

ASX Company Announcement | Issue Date: 27 September 2016

NEWZULU OPERATIONAL UPDATE

- + Board and management changes driving sales, focusing resources.
- + Newzulu business model underpinned by achieved cost reduction, consolidation of operations and demonstrable sales traction.
- + 2017 capital raising anticipated to fund further growth and market penetration.

Newzulu Limited (ASX: NWZ, Newzulu, Company), a global crowd-sourced technology and media company, presents the following update on its operations and business plan.

Since completing a successful capital raising in June of 2016, Newzulu has built out a first-tier management team, complemented by its Board of Directors and delivered significant platform updates which are beginning to translate into sales successes.

In August 2016, the Company announced the addition of Mr. Ed Wilson to the Company's Board of Directors. Mr. Wilson is an accomplished media executive who has served in leadership capacities at 20th Century Fox, NBC, Tribune and others. He complements an existing Board with deep media experience focused on providing Newzulu's content solutions to a changing media marketplace.

Earlier in Q1 2017, the Company announced the appointments of Mr. Tom Lieu to the position of CFO and Mr. David Klinghoffer as Senior Vice President, Global Sales. Mr. Lieu is an executive with broad experience who is focused on transitioning the Company from a broad-based operation to one more focused on delivering results from the North American marketplace. Mr. Klinghoffer is an executive with deep experience in software as a service (SaaS) and media sales.

Under CEO Marc Milgrom's leadership, the Company has implemented cost cuts in excess of \$4.5M resulting in a leaner, more focused and cost-effective organization. The management team continues to look for opportunities to further reduce costs.

Newzulu is pleased to report that new sales contracts have been recently entered into for use of the Newzulu Platform, including:

- + Archant Regional Limited., to power its iWitness community brand and across its vast number of digital properties;
- + Highlight Hub Inc., to power sports highlights on its Highlighthub.com website and mobile application; and

- + Ontario Centres of Excellence, a new contest microsite and Facebook contest and its *Young Entrepreneurs, Make Your Pitch 2016/2017* contest for high school students to pitch their business ideas in a two-minute video.

Newzulu's Prime business, offering crowd-sourced professional creative production services, has also recently signed several new clients, including:

- + MACSF, a professional insurance company dedicated to medical workers and students, to produce videos for its online campaign to create awareness amongst its medical student targets;
- + Allianz, a major international insurance group, to produce a web series to raise internal staff awareness about the benefit of adopting a paperless attitude during their daily office tasks in order to be environmentally responsible;
- + Michelin, a leading tyre company dedicated to sustainably improving the mobility of goods and vehicles, to produce an animation video to present its new digital invoicing service to its supplier network;
- + Lampe Berger, a worldwide and historical manufacturer of home cleansing air burners to destroy undesirable smells and diffuse delicate indoor fragrances, for the production of a TV campaign to be broadcast in November 2016; and
- + Carrefour Group, one of the world's largest retailers, to produce a video for its Carrefour Drive division to communicate its new mobile application to the public in order to increase downloads and raise awareness for this service.

Despite positive progress on the strategic, revenue and cost fronts, the Company advises that it will not achieve cash flow positive operations as previously indicated to the market. Whilst the Company is mindful of delivering on its stated objectives, key factors contributing to this change in position include:

- + The incurrence of unbudgeted costs to internally develop a mobile live streaming solution independent of third party technicians and providers so as to reduce reliance on third parties and reduce ongoing operating and technological commitments.
- + The proposed incurrence of costs to develop additional functionality to ensure that the Newzulu Live product fully integrates with Newzulu Platform.
- + Deferral of the commencement of sales of Newzulu Live as a consequence of the redevelopment of the product and work required to integrate the Newzulu Platform solution.
- + Closing of prospective clients, in particular larger, enterprise clients, taking longer than expected.
- + Higher than projected costs relating to the restructure of operations and in particular, the incurrence of additional once-off costs to consolidate operating locations and reduce ongoing operational and administrative commitments.
- + The incurrence of costs associated with the termination of Mr Alexander Hartman's contract which were not previously accounted for.

As a result, it is anticipated that the Company will need to seek additional working capital by Q3 FY17 to fund operations.

Despite this setback, the Board of Newzulu has confidence in the new sales structure led by Senior Vice President, Global Sales, Mr David Klinghoffer, supported by CFO, Mr Tom Lieu and the operating leadership of CEO, Mr Marc Milgrom and their plans to deliver a leaner, cost-conscious business model focused on delivering results from the North American marketplace.

The Company will continue to keep shareholders informed of Newzulu's operational progress.

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About Newzulu

Newzulu is a crowd-sourced technology and media company that links broadcasters, publishers and brands with the public to Connect Through Content. Newzulu's web-based and mobile software enables businesses to gather, organize, publish and amplify user-generated content at scale. Newzulu's Prime division provides crowd-sourced, creative film and video production for the digital age. Newzulu's content division allows anybody, anywhere, with a mobile device and a story, to share news, get published and get paid. Headquartered in New York, Newzulu operates bureaus in Toronto, London, Paris and Lyon. Newzulu operates in partnership with Associated Press (AP), Getty Images, Tribune Content Agency and Alamy in the United States, Agence France-Presse (AFP) in France, Press Association (PA) and Videoplugger in the UK & Ireland, Belga News Agency in Belgium, Canadian Press (CP) in Canada, Australian Associated Press (AAP) in Australia and other news agencies around the world. Further information can be found on www.newzulu.com.