board may, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
 - (d) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.
9. Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:

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- (a) subject to paragraph 3, the total number of Shares and Options to be offered in any 1 year to Eligible Persons or Eligible Associates;
 - (b) the Eligible Persons to whom offers will be made; and
 - (c) the terms and conditions of any Shares and Options granted, subject to the Plan.
10. In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.
11. Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.
12. In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the Plan.
13. The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
14. The terms of the Options will only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options will not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
15. The Board may impose as a condition of any offer of Shares and Options under the Plan any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
16. The Board may vary the Plan.
17. The Plan is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.
18. At any time from the date of an Offer until the Acceptance Date of that Offer, the Board undertakes that it will provide information as to:
- (a) the Current Market Price of the Shares; and
 - (b) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the Offer,
- to any Participant within 3 Business Days of a written request to the Company from that Participant to do so.
19. Any Offer made pursuant to this Plan will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

In this Plan:

Controllable Event means cessation of employment or engagement other than by an Uncontrollable Event.

Employee Share and Option Plan

Uncontrollable Event means:

- (a) death, serious injury, disability or illness which renders the Eligible Person incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;
- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

SCHEDULE 6 – TERMS AND CONDITIONS OF EMPLOYEE OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).

(c) Expiry Date

Unless specified otherwise on the grant of any Options, each Option will expire at 5:00 pm (WST) on 5 years from date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Date of issue

Will be the date defined in the plan (date the Board issues the options to the Eligible Person).

(f) The Performance Period

For the purpose of the vesting criteria set out below will commence on the day VGW is listed and will run until 30 June 2018.

(g) The Exercise Conditions (Performance Criteria):

50% of the Employee Options will be subject to performance condition Criteria 1 – Revenue Targets below whilst the other 50% of the Employee Options will be subject to performance condition Criteria 2 – Total Shareholder Return Target

Criteria 1 - Revenue Targets

50% of the options will vest in three equal instalments (1/3rd each year) subject to VGW achieving the following revenue targets :

1. Year ending 30 June 2016 AUD \$10 million in audited annual revenue
2. Year ending 30 June 2017 AUD \$30 million in audited annual revenue
3. Year ending 30 June 2018 AUD \$50 million in audited annual revenue

The Vesting Date will be the date the Board determines that the revenue hurdles have been met, the Board will make that determination based on the audited annual accounts of the Company.

Criteria 2 - TSR Target

50% of the options will vest after 30 June 2018 if the Board determines, based on audited accounts that the Total Shareholder Return (TSR) is 100% greater than the return on the All Ordinaries Accumulation Index (XAOAI) over the Performance Period.

TSR is a measure which combines share price appreciation over a period and dividends paid during that period (assuming that they are reinvested into Shares) to show the total return to Shareholders over that period. When calculating the Company's TSR, its Share price at the

beginning and end of the performance period will be calculated as the volume weighted average price of Shares on ASX over the 30 days immediately preceding the relevant dates.

The Vesting Date will be the date the Board determines that the TSR hurdle has been met, the Board will make the determination based on the audited annual accounts of the Company and data available from the Australian Stock Exchange.

(h) Cessation of Employment

Options will not vest if a Participant has resigned or given notice of resignation prior to the Board making a decision on whether the vesting conditions have been met.

If a Participant's termination of employment is due to Special Circumstances the Participant's awards will continue to vest subject to meeting the performance criteria set out in 1 and 2 above, except in the case of Death or Total and Permanent Disability, in which case vesting will be effective as soon as the Board have been able to exercise their discretion and confirm the vesting of the awards. In the case of Redundancy vesting of options will also be conditional upon the Participant not entering in to a Restricted Activity prior to vesting.

If a Participant's termination is due to Cause or it has been discovered post termination that the participant engaged in a Cause type activity, all unvested options and all vested but unexercised options will be cancelled and forfeited.

(i) Vesting Criteria holding period

Options vesting under criteria 1 (1/3rd each year) are able to be exercised by the Participant as soon as practically possible after Board has confirmed the vesting. At that point participants are able to sell sufficient shares to cover their tax liability and also the exercise price of the options. However, the remaining shares must be held by the Participant until the options under criteria 2 and 3 have also been vested and settled on the Participant.

Notwithstanding the vesting of awards under criteria 1, 2 and 3 above, it shall be an additional condition to vesting, exercise, settlement and lapse of Blocking Restrictions of an Award (as applicable) that a Participant not, at any time prior to the date on which vesting, exercise, settlement or lapse of Blocking Restrictions thereof is otherwise required to take place: (i) directly or indirectly disclose or other misuse any non-public, secret, confidential, or proprietary information that \ belongs to or concerns the Group or its current, former or prospective employees or other personnel, clients, customers, vendors or counterparts to whom the Group owes a duty of confidentiality, or any intellectual property of the Group or that such holder learned by reason of his or her association with the Group or directly or indirectly use any such information to the detriment of the Group or for personal gain or for the gain of a third party or (ii) willfully engage in any other conduct that is materially detrimental to any interest of the Group.

(n) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Not Quoted

The Company will not apply for quotation of the Options on ASX.

(n) Transferability

The Options are not transferable.

«EFT_REFERENCE_NUMBER»

SYNERGY PLUS LIMITED

ACN: 091 126 082

REGISTERED OFFICE:
C/- RSM BIRD CAMERON
8 ST GEORGES TERRACE
PERTH WA 6000

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
AUSTRALIA
770 Canning Highway, APPLECROSS WA 6153
AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«Company_code»«Sequence_number»«Address_unknown»

Code: ZZUSNR

Holder Number: «HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au
1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 2:30pm AEDT on Friday 29 January 2016 at Level 5, 56 Pitt Street, Sydney NSW 2000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*		For	Against	Abstain*
1. Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Conversion of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	17. Issue of Shares on Conversion of Loans - Minimum Risk Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18. Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Creation of New Class of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Issue of Options to Underwriter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19. Approval of Issue of Shares and Options under Employee Share Option Plan -Unrelated Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Capital Raising Pursuant to a Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Issue of Options to Incoming Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20. Approval of Issue and Conversion of Managing Directors and Employee Options- Laurence Escalante	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Securities - Vendor Consideration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Appointment of Director - Nigel Blythe-Tinker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21. Approval of Issue of Employee Options under Employee Share Option Plan - Nigel Blythe-Tinker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of Lance East	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. Appointment of Director - Laurence Escalante	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22. Approval of Issue of Employee Options under Employee Share Option Plan - Mats Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Consideration and Increase in Voting Power of Lance East	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15. Appointment of Director - Mats Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	23. Approval of Issue of Employee Options under Employee Share Option Plan - Lorenzo Escalante	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Issue of Securities - Loan Conversion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16. Appointment of Director - Lorenzo Escalante	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8. Issue of Performance Shares to Lance East Corporation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>								

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 2:30pm AEDT on Wednesday 27 January 2016.

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ZZUSNRPX2290116

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Name:

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This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Online www.securitytransfer.com.au

Postal Address PO BOX 535
Applecross WA 6953 AUSTRALIA

Street Address Alexandra House
Suite 1, 770 Canning Highway
Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.