

**GALICIA ENERGY CORPORATION LTD  
(TO BE RENAMED TV2U INTERNATIONAL LIMITED)  
ACN 110 184 355**

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**PROSPECTUS**

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For a public offer of 200,000,000 New Shares at an issue price of \$0.02 per New Share to raise a minimum of \$4,000,000, with the ability to accept oversubscriptions of up to a further 300,000,000 New Shares at an issue price of \$0.02 per New Share to raise up to a maximum of \$10,000,000 (the **Public Offer**).

This Prospectus also contains an offer of up to 130,000,000 New Shares and 50,000,000 Options (exercisable at \$0.03 each on or before 31 December 2018) to the holders of Convertible Notes on conversion of the outstanding balance of their Convertible Notes (the **Convertible Note Offer**).

**The Public Offer is scheduled to close at 5.00pm (WST) on 23 November 2015 unless extended or withdrawn. Applications must be received before that time to be valid.**

**Joint Lead Managers to the Public Offer:**

APP Securities Pty Ltd

Energy Capital Partners Pty Ltd

**IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Securities offered by this Prospectus should be considered highly speculative.**

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## 1. CORPORATE DIRECTORY

### Current Directors

Mr Peter Wall (Non-Executive Chairman)  
Mr Faldi Ismail (Non-Executive Director)  
Mr Igor Soshinsky<sup>^</sup> (Non-Executive Director)

### Proposed Directors (upon completion of TV2U Acquisition)

Mr Peter Wall (Non-Executive Chairman)  
Mr Nicholas Fitzgerald (Executive Director and CEO)  
Mr Liaqat Fayyaz (Executive Director and CTO)  
Mr Faldi Ismail (Non-Executive Director)

### Company Secretary

Ms Sarah Smith

### Current ASX Code:

GAL

### Proposed ASX Code:

TV2

### Joint Lead Managers to the Public Offer

APP Securities Pty Ltd  
Level 17  
60 Margaret Street Sydney NSW 2000

Energy Capital Partners Pty Ltd  
Suite 2  
16 Ord Street  
West Perth WA 6005

### Registered Office

Grange Consulting Group Pty Ltd  
945 Wellington Street  
West Perth WA 6005

Telephone: +61 8 9322 9295  
Facsimile: +61 8 6314 1587

Email: [admin@galiciaenergy.com](mailto:admin@galiciaenergy.com)  
Website: [www.galiciaenergy.com](http://www.galiciaenergy.com)

### Share Registry\*

Automic Registry Services  
Level 1, 7 Ventnor Avenue  
West Perth WA 6005

Telephone: +61 8 9324 2099  
Facsimile: +61 8 9321 2337

Website: [www.automic.com.au](http://www.automic.com.au)

### Legal Advisers to the Company

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Accountants providing the Independent Limited Assurance Report

Pitcher Partners BA&A Pty Ltd  
Level 1  
914 Hay Street  
Perth WA 6000

<sup>^</sup> Resigning upon completion of the TV2U Acquisition.  
\* This entity has been included for information purposes only. It has not been involved in the preparation of this Prospectus.

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## **2. IMPORTANT NOTICE**

### **2.1 General**

This Prospectus is dated 10 November 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No person is authorised to give information or to make any representation in connection with the Offers which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Galicia Energy Corporation Ltd (**GAL** or the **Company**) in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities which are the subject of this Prospectus should be considered highly speculative.

### **2.2 Re-compliance Prospectus**

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

### **2.3 Investment Advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

### **2.4 Conditional Offers**

The Offers are conditional on satisfaction of all of the Conditions detailed in Section 7.3 of this Prospectus.

In the event that all of the Conditions are not satisfied, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, Applicants will be reimbursed their Application monies (without interest).

### **2.5 Consolidation**

At the General Meeting of the Company held on 9 November 2015, the Company obtained approval by Shareholders for the consolidation of the issued capital of the Company on the basis that every two (2) Securities on issue be consolidated into one (1) Security (the **Consolidation**).

All references in this Prospectus to the number of Securities on issue in the Company or the number of Securities to be issued by the Company are presented on a **post-Consolidation basis**.

### **2.6 Independent Expert's Report**

The Company commissioned RSM Financial Services Australia Pty Ltd (**RSM**), an independent expert, to provide an opinion on the fairness and reasonableness of the TV2U Acquisition to the non-associated shareholders of the Company as

part of the Shareholder approval process for the General Meeting held on 9 November 2015.

A copy of the report prepared by RSM and its subsequent amendment (together, the **Independent Expert's Report**) were despatched to Shareholders with the Notice of Meeting and lodged with ASIC.

The Independent Expert's Report is incorporated by reference in this Prospectus under section 712 of the Corporations Act and this Prospectus should be read in conjunction with the Independent Expert's Report.

The Independent Expert's Report concluded that the proposed acquisition of TV2U is *not fair, but reasonable* to the non-associated shareholders in the Company. The Independent Expert's Report noted the key advantages and disadvantages of the TV2U Acquisition as follows:

### **Advantages**

- The TV2U Acquisition would be fair if the proposed capital raising was incorporated in the assessment of fairness;
- The Company will be participating in a large and growing market;
- TV2U does not operate a business that is as capital intensive as oil and gas exploration;
- Increased liquidity in the Company's shares;
- Improved news flow; and
- TV2U's technology has been implemented in the past and is proven to work, although it has not yet generated sufficient revenues to be profitable.

### **Disadvantages**

- Shareholders' interests in the Company will be diluted;
- If the Performance Shares are not converted, Talico would have enough control to block special resolutions and would have significant influence in passing or blocking ordinary resolutions and passing special resolutions. If the Performance Shares are converted then Talico could pass or block general resolutions, block special resolutions and have significant influence in passing special resolutions;
- The TV2U technology has not been proven at a commercial scale;
- The investment in TV2U may not be consistent with the objectives of existing shareholders; and
- The EBITDA hurdles of the Performance Shares do not include the costs of the listed entity, which will reduce the earnings that will be delivered to Shareholders.

A copy of the Independent Expert's Report may be obtained by contacting the Company on +61 8 9322 9295 or by visiting the Company's website at: [www.galiciaenergy.com](http://www.galiciaenergy.com).

The Company will provide a copy of the Independent Expert's Report free of charge.

## **2.7 Expiry Date**

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

## **2.8 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors, proposed Directors and management.

Although the Company believes that the expectations reflected in the forward looking statements included in this Prospectus are reasonable, none of the Company, its Directors, the Proposed Directors, or any person named in this Prospectus, can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur or that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of its making. Investors are cautioned not to place undue reliance on these forward-looking statements.

Except to the extent required by law, the Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

The forward looking statements contained in this Prospectus are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. The key risk factors of investing in the Company are set out in Section 9 of this Prospectus.

## **2.9 Privacy statement**

By completing and returning an Application Form, you will be providing personal information directly or indirectly to the Company, the Share Registry, the Joint Lead Managers and other brokers involved in the Public Offer, TV2U and related bodies corporate, agents, contractors and third party service providers of the foregoing (**Collecting Parties**). The Collecting Parties collect, hold and will use that information to assess your application, service your needs as a Shareholder or Optionholder and to facilitate distribution payments and corporate communications to you as a Shareholder or Optionholder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with

the Offers, including processing your application for Securities under the Offers and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any Public Authority.

If you do not provide the information required in the Application Form, the Company may not be able to accept or process your application for Securities under the Offers.

If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, including bidders for your securities in the context of takeovers, Public Authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any Public Authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As at the date of this Prospectus, the Company does not anticipate that Personal Information will be disclosed to any overseas recipient.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory in Section 1 of this Prospectus. A fee may be charged for access.

## **2.10 Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.galiciaenergy.com](http://www.galiciaenergy.com). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

There is no facility for your Application under the Offers to be submitted electronically or by applying online. Securities will not be issued under the electronic version of the Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies a complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **2.11 Defined terms**

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 17 of this Prospectus.

## **2.12 Time**

All references to time in this Prospectus are references to Australian Western Standard Time.

## **2.13 Photographs and Diagrams**

Photographs and diagrams used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

## **2.14 Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay.

Should you have any questions about the Offers or how to apply for Securities under the Offers, please call the Company Secretary on +61 8 9322 9295.

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### 3. KEY DATES

#### Indicative timetable\*

General Meeting to approve the Transaction	9 November 2015
Lodgement of Prospectus with the ASIC	10 November 2015
Opening Date of the Offers	10 November 2015
Closing Date of the Offers	23 November 2015
Completion of TV2U Acquisition <sup>^</sup>	30 November 2015
Issue of Securities under the Offers	30 November 2015
Despatch of holding statements	1 December 2015
Re-quotation of Shares (including New Shares and Consideration Shares) on ASX	8 December 2015

*\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Securities to Applicants.*

*<sup>^</sup> The date for the completion of the TV2U Acquisition is only a good faith estimate by the Directors and may have to be extended.*

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#### 4. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the board of Directors of Galicia Energy Corporation Ltd (the **Company**), I am pleased to present you with this opportunity to become a shareholder of the Company.

The Company is proposing to change its activities from an oil and gas explorer to a developer of technologies that enable TV services to be delivered over the internet to multiple devices including TV Sets, Mobile Phones, Tablets, Set top boxes and Laptops via the acquisition of 100% of the issued capital of TV2U (**TV2U Acquisition**).

TV2U's main business model involves:

- (a) building content hubs that can offer next generation TV experiences on all screens including phones, tablets, laptops and TVs; and
- (b) providing a managed service to operators who acquire (either outright or in partnership with TV2U) the content hubs so that they can provide premium TV grade live and video on demand (**VOD**) services to end users.

This enables disruptive new operators to enter the TV market with an evolved business case that does not include the circa US\$300 overhead per subscriber of set top boxes and installation. It also enables previously unreachable operators in high volume low average revenue per user markets, typical of the Asia Pacific region, market entry for advanced digital TV services.

Contemporaneously with completion of the TV2U Acquisition, the Company proposes, as approved by Shareholders, to change its name to "TV2U International Limited".

The Company is seeking to raise a minimum of \$4,000,000 before costs under the Public Offer, through the offer of 200,000,000 Shares at an issue price of \$0.02 each. Oversubscriptions of up to an additional 300,000,000 Shares at an issue price of \$0.02 each to raise up to a further \$6,000,000 will be considered. The maximum amount which may be raised under the Public Offer is therefore \$10,000,000 before costs.

Funds raised from the Public Offer will primarily be applied towards:

- acquisition of hardware and software assets;
- development of TV2U's hardware and software assets;
- business development;
- marketing operations;
- administration;
- general working capital; and/or
- expenses of the Offers.

Further details on the strategy are set out in Section 8 of this Prospectus. The Public Offer is subject to various conditions which are summarised in Section 7.3.

The Company held a General Meeting of Shareholders on 9 November 2015, at which the Company's Shareholders approved, among other things, the TV2U Acquisition.

This Prospectus is issued primarily for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the ASX Listing Rules required due to the TV2U Acquisition and the Public Offer comprising a change to the nature and scale of the Company's activities.

An investment in the Company is subject to certain risks, non-exhaustive lists of which are highlighted in Section 9. I encourage you to read this Prospectus carefully and in its entirety. If you are in any doubt as to the contents of this Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

This Prospectus contains detailed information about the Company, TV2U, the Offers, the TV2U Acquisition and associated transactions, as well as the risks of investing in the Company.

On behalf of the Board, I am pleased to present this Prospectus to you and invite you to take part in this exciting investment opportunity.

Yours sincerely



**Mr Peter Wall**  
**Non-Executive Chairman**

## 5. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
<b>A. Company</b>		
<b>Who is the issuer of this Prospectus?</b>	Galicia Energy Corporation Ltd ACN 110 184 355 (ASX Code: GAL) (to be renamed TV2U International Limited).	Section 8.1
<b>Who is the Company?</b>	<p>The Company was admitted to the Official List of the ASX on 7 June 2007 under the name Photo-Me Australia Limited.</p> <p>Since April 2013, the Company has been an Eastern European centred oil and gas exploration company focussed on advancing its interest in assets within the Ukraine and Eastern Europe.</p> <p>At the General Meeting, the Company obtained approval to (amongst other things):</p> <ul style="list-style-type: none"> <li>• acquire TV2U Worldwide Pty Ltd (<b>TV2U</b>) (the <b>TV2U Acquisition</b>); and</li> <li>• dispose of its last remaining oil and gas asset so that it can change the nature of its activities to the business being operated by TV2U. This business will be the Company's main focus moving forward.</li> </ul>	Section 8.1.1
<b>Who is TV2U?</b>	<p>TV2U is a private Australian entity incorporated in June 2015.</p> <p>TV2U is a developer of technologies that enable TV services to be delivered over the internet to multiple devices including televisions, mobile phones, tablets, set top boxes and laptops.</p> <p>The TV2U technology solution, known as Intelligent Video Accessible Network (<b>IVAN</b>), provides a complete solution to allow operators to deliver a TV service. It consists of a combination of an ecosystem of partner technologies and an in-house software platform. This solution enables the operators to manage their TV platform and end users to experience a next generation TV experience.</p> <p>Shortly after incorporation, TV2U entered into agreements with Mr Nick Fitzgerald (the proposed Chief Executive Officer and Managing Director of the Company), TV2U Pty</p>	Section 8.1

Item	Summary	Further information
	<p>Ltd and TARA IP Limited (both entities controlled by Nick Fitzgerald) to acquire and/or license the key intellectual property rights for the business model summarised in Part B below.</p> <p>In addition, TV2U:</p> <ul style="list-style-type: none"> <li>• entered into an agreement to acquire certain hardware and software from TV2U Pty Ltd that is required to provide the services outlined in Part B below; and</li> <li>• engaged certain members of the TV2U Pty Ltd management team as employees and consultants.</li> </ul> <p>In essence, this made TV2U an effective 'start up' company. However, it is has been able to draw on the experience of the former employees/consultants of TV2U Pty Ltd (including their business relationships) and the intellectual property rights required to drive the business model.</p> <p>TV2U Pty Ltd (the entity from which the majority of the intellectual property and other assets were acquired) was mainly a systems integration company operating on a model of seeking capital expenditure based funding to deliver specific customer projects based on systems integration. The new TV2U strategy is to build in house intellectual property rights in the form of the IVAN platform and to assemble global video delivery hubs and content rights for a linear and video on demand TV offering, such that an end to end TV service in the cloud can be offered to third party customers seeking to enter the market.</p>	
<p><b>What are the key terms of the TV2U Acquisition?</b></p>	<p>The Company has agreed to issue 357,142,857 Shares and 517,857,143 Performance Shares to the shareholders of TV2U as consideration to acquire all of the shares in TV2U.</p>	<p>Section 14.2</p>
<p><b>Who are the TV2U shareholders?</b></p>	<p>The TV2U shareholders consist of an entity controlled by Nick Fitzgerald (the proposed CEO) (holding 85%) and certain other non-related seed investors in TV2U (the remaining 15%).</p>	<p>Section 14.2</p>
<p><b>Why does the acquisition of TV2U require the Company to re-comply with Chapters 1</b></p>	<p>The TV2U Acquisition will constitute a significant change in the nature and scale of the Company's activities under ASX Listing Rule 11.1.</p> <p>As a result, the Company is required to re-</p>	<p>Section 6</p>

Item	Summary	Further information
<b>and 2 of the ASX Listing Rules?</b>	<p>comply with Chapters 1 and 2 of the ASX Listing Rules, being the admission requirements of the ASX, in addition to obtaining the approval of Shareholders at the General Meeting for the TV2U Acquisition.</p> <p>The Offers are therefore conditional on the Company receiving approval from ASX to reinstatement of the Company to official quotation on ASX following completion of the TV2U Acquisition on conditions satisfactory to the Company.</p> <p>If the ASX does not provide that conditional approval, the Offers will not proceed, no Securities will be issued pursuant to the Offers and the Company will repay all application monies received pursuant to the Application Forms, without interest.</p>	
<b>B. Business Model</b>		
<b>What are the key business strategies of the Merged Group?</b>	<p>TV2U's main business strategy involves:</p> <ul style="list-style-type: none"> <li>• building content hubs that can offer next generation TV experiences on all screens including phones, tablets, laptops and TVs; and</li> <li>• providing a managed service to operators who acquire rights to the content hubs so that they can provide premium TV grade live and video on demand (<b>VOD</b>) services to end users.</li> </ul> <p>The business model enables disruptive new operators to enter the TV market with a new business case which does not include the typical US\$300 overhead per subscriber of set top boxes and installation. It also enables previously unreachable operators in high volume low average revenue per user markets (typical of the Asia Pacific region) market entry to advanced digital TV services.</p>	Section 8.1
<b>How will the Merged Group generate income?</b>	<p>The Merged Group intends to initially generate income from the deployment of OTT/IPTV platform technology through IVAN software infrastructure and systems for operators who wish to provide their own content. This also includes the provision of content for existing new market entrants (<b>B2B</b>).</p> <p>The revenues are expected to come from the following avenues:</p> <ul style="list-style-type: none"> <li>• initial implementation of the hardware and</li> </ul>	Section 8.1 and 8.1.6

Item	Summary	Further information
	<p>software infrastructure to B2B customers (third party operators);</p> <ul style="list-style-type: none"> <li>• service fees from managed services in delivering OTT/IPTV solutions to B2B customers;</li> <li>• fees from the provision of content to B2B customers;</li> <li>• consumer subscription revenue share from B2B managed service; and</li> <li>• reoccurring revenue based on a license fee per active subscriber from B2B customers.</li> </ul> <p>In the future, TV2U may also consider providing content directly to end consumers through its own channels (as operator) (<b>B2C</b>).</p> <p>TV2U intends to maximise its earning potential by encompassing all aspects of revenue generation for the digital media industry. This includes network service contracts, subscriber analytics, data collection, content delivery, application downloads, monthly subscription and advertising earnings streams.</p> <p>Investors should note that TV2U has not generated any revenue to date because it is a relatively new company seeking to commercialise a new business model.</p>	
<p><b>What are the key dependencies of the Merged Group's business model</b></p>	<ul style="list-style-type: none"> <li>• Execution of commercial agreements with emerging TV service operators to provide them with access to the managed service platform.</li> <li>• Successful sale of the managed service platform to existing operators embracing the new set top box-less business model.</li> <li>• Availability of content on the platform. TV2U already has certain content rights for the platform in place.</li> <li>• Access to sufficient funding to fully roll out the business model.</li> </ul>	<p>Section 8.1.4</p>
<p><b>C. Key Risks</b></p>		
<p><b>What are the key risks of an investment in the Company</b></p>	<p>The key specific risks that relate to the TV2U business and the TV2U Acquisition are:</p> <p><b>(a) Failure to sign Operators</b></p> <p>The business model of TV2U is</p>	<p>Section 9</p>

Item	Summary	Further information
	<p>fundamentally dependent on signing one or more operators to TV2U's OTT/IPTV platform. The engagement of an operator is likely to provide necessary capital for TV2U to operate its business for an extended term, launch new products, acquire additional rights to content and generate predictable revenue streams.</p> <p>If TV2U fails to sign a key operator to its platform in the near term, it is likely to have a significantly adverse effect on the financial viability of TV2U.</p> <p>TV2U is currently in discussions with a number of potential operators, including in China and Indonesia, but there can be no guarantee that any potential operators will sign on to TV2U's platform.</p> <p><b>(b) Limited Trading History</b></p> <p>TV2U is a start-up company with limited trading history and, at such an early stage of its development, there are significant uncertainties associated with forecasting future revenues and expenses of the company.</p> <p>Since incorporating on 28 May 2015, TV2U's activities have principally involved funding the development of its software and product testing.</p> <p>As is the case with many start-up companies, TV2U has incurred losses since its inception.</p> <p><b>(c) Contract and Cost Risk</b></p> <p>In order for TV2U to be able to achieve its objectives, TV2U is reliant on its customers, contractors and end users complying with their contractual obligations. Should any of the counter-parties to TV2U's contracts fail to comply with such agreements, it may have an adverse effect on the business and performance of TV2U.</p> <p>If TV2U is successful in signing an operator, there is a risk of delay in</p>	

Item	Summary	Further information
	<p>payment between signing the contract and launch of the operator's product in its chosen territory which is outside the control of TV2U. An extended delay in receiving payment from its material contracts may affect TV2U's financial viability.</p> <p>In addition, as TV2U is reliant on third party components used in its technology, the business of TV2U may be materially affected if there is a significant increase in the cost of licences to such components.</p> <p><b>(d) Technology Risk</b></p> <p>Upon completion of the Transaction, TV2U will be reliant upon certain technologies and upon the successful commercialisation of the technologies currently held by TV2U. There is a risk that as marketable technologies continue to develop in the communications and entertainment industry there may be certain product developments that supersede, and render obsolete, the products and services of TV2U which would adversely affect the profitability of TV2U and likely the value of the Securities.</p> <p>TV2U's existing hardware and software can only support a limited number channels (up to 10). In order to expand the number of channels that can be offered, TV2U will need to upgrade its hardware (the content hub in Kuala Lumpur) and further develop its software (both its own software and that of third parties). Upgrades of this type can run into risks of integration and scalability.</p> <p>In addition, TV2U's business is reliant on the technology accessible by end users. If end users do not have capacity to receive or properly utilise TV2U's services (for example, their networks are of insufficient speed to provide internet video), the business of TV2U may be adversely affected in those regions.</p>	

Item	Summary	Further information
	<p><b>(e) Intellectual Property</b></p> <p>TV2U has licensed or acquired the rights to certain patent applications relating to its core business. At the date of this Prospectus, none of the patents have been granted.</p> <p>Even if granted, the granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. TV2U's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.</p> <p>Although TV2U is not aware of any third party interests in relation to the intellectual property rights, and TV2U has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect TV2U.</p> <p>TV2U's prospects will also depend on its ability to develop and patent technology that meets changing market needs and addresses the technological advances and competitiveness of other companies operating in the markets targeted by TV2U.</p> <p><b>(f) Additional requirements for capital</b></p> <p>The funds to be raised under the Transaction are considered sufficient to meet the current proposed objectives of the Company. However, as set out in Section 7.5 of this Prospectus, in the event that the Company does not raise at least \$6 million under this Prospectus, it does not intend to proceed with expanding the content hub in Kuala Lumpur until such time that either (a) a key operator is secured that finances the expansion or (b) additional finance is secured by the Company in the</p>	

Item	Summary	Further information
	<p>future.</p> <p>Failure to secure either of these sources of finance could have a materially adverse impact on the Company's business and revenue moving forward.</p> <p>Further, additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, 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.</p> <p>The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its research and 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 and might involve substantial dilution to Shareholders.</p> <p><b>(g) Competition</b></p> <p>Competitors in the market, or any technological developments providing an alternative to TV2U's product offerings, could impact the market share that TV2U is able to acquire and cause downward price pressure on consumer software and services platforms, thus reducing TV2U's margins and revenue.</p> <p>Further, existing providers of similar consumer services may also respond aggressively to TV2U's product offerings to retain or regain market share, which could also impact TV2U's margins and revenue.</p> <p>There is also a risk that competitors and</p>	

Item	Summary	Further information
	<p>operators may block TV2U products and services in their networks to favour their own products and television solutions.</p> <p><b>(h) Change in government policy and legislation</b></p> <p>TV2U operates in a number of jurisdictions. Any material adverse changes in relevant government policies or legislation may affect the viability and profitability of TV2U, and consequent returns to investors. The activities of TV2U are subject to various international, federal, state and local laws governing taxes, labour standards and occupational health and safety, and other matters. TV2U's principal opportunities in the Republic of Indonesia and the People's Republic of China are with government owned or related entities. Any changes in regulations or requirements of the governments in these jurisdictions may affect the potential agreements with these entities and the terms on which TV2U provides its services.</p> <p><b>(i) Failure to Deal with Growth</b></p> <p>The TV2U business has the potential to grow rapidly. If that occurs and TV2U fails to properly manage that growth, then that failure could harm its business. Any failure to adequately meet customer or operator demand could adversely affect the business.</p> <p><b>(j) Availability of IT Staff in the Market</b></p> <p>TV2U is reliant upon employees with specialist IT skills in order to develop and maintain its projects. Any shortage of availability of these skills in the IT employment market could impair the development of the TV2U products and business and the rate of such development. Such shortage could also cause wage inflation, which may impact on the Company's profitability.</p> <p><b>(k) Security Breaches and Hacker Attacks</b></p>	

Item	Summary	Further information
	<p>A malicious attack on TV2U's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation, and brand damage resulting in reduced or failing revenues. TV2U follows best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise this risk.</p> <p><b>(l) Customer Service Risk</b></p> <p>TV2U's business model is based on recurring revenue arising from usage. Poor customer service experiences may result if TV2U loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems utilised by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of TV2U products or services. If any of these occur, it may adversely impact the Company's revenues.</p> <p><b>(m) Dilution Risk</b></p> <p>The Company currently has 381,123,662 Shares on issue. Under the Public Offer, the Company proposes to issue a minimum of 200,000,000 New Shares and up to 500,000,000 New Shares to raise up to \$10,000,000.</p> <p>The issue of Securities under this Prospectus will significantly dilute the interests of existing Shareholders. There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Company.</p>	

Item	Summary				Further information
<b>D. Directors and Key Management Personnel</b>					
<b>Who are the directors of the Company?</b>	<p>After successful completion of the TV2U Acquisition, the directors of the Company will be:</p> <ul style="list-style-type: none"> <li>• Mr Peter Wall (Non-Executive Chairman)</li> <li>• Mr Nicholas Fitzgerald (Executive Director and CEO)</li> <li>• Mr Liaqat Fayyaz (Executive Director and CTO)</li> <li>• Mr Faldi Ismail (Non-Executive Director)</li> </ul>				Section 10.1
<b>Who are the executive management of the Company?</b>	<p>After successful completion of the TV2U Acquisition, it is proposed that Mr Nicholas Fitzgerald will be appointed as Chief Executive Officer, Mr Liaqat Fayyaz the Chief Technology Officer and Mr Stephen Shalliker will be appointed as Chief Operating Officer of the Merged Group.</p>				Sections 10.1 and 14
<b>What are the interests of the Proposed Directors in the Company?</b>	<b>Director</b>	<b>Shares</b>	<b>Options</b>	<b>Performance Shares</b>	Section 10.2
	P Wall*	16,348,753	215,695	-	Sections 10.1 and 14
	N Fitzgerald	303,571,428	-	440,178,572	
	L Fayyaz	-	-	-	
	F Ismail	392,500	-	-	
	<p>* Note: Peter Wall holds 1,500,000 performance rights through a nominee company. The performance rights will convert to Shares subject to the Company completing a capital raising of \$10 million.</p>				
<b>E. Key Financial Information</b>					
<b>How have the Company and TV2U performed over the past 12 months?</b>	<p>The statements of financial position of each of the Company and TV2U as at 30 June 2015 are set out in the Independent Limited Assurance Report in Section 11.</p>				Section 11
<b>What is the financial outlook for the Merged Group?</b>	<p>As TV2U is effectively a new business, it is not in a position to make forecasts about potential revenue or profit forecasts. However, TV2U is seeking to generate revenue in the future from a number of different sources (although no revenue has been generated to date).</p>				Section 8.1.6
<b>Does the Merged Group have sufficient</b>	<p>On completion of the Offers, the Company will have sufficient funds to meet its stated</p>				Section 7.5

Item	Summary	Further information
<b>funds for its activities?</b>	objectives as set out in this Prospectus.	
<b>How has TV2U historically performed?</b>	As TV2U is effectively a new business, it does not have any meaningful historical financial performance.	
<b>F. The Offers</b>		
<b>What is the Public Offer and who is entitled to participate?</b>	<p>The Company is offering to the public 200 million New Shares at an issue price of \$0.02 each to raise a minimum of \$4 million, with the ability to accept oversubscriptions of up to a further 300 million New Shares at an issue price of \$0.02 each to raise a maximum of \$10 million.</p> <p>Only residents of Australia may participate in the Public Offer. The Public Offer is not underwritten.</p>	Section 7.1
<b>What is the Convertible Note Offer and who is entitled to participate?</b>	<p>In addition to the Public Offer, this Prospectus also contains an offer to the holders of Convertible Notes for the issue of up to 130,000,000 New Shares and 50,000,000 Options on conversion of the Convertible Notes.</p> <p>The Convertible Note Offer is being conducted in order to repay debt and discharge liabilities of TV2U incurred in connection with the proposed TV2U Acquisition and to facilitate secondary trading of the New Shares which are the subject of the Convertible Note Offer and Shares issued on exercise of the Options.</p>	Section 7.2
<b>What will the Company's capital structure look like after completion of the Offers and the Transaction?</b>	<p>As at the date of this Prospectus, the Company has 381,123,662 Shares and 3,941,181 Options on issue (on a post-Consolidation basis).</p> <p>Following completion of the Offers, the Company is expected to have a maximum of 1,368,266,519 Shares, 53,941,181 Options and 517,857,143 Performance Shares on issue (assuming maximum subscription under the Public Offer, completion of the Transaction, no Options are exercised and no Shares are issued other than as contemplated by this Prospectus).</p>	Section 7.15
<b>Will I be guaranteed a minimum allocation under the Public Offer?</b>	No, the Company is not in a position to guarantee a minimum application of New Shares under the Public Offer.	Section 7.8.1
<b>What are the</b>	The New Shares will be fully paid ordinary shares	Sections

Item	Summary	Further information
<b>terms of the Securities to be issued under the Offers?</b>	<p>in the Company issued on the same terms as the Company's existing Shares.</p> <p>A summary of the material rights and liabilities attaching to the New Shares to be issued under the Offers is set out in Section 15.2.</p> <p>The terms of the Options are set out in Section 15.3 of this Prospectus.</p>	15.2 and 15.3
<b>Will any Securities be subject to escrow?</b>	<p>None of the New Shares issued pursuant to the Public Offer will be subject to any escrow requirement by the ASX.</p> <p>The Company understands that the Securities issued under the Convertible Note Offer and the Securities to be issued to the shareholders of TV2U in consideration for the TV2U Acquisition will be subject to escrow in accordance with the ASX Listing Rules for a period of up to 24 months from the date of reinstatement of the Shares to Official Quotation.</p> <p>The Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Shares commencing trading on ASX.</p>	
<b>Will New Shares be quoted?</b>	Application for quotation of all New Shares issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus.	Section 7.9
<b>What are the key dates of the Offers?</b>	The key dates of the Offers are set out in the indicative timetable in Section 3.	Section 3
<b>What is the minimum investment size under the Public Offer?</b>	Applications under the Public Offer must be for a minimum of \$2,000 worth of New Shares (100,000 New Shares) and thereafter, in multiples of \$1,000 worth of New Shares (50,000 New Shares).	Section 7.1(b)
<b>What are the conditions of the Offers?</b>	<p>The Offers are conditional on the successful completion of each other part of the Transaction, including:</p> <ul style="list-style-type: none"> <li>• the TV2U Acquisition becoming or being declared unconditional; and</li> <li>• ASX conditional approval to re-admit the Shares to Official Quotation.</li> </ul> <p>If any of these conditions are not satisfied, the Transaction (including the Offers) will not proceed.</p>	Sections 6.1, 6.2, 6.4 and 7.2

Item	Summary	Further information
<b>G. Use of proceeds</b>		
<b>How will the proceeds of the Public Offer be used?</b>	<p>The proceeds of the Public Offer will be used for:</p> <ul style="list-style-type: none"> <li>• acquisition of hardware and software assets;</li> <li>• development of the Kuala Lumpur content hub;</li> <li>• repayment of Convertible Notes in TV2U;</li> <li>• development of TV2U's hardware and software assets;</li> <li>• capital expenditure on the TV2U Lahore development centre;</li> <li>• research and development;</li> <li>• marketing;</li> <li>• general working capital; and</li> <li>• expenses of the Offers.</li> </ul>	Sections 7.5 and 15.8
<b>H. Additional information</b>		
<b>What material contracts are the Company and TV2U party to?</b>	<ul style="list-style-type: none"> <li>• Acquisition Agreement pursuant to which the Company will acquire TV2U.</li> <li>• Commercial Agreements between TV2U and a number of prospective operators of TV2U's managed service platform.</li> <li>• Carriage and Service Provider Agreement with Vubiquity.</li> <li>• Loan Agreement pursuant to which the Company has provided short term financing to TV2U.</li> <li>• IP Assignment to effect the transfer of certain intellectual property rights to TV2U and its subsidiaries.</li> <li>• IP Licence to licence certain intellectual property rights to TV2U and its subsidiaries.</li> </ul>	Section 14
<b>What are the agreements with related parties of the Company?</b>	<p>The Company has entered into appointment letters or service agreements with each of the Directors (or their controlled entities) in relation to their roles as directors and/or management within the Merged Group.</p> <p>The Company has entered into the following agreements with entities controlled by Mr Nick Fitzgerald:</p> <ul style="list-style-type: none"> <li>• Acquisition Agreement pursuant to which</li> </ul>	Section 14

Item	Summary	Further information
	<p>the Company will acquire TV2U;</p> <ul style="list-style-type: none"> <li>• Headend Sale Agreement pursuant to which TV2U acquired certain headend, hardware, middleware and software assets relating to the TV2U business; and</li> <li>• IP Assignments and Licences pursuant to which TV2U and its subsidiaries have acquired title and/or licence rights to certain intellectual property rights.</li> </ul>	
<b>Is there any brokerage, commission or stamp duty payable by applicants?</b>	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of New Shares under the Offers.	
<b>What are the tax implications of investing in New Shares?</b>	<p>Shareholders may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of New Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in New Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for New Shares offered under this Prospectus.</p>	Section 7.6
<b>Where can I find more information?</b>	<ul style="list-style-type: none"> <li>• By speaking to your sharebroker, solicitor, accountant or other independent professional adviser</li> <li>• By reviewing the Company's public announcements, which are accessible from ASX's website at <a href="http://www.asx.com.au">www.asx.com.au</a> under the code "GAL"</li> <li>• By visiting the Company's website at <a href="http://www.galiciaenergy.com">http://www.galiciaenergy.com</a></li> <li>• By contacting the Company Secretary on +61 8 9322 9295</li> <li>• By contacting the Share Registry on +61 8 9324 2099</li> </ul>	

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## 6. TRANSACTION OVERVIEW

### 6.1 The TV2U Acquisition

On 3 June 2015, the Company announced to ASX that it had entered into a binding share sale agreement (**Acquisition Agreement**) with TV2U. Under the Acquisition Agreement, the Company may, at its exclusive option (which option has been exercised), acquire 100% of the issued capital of TV2U by making an offer to each TV2U shareholder to acquire all of their respective TV2U ordinary shares and performance shares (**Transaction**).

The TV2U Acquisition is proposed to be effected by means of an all scrip offer by the Company of 357,142,857 Shares and 517,857,143 Performance Shares (**Consideration Securities**) to the shareholders of TV2U as consideration to acquire all of the shares in TV2U (**TV2U Shares**).

Investors are referred to Section 14.2 for a summary of the material terms of the Acquisition Agreement. As announced by the Company on 31 July 2015, the Company exercised its option under the Acquisition Agreement and will therefore complete the TV2U Acquisition upon satisfaction of the conditions precedent to completion.

As with the acquisition of any business or asset that does not have a meaningful track record of revenue and profitability, there is not always a good valuation methodology available when determining the purchase price. The purchase price for the acquisition of TV2U was determined through arm's length negotiations between the directors of the Company and the directors of TV2U without reference to any traditional valuation methodologies.

In addition, as part of the Shareholder approval process for the General Meeting held on 9 November 2015, the Company commissioned the Independent Expert's Report to provide an opinion on the fairness and reasonableness of the TV2U Acquisition to the non-associated shareholders in the Company. This report concluded that the transaction is *not fair, but reasonable* to the non-associated shareholders in the Company. The Independent Expert's Report is incorporated by reference in this Prospectus.

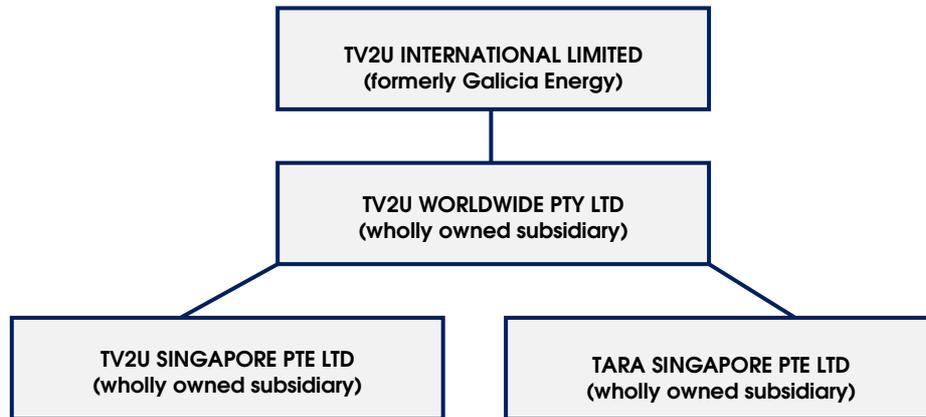
Completion of the acquisition of the TV2U Shares is subject to a number of conditions, including the following which may only be waived by the Company:

- (a) the Public Offer under this Prospectus having closed and the Company having received Valid Applications of no less than \$4 million under the Public Offer; and
- (b) the Company having received written confirmation from ASX that the Company will be re-admitted to the Official List and that suspension of Shares from Official Quotation will be lifted (subject to such conditions as may be prescribed by ASX, if any) – see Section 6.2 below for further details.

Refer to Section 7.3 of this Prospectus for further details of the conditions attaching to the TV2U Acquisition and to Section 14.2 for further details of the conditions precedent contained in the Acquisition Agreement.

### 6.2 TV2U Corporate Structure

The corporate structure of the Company upon completion of the Transaction will be as follows:



### 6.3 Suspension and Re-admission to ASX

As the Company is currently an oil and gas exploration and development company, the acquisition of TV2U, if successfully completed, will represent a significant change in the nature and scale of the Company's operations to a digital media company.

ASX has indicated that this change in the nature and scale of the Company's activities will require:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The Company's Shares are currently suspended and will remain suspended until the Company re-complies with the new listing requirements set out in Chapters 1 and 2 of the ASX Listing Rules. The Company's Shares will not be reinstated to Official Quotation until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by ASX to the Official List.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the Shareholdings of those Shareholders;
- (b) the Company must satisfy the "assets test" as set out in Listing Rule 1.3; and
- (c) the issue price of Shares must be at least 20 cents and the exercise price of Options must be at least 20 cents.

The Company has applied for and the ASX has provided the Company with a waiver for the requirement in paragraph (c) above to permit the Company to issue New Shares under this Prospectus at a price of not less than \$0.02 each.

It is expected that the conduct of the Public Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Applicants should be aware that ASX will not re-admit or admit any New Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by ASX to the Official List.

In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Offers and will repay all Application monies received by it in connection with this Prospectus (without interest).

#### **6.4 Shareholder Approval**

On 9 November 2015, the Company held the General Meeting for the purpose of obtaining the approval of Shareholders to a number of Resolutions required to implement the Transaction.

Each of the following resolutions was approved at the General Meeting:

- (a) the disposal of the Company's interest in the Limnytska Licence, being the main undertaking of the Company;
- (b) the significant change of the nature and scale of the Company's activities as a result of the successful completion of the TV2U Acquisition;
- (c) the issue of up to 500 million New Shares pursuant to the Public Offer;
- (d) the issue of the following Consideration Securities to TV2U Shareholders (or their nominees) pro-rata to their respective holdings of TV2U Shares;
  - (i) 357,142,857 Shares; and
  - (ii) 517,857,143 Performance Shares, comprising:
    - (A) up to 89,285,715 Class A Performance Shares;
    - (B) up to 107,142,857 Class B Performance Shares;
    - (C) up to 142,857,143 Class C Performance Shares; and
    - (D) up to 178,571,429 Class D Performance Shares;
- (e) the acquisition of a relevant interest in the issued voting shares of the Company by Talico Technologies Pte Ltd (an entity controlled by Mr Nicholas Fitzgerald) in excess of 20% as a result of the issue of the Consideration Securities;
- (f) the consolidation of the Company's issued capital on a two for one basis;
- (g) the issue of a new class of share capital in the Company, being the Performance Shares; and
- (h) the change of the Company's name to "TV2U International Limited".

#### **6.5 Change of Name**

The Company will change its name to "TV2U International Limited" on completion on the TV2U Acquisition, which the Company believes will be better suited to its new direction.

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## 7. DETAILS OF THE OFFERS

### 7.1 The Public Offer

The Company is inviting applications under the Public Offer for 200,000,000 New Shares at an issue price of \$0.02 per New Share to raise a minimum of \$4,000,000.

The Company may accept oversubscriptions of up to a further \$6,000,000 through the issue of up to a further 300,000,000 New Shares at an issue price of \$0.02 each under the Public Offer. The maximum amount which may be raised under the Public Offer is therefore \$10,000,000.

The Public Offer is open to any person resident in Australia to apply for New Shares. See Section 7.11 for further details.

All New Shares to be issued under the Public Offer will be fully paid and will rank equally with all other Shares currently on issue. A high-level summary of the material rights and liabilities attaching to Shares (including the New Shares) is set out in Section 15.2.

The key terms of the Public Offer are as follows:

(a) *Minimum subscription*

The Public Offer is subject to a minimum subscription of 200,000,000 New Shares at an issue price of \$0.02 per New Share to raise \$4,000,000 (**Minimum Subscription**).

If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any New Shares and will repay all Application monies for the New Shares within the timeframe prescribed under the Corporations Act (without interest).

The Public Offer is conditional (amongst other things) on the TV2U Acquisition becoming unconditional (see Section 7.3 below for more details), which includes raising the Minimum Subscription.

(b) *Minimum application amount*

Applications under the Public Offer must be for a minimum of \$2,000 worth of New Shares (100,000 New Shares) and thereafter, in multiples of \$1,000 worth of New Shares (50,000 New Shares).

(c) *Eligible participants*

To participate in the Public Offer, you must be a resident of Australia. See Section 7.11 for further details.

(d) *Quotation and trading*

Application for quotation of all New Shares issued under the Public Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.9 for further details.

No New Share issued pursuant to the Public Offer will be subject to any escrow requirement by the ASX.

## 7.2 The Convertible Note Offer

This Prospectus also contains the Convertible Note Offer.

As at the date of this Prospectus, TV2U (in its own right or by assignment from TV2U Global Limited) has entered into various convertible note agreements to raise an aggregate of \$1,357,000, with the intention to raise up to \$1,650,000, in order to fund its ongoing working capital and technology development expenditure (the **Convertible Notes**).

In addition to cash repayment of certain of the Convertible Notes, the terms of the Convertible Notes require the issue by the Company of an aggregate of up to 130,000,000 New Shares (with the final number of New Shares to be determined by the amount of interest payable on the Convertible Notes on the date of conversion) and 50,000,000 Options to the holders of the Convertible Notes upon the reinstatement of the Company's shares to trading on ASX following completion of the TV2U Acquisition. The Options to be issued to the holders of the Convertible Notes are exercisable at \$0.03 each on or before 31 December 2018. The terms of the Options are set out in Section 15.3 of this Prospectus.

The Company obtained Shareholder approval for the issue of the 130,000,000 New Shares and 50,000,000 Option upon conversion of the Convertible Notes at the General Meeting.

The holders of the Convertible Notes are not related parties of the Company.

The Convertible Note Offer is an offer made only to the holders of the Convertible Notes only. No funds will be raised from the Convertible Note Offer. There is no minimum subscription for the Convertible Note Offer.

Further details in respect of the Convertible Notes are set out in Section 14.5.

## 7.3 Conditional Offers

Completion of the Offers is conditional upon:

- (a) completion of the TV2U Acquisition by the Company (see Section 6.1); and
- (b) ASX confirming that it will re-admit the Company to the Official List and terminate the suspension from Official Quotation of Shares, subject to such terms and conditions (if any) as are prescribed by ASX or the ASX Listing Rules (see Section 6.2),

(together, the **Conditions**).

In the event that the Conditions are not satisfied, the Offers will not proceed and no New Shares or Options will be issued pursuant to this Prospectus. If this occurs, Applicants will be reimbursed their Application monies (without interest).

## 7.4 Purpose of the Public Offer and the Prospectus

The primary purpose of the Public Offer under this Prospectus is to raise funds to implement the TV2U business model.

The Company intends to apply the funds raised under the Public Offer in the manner detailed in Section 7.5. The Board believes that the funds raised from

the Public Offer, combined with existing funds, will provide the Company with sufficient working capital at anticipated expenditure levels to achieve the objectives of the Company as detailed in this Prospectus.

This Prospectus has also been issued to assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (see Section 6.2).

## 7.5 Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, in the next two years following reinstatement of the Company to Official Quotation on ASX as follows:

Item	\$4,000,000 Minimum Subscription under Public Offer (\$)	\$6,000,000 Raised under Public Offer (\$)	\$10,000,000 Full Oversubscrip tion under Public Offer (\$)
Purchase price under the Headend Sale Agreement	300,000	300,000	300,000
Capital expenditure at Lahore development centre	99,000	121,500	121,500
Repayment of Convertible Notes	332,500	332,500	332,500
Kuala Lumpur content hub development	-	1,700,000	4,260,000
Application servers	15,000	-	-
Research and development	555,504	590,436	625,368
Marketing	205,908	205,908	205,908
Expenses of the Offers	550,000	600,000	800,000
Working capital	1,942,088	2,149,656	3,354,724
<b>Total</b>	<b>4,000,000</b>	<b>6,000,000</b>	<b>10,000,000</b>

The Company does not intend to apply any funds raised under this Prospectus towards development of the Kuala Lumpur content hub unless it raises a minimum of \$6,000,000 under this Prospectus. In this scenario, the Company does not intend to proceed with expanding the content hub in Kuala Lumpur until such time that either (a) a key operator is secured that finances the expansion or (b) additional finance is secured by the Company in the future.

In the event the Company raises an amount between the minimum subscription of \$4,000,000 and \$6,000,000, the additional funds raised are intended to be applied towards working capital and expenses of the Offers.

In the event the Company raises between \$6,000,000 and the maximum subscription of \$10,000,000, the additional funds raised are intended to be first applied towards additional expenses of the Offers (broker fees), then development of the Kuala Lumpur content hub and then towards working capital.

The expenditure budget set out in the table above is for an approximate 12 month period after the Company is reinstated to trading on ASX (following completion of the acquisition of TV2U). During this period, TV2U is confident that it will enter into contracts with third parties that are revenue generating,

however, there can be no guarantees. If TV2U is unable to secure revenue during this period, it may be required to raise additional funds in the future (by way of debt, equity or both).

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 9).

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve its objectives in the 12 month period after the Company is reinstated to trading on ASX.

## **7.6 Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of applying for Securities under this Prospectus.

## **7.7 Applications**

Applications for Securities under the Offers must be made using the relevant Application Form which accompanies this Prospectus.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

### ***Public Offer***

Application Forms in respect of the Public Offer must be accompanied by a cheque made payable to "**Galicia Energy Corporation Ltd**" and crossed "**Not Negotiable**", which must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the Closing Date**, which is currently scheduled to occur on 23 November 2015.

Applications under the Public Offer must be accompanied by payment in full in Australian currency.

Applications under the Public Offer must be for a minimum of \$2,000 worth of New Shares (100,000 New Shares) and thereafter, in multiples of \$1,000 worth of New Shares (50,000 New Shares).

If you require assistance in completing an Application Form, please contact the Company Secretary on +61 8 9322 9295.

### ***Convertible Note Offer***

The Convertible Note Offer is made only to the holders of the Convertible Notes. The Company will provide an Application Form for the Convertible Note Offer to the holders of the Convertible Notes. The Applicant under the Convertible Note Offer is not required to provide any funds.

## **7.8 Issue of Securities and Allocation Policy**

### **7.8.1 General**

Subject to the Minimum Subscription being achieved and the satisfaction of each of the conditions to the Offers (see Section 7.2), the issue of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date.

The allocation of New Shares under the Public Offer will be determined by the Board in consultation with APP Securities Pty Ltd and Energy Capital Partners Pty Ltd as Joint Lead Managers to the Public Offer and the Proposed Directors.

There is no guaranteed allocation of New Shares under the Public Offer.

The Board, in consultation with APP Securities Pty Ltd and Energy Capital Partners Pty Ltd and the Proposed Directors, reserves the right to reject any Application or to allocate any Applicant fewer Securities than the number applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus Application monies will be refunded (without interest) to the Applicant as soon as practicable after the Closing Date.

The Company's decision on the number of Securities to be allocated to an Applicant will be final.

The Convertible Note Offer is only made to the holders of the Convertible Notes. As such, Securities under the Convertible Note Offer will only be allocated and issued to those persons or their nominees acceptable to the Company.

### **7.8.2 Defects in Applications**

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an Application as valid, or how to construe, amend or complete it, will be final.

### **7.8.3 Interest**

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

## **7.9 Quotation of Securities**

The Company will apply for Official Quotation of all New Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, Applicants

should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 6.3). As such, the New Shares may not be able to be traded for some time after the close of the Public Offer.

If the New Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of this Prospectus, or such period as varied by the ASIC, or if ASX otherwise rejects the Company's application for re-admission to the Official List (see Section 6.3), the Company will not issue any New Shares and will repay all Application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

The Company will not apply for Official Quotation of the Options to be issued under the Convertible Note Offer.

#### **7.10 Clearing House Electronic Sub-Register System and Issuer Sponsorship**

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of New Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Shares can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Security holders may request a holding statement at any other time; however a charge may be made for such additional statements.

#### **7.11 Applicants outside Australia**

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Securities in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or

other consents are required or whether any other formalities need to be considered and followed in order to participate in the Offers.

If you are outside Australia it is your responsibility to ensure compliance with all laws of any country relevant to, and obtain all necessary approvals for, the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that there has been no breach of any such laws and all relevant approvals have been obtained.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. This Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

The Offers do not and will not constitute an offer of securities in the United States of America (**US**). Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any Applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that Applicant's application.

## **7.12 Financial Information**

The Independent Limited Assurance Report contained in Section 11 of this Prospectus sets out:

- the audited Statement of Financial Position of the Company as at 30 June 2015;
- the reviewed pro-forma Statement Financial Position of the Merged Group (after completion of the Transaction) as at 30 June 2015.

Investors are urged to read the Independent Limited Assurance Report in full.

The full financial statements for the Company for its financial years ended 30 June 2013 and 30 June 2014, which include the notes to the financial statements, can be found from the Company's ASX announcements platform on [www.asx.com.au](http://www.asx.com.au).

## **7.13 No Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company and TV2U are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above statement, to the extent that there may be matters discussed in this Prospectus that are forward-looking, such statements are only predictions and actual events or results may differ materially. In addition, there are statements in this Prospectus concerning the envisaged operations of the Company following the completion of the Offers and the TV2U Acquisition. These forward-looking statements are subject to numerous risks. For a discussion of the important risk factors which could cause actual events or results to differ materially from such forward-looking statements, refer to Section 9.

## 7.14 Dividend Policy

The Company does not expect to declare any dividends in the foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## 7.15 Capital Structure

As at the date of this Prospectus, the Company has 381,123,662 Shares and 3,941,181 Options on issue.

The expected capital structure of the Company following completion of the Offers (assuming minimum and maximum subscription under the Public Offer) is summarised below. Refer to the Independent Limited Assurance Report set out in Section 11 of this Prospectus for further details.

	Shares	Performance Shares	Options
<b>Minimum subscription – \$4 million</b>			
Securities currently on issue <sup>1</sup>	381,123,662	Nil	3,941,181 <sup>2</sup>
Consideration Securities to be issued to TV2U Shareholders (and their nominees)	357,142,857	517,857,143	Nil
Securities to be issued pursuant to the Public Offer	200,000,000	Nil	Nil
Securities to be issued pursuant to the Convertible Note Offer	130,000,000	Nil	50,000,000
<b>Total<sup>3</sup></b>	<b>1,068,266,519</b>	<b>517,857,143</b>	<b>53,941,181<sup>4</sup></b>
<b>Maximum subscription – \$10 million</b>			
Securities currently on issue <sup>1</sup>	381,123,662	Nil	3,941,181 <sup>2</sup>
Consideration Securities to be issued to TV2U Shareholders (and their nominees)	357,142,857	517,857,143	Nil
Securities to be issued pursuant to the Public Offer	500,000,000	Nil	Nil
Securities to be issued pursuant to the Convertible Note Offer	130,000,000	Nil	50,000,000
<b>Total<sup>3</sup></b>	<b>1,368,266,519</b>	<b>517,857,143</b>	<b>53,941,181<sup>4</sup></b>

### Notes:

1. In addition to the above, the Company has 4,500,000 performance rights currently on issue (on a post-Consolidation basis). Of the performance rights on issue, 1,500,000 are held by an entity controlled by Peter Wall, a Director, and will convert to Shares subject to the Company completing a capital raising of \$10 million. The remaining 3,000,000 performance rights are held by former directors of the Company and convert to Shares subject to achievement of certain milestones relating to the Limnyska licence. Refer to the 2014 annual report of the Company for a summary of the terms on which the performance rights were issued.

2. Unlisted Options exercisable at \$0.34 on or before 29 February 2016.
3. Assumes completion of the Transaction, that no Options are exercised and no Securities are issued other than as contemplated by this Prospectus. As per Section 2.5, all references to the number of Securities on issue in the Company and the number of Securities to be issued by the Company are presented on a post-Consolidation basis.
4. The Company has agreed to issue 10,000,000 Options to Mr Stephen Shalliker subject to completion of the TV2U Acquisition. The Options to be issued to Mr Stephen Shalliker will be exercisable at \$0.02 each with a four year term and be subject to vesting conditions as summarised in Section 14.9. The Company intends to issue the Options to Mr Stephen Shalliker from within its placement capacity under Listing Rule 7.1.

## 7.16 Substantial Shareholders

As at the date of this Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	Options	Performance Shares	%
J P Morgan Nominees Australia Limited	21,228,351	Nil	Nil	5.57

On completion of the Offers (assuming minimum subscription under the Public Offer, that no Options are exercised and no other Securities are issued other than pursuant to this Prospectus and as contemplated in the capital structure set out in Section 7.15), the following Shareholders are expected to hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	Performance Shares	% of Shares held (after issue of the Consideration Securities)	% of Shares held (after conversion of the Performance Shares)
Talico*	303,571,428	440,178,572	28.42%	46.89%

\* Talico is controlled by Mr Nick Fitzgerald (the proposed CEO).

## 7.17 Top ten Shareholders

The top ten Shareholders in the Company as at the date of this Prospectus are as follows:

Position	Shareholder	Voting power (%)
1	J P Morgan Nominees Australia Limited	5.95
2	Mr John Edwin Milligan & Mrs Joanna Milligan <The Team Elite Family A/C>	3.76
3	Pheakes Pty Ltd <Senate A/C>	3.73
4	BBY Nominees Limited	2.73
5	Comsec Nominees Pty Limited	2.21
6	Mrs Joanna Milligan & Mr John Edwin Milligan <Team Elite Super Fund A/C>	1.78
7	Garf Pty Limited <Gar National Private S/F A/C>	1.53

8	H E 2 Holdings Pty Ltd	1.38
9	Kateryna Lysenko	1.38
10	Anna Eltsova	1.38
<b>Total</b>		<b>25.82</b>

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offers) prior to the Shares being reinstated to trading on ASX.

#### **7.18 Not Underwritten**

The Offers are not underwritten.

#### **7.19 Commissions**

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) on amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid Application Forms under the Public Offer lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

#### **7.20 Withdrawal of Offers**

The Offers may be withdrawn at any time. In this event, the Company will return all application monies (without interest) in accordance with applicable laws.

#### **7.21 Enquiries**

If you have any queries in relation to the Offers, please contact the Company Secretary on +61 8 9322 9295.

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## **8. COMPANY OVERVIEW**

### **8.1 Business Overview**

#### **8.1.1 Galicia Energy Corporation Ltd**

The Company was admitted to the Official List of the ASX on 7 June 2007 under the name Photo-Me Australia Limited.

Since April 2013, the Company has been an oil and gas exploration company focussed on advancing its interest in assets within Ukraine and Eastern Europe.

In light of the difficulties being encountered by all companies in the oil and gas sector at present, the Board formed the view that TV2U provides an opportunity and alternative sector which is likely to generate greater value for Shareholders.

The Company has recently divested its interest in its Polish oil and gas asset and has entered into an agreement to dispose of its remaining Ukraine oil and gas asset (for nominal consideration).

Further information in respect of the Company's current operations can be found on the Company's website, [www.galiciaenergy.com](http://www.galiciaenergy.com).

#### **8.1.2 TV2U Executive Summary**

TV2U develops technologies that enable television to be delivered over the internet.

The TV2U proposition is based on the following:

- Television technology has changed. Television can now be delivered via an app. Television can be internet delivered and run on existing customer screens. This changes both the business case and the development approach of the solution.
- It's not about penetrating homes anymore; it's about penetrating all screens that are enabled for TV. The reach of the internet is far wider than a single network operator's deployment. TV services can now be delivered to everyone no matter their choice of internet service provider.
- The business case has changed. With the requirement of set top boxes (**STBs**) being removed, one of the largest expense items in the operator's business model (after content) has been removed from the equation. This means a lower price point for the end user can be achieved which unlocks new markets and allows for market entry of new operators in existing markets.
- Content is still King. It is an old saying in the industry but it remains true. People watch television because they are watching what they want to watch. It is intuitively obvious that a TV service without good content is not going to be successful.
- The TV2U solution is a managed service solution with embedded content which TV2U believes will further reduce the barrier to entry of a new operator. The idea is to leverage a fraction of the revenue savings of removing the STBs from the business case to charge a managed

service fee per subscriber per month, which is intended to generate predictable TV2U revenues.

“Cord cutting” is the industry term used for people who abandon their cable TV service and choose to watch all their television on the internet.

While services like Netflix provide additional content and are largely designed to complement existing cable TV packages (Netflix is now bundled with many cable operator products such as virgin TV in the UK), the TV2U approach seeks to take the concept of cord cutting one step further. Rather than offering Video on Demand (**VoD**) only packages like Netflix and Amazon, TV2U is building an Over The Top (**OTT**) solution that can support live TV with full time shift functionality as well as the more normal box sets and movies found in similar offerings.

The ambition is not just add value to existing TV offerings, but instead to be the end user’s only TV solution. The fact that it is provided through an app and is bundled with content in a managed service offering is considered by TV2U to be the way to both open new markets for television that were previously constrained by price and, at the same time, enable new operators to enter existing markets with a lower price point and solutions not restricted to a single network.

### 8.1.3 TV2U: Overview & Features

TV2U is a developer of technologies that enable TV services to be delivered over the internet to multiple devices. Target devices include TV sets, mobile phones, tablets, set top boxes and laptops.

The TV2U solution, known as Intelligent Video Accessible Network (**IVAN**), provides a solution to allow operators to deliver a TV service to these devices. It consists of a combination of an ecosystem of partner technologies and an in-house software platform. The IVAN solution on delivery of the customised project will enable an operator to manage its TV platform and end users to experience a TV experience.

TV2U’s approach to TV solutions is that TV can be delivered through an app that can run on almost any modern internet enabled device. TV2U’s approach is agnostic to the network and can work over fixed internet connections, Wifi and mobile connections such as 3G and 4G. Unlike most IPTV solutions, the TV2U experience can also be independent of the operator network because it delivers video via the internet.

Given that the bandwidth available in the internet can vary according to local usage, the internet service provider, device type and network connection, the IVAN solution uses HTTP Live Streaming (**HLS**), an adaptive bitrate technology which is able to change the bandwidth of the video stream to suit the need. This means that a single video can be streamed in HD, SD or even lower resolutions depending on the environment and available bandwidth.

By default, the IVAN solution can be offered with eight hours of the live video broadcast to the end user buffered in the network, which means that more advanced user experiences are available. When the end user tunes to a live channel, they have the following options available to them via an intuitive user interface:

- choose to pause the TV channel and continue watching it later;

- rewind the live TV channel to see something again;
- choose to re-start the programme being watched from the beginning;  
or
- choose to see if they had just missed an earlier show and watch that show instead.

The eight hour buffer size will be configurable and TV2U intends to enable the end user to extend it to two weeks or more, with catch-up TV experiences where the end user can watch content they had missed over this period.

In addition to live TV, the IVAN platform also offers a VOD solution.

Typically, an IVAN based solution that provides thousands of hours of on-demand content will be configurable to the operator's needs. It will be possible to deliver the on-demand content to the customer in several different ways, including:

- a pay-per-view experience where the content is rented for a limited period (such as two days) and can be watched repeatedly during this period. This model is usually used with Hollywood content offerings; and
- a subscription VOD experience where the end users can watch content from a library that is managed and changed with time. This is often used as a subscription service for box sets and older movies or can be content directly with a TV channel. For instance, Chinese TV channels typically have many soap operas with episodes published daily. Back episodes can be made available as a subscription VOD experience that complements the live channel adding value to the end user experience.

It is intended to extend the IVAN technology platform to bring other entertainment services into a single integrated platform, including:

- customer contribution channels where end users can publish their own content to TV and where this then becomes searchable by other users of the TV service. This will enable a massive variety of video content on the platform enabling video bloggers and other users to contribute to TV experience; and
- gaming. TV2U intends to develop relationships with casinos to enable the IVAN platform to be extended to support live sports betting where the fan can watch the game, horse race and place bets at the same time.

The ability to monetise a TV platform is critical to its success. Traditionally, TV is monetised by a combination of subscription charges, pay-per-view events and generic advertising. IVAN technology platform has an analytic platform associated with it that will enable operators to understand their customers and also harvest some of their social network data. This analytics data can then provide valuable inputs to recommendation engines and to provide additional data to advertising selection servers for personalised advertising. The integration of the analytic platform as a standard component of the IVAN platform is a differentiating factor in the solution. For instance, there is a potential opportunity with a major broadcaster to collaborate on a project to use the additional social network data and geographic location data in tandem with a recommendation engine to build a personal TV channel experience.

With its strong roadmap and vision to build an entirely unicast video delivery solution, the TV2U platform is finding traction with several major operators around the globe.

#### **8.1.4 The Operator Customer's Business Case**

The change to the business case that an IPTV solution brings is quantifiable. One of the biggest factors in the conventional IPTV business case is the cost of the STB and the cost of deployment of the STBs and wiring in the home.

The cost of a STB that is designed to run against a managed service in the home is generally in the range of US\$100 to US\$150. The number of STBs deployed per homes varies by region, but generally an operator will deploy two boxes on average. The result is expenditure by the operator of US\$300 on STBs per home plus another US\$100 for the installation. Operators often capitalise their box spend over 5 years, which means that US\$400 is capitalised over 60 months meaning a cost to the operator of approximately US\$7 per month is directly attributable to STB deployment.

In the TV2U model, the end user will use an existing screen or purchase a consumer electronic device, download the TV2U app, register and receive the TV services. This saves the US\$7 per month in the business case and also eases customer acquisition, because the operator can use the app store as a channel.

Using data from the TV2U low average revenue per user business model, the revenue attributed to the basic TV service was US\$15 plus advertising. The US\$7 per subscriber saving is a game changer and one of the key reasons why the "cutting the cord" phenomena has become such a challenge for conventional IPTV and digital TV operators who are still financing their STB base. If one considers a deployment with 500,000 homes, it amounts to between \$200 million and \$300 million of investment which has been removed from the operator business case.

TV2U's operator model is all about reducing the upfront capital investment required to implement a TV solution.

There is always going to be a certain amount of investment for the hardware to run a scaled solution, video servers and firewalls. However, by sharing headend encoders and deferring TV2U IPR licence fees into a managed service model, the capital expenditure solution can be further minimised.

TV2U's first content hub is currently being built in Kuala Lumpur and is being targeted at the Asia Pacific region. This hub will, upon completion, offer streaming access to 150 countries and 140 datacentres worldwide via the NTT Communications Corp network.

TV2U has specifically designed its technology approach to remove the cost of the STBs and the managed network from its operator's solution and enable new operators who want to leverage the phenomena of cord cutting to disrupt the market with TV services at a radically different price point.

#### **8.1.5 TV2U's Content Offer: Content is Still King**

On the 1<sup>st</sup> March 1996, Bill Gates famously wrote an article titled "Content is King". What was widely recognised as true then is still true today. No matter how great the user experience and how advanced the end user features, a television experience is still nothing without content.

Most internet TV experiences today are entirely on demand format video consisting of movies and last year's box sets of TV content. Amazon and Netflix, market leaders in this space, are good examples of a typical OTT content experience. This cannot replace a TV service and is usually sold as an extension to the subscriber's service monetising at an entirely different price point.

To solve this business problem and to further reduce the operator customers' costs, the TV2U approach is to bring a combination of content and technology to the operator. Part of TV2U's differentiation is that it will bring content rights for both live and VOD content from all over the world. Vubiquity, a major content aggregator has granted TV2U the rights to stream transactional VOD, including content from some Hollywood studios, to specified Android and IOS devices.

TV2U has access to up to date Hollywood content and is in active negotiations to secure access to live TV, Bollywood content, Chinese content and sports. A TV2U customer would be positioned with a content offering of at least 80 channels of video all of which can be watched in HD or SD subject to source availability.

TV2U's approach to the market is significantly differentiated from the majority (if not all) of its systems integration competitors in that it intends to bring both content and technology to its operator customers enabling them to run a managed TV service that will compete with other television service providers in the region.

#### **8.1.6 TV2U Business Model**

The TV2U business model is a business-to-business (**B2B**) approach which requires the deployment of OTT/IPTV platform technology through IVAN software infrastructure and systems for operators who wish to provide their own content. This also includes the provision of content for existing new market entrants.

The revenues are expected to come from the following avenues:

- (a) initial implementation of the hardware and software infrastructure to B2B customers (third party operators);
- (b) service fees from managed services in delivering OTT/IPTV solutions to B2B customers;
- (c) fees from the provision of content to B2B customers;
- (d) consumer subscription revenue share from B2B managed service; and
- (e) reoccurring revenue based on a license fee per active subscriber from B2B customers.

TV2U believes that there is a potential for a business-to-consumer (**B2C**) model in the future, but this is partially dependent upon a successful B2B operation.

TV2U intends to maximise its earning potential by encompassing all aspects of revenue generation for the digital media industry. This includes network service contracts, subscriber analytics, data collection, content delivery, application downloads, monthly subscription and advertising earnings streams.

### **8.1.7 Target market**

Internet video solutions that target multi-screen devices typically work best where there are high populations of end users with devices and access to Wifi. This is because the business model is driven from a low average revenue per subscriber to offset the capex costs of a systems build. This means that regions with large cities and high device usage are preferable.

A core assumption of TV2U's business strategy is that, in the Asia Pacific region, there are several countries which have basic cable TV services and are looking at how to move to the advanced features of a multi-screen digital TV solution. These countries are an ideal ground for the launch of a next generation video solution such as IVAN because the regional operators are not hampered by the sunk costs of the managed network or STBs. These operators are building out their fibre based backbone and are now looking at how to leverage the massive new market of mobile phone users. Typically, these customers are in low average revenue per end user markets which IP based video solutions have not been able to enter because of the high capex cost of entry.

TV2U's IVAN technology solution, coupled with a low upfront capex managed service approach and pre-integrated content, removes this barrier to entry opening up the Asia Pacific markets of Indonesia, China, Thailand and the Philippines (among others) to the provision of new services.

It is evident that the IPTV and OTT markets are becoming increasingly competitive. However, TV2U's business case is built on a managed service proposition with content and advanced analytics improving the value of traditional TV advertising rather than a simple technology play. In fact, the commoditisation of some of the encoding, encryption and origin technologies helps the TV2U business case. TV2U's business case comes from its compelling end user experience and the pre-integrated content, both of which are hard to replicate.

TV2U owns or exclusively licenses intellectual property rights to technology that gathers data and real-time analytics on viewer's historical, near-time and real-time consumption habits. This market leading capability allows TV2U and its partners to target advertising to specific end users according to a range of its geographic, demographic and usage characteristics.

### **8.1.8 Technical Solution**

The TV2U technology solution is a combination of internally developed software assets and third party technologies. The in-house assets are focussed on the end user experience and analytics whereas the third party components are built around the video delivery solution.

#### **IVAN Software**

The IVAN CMS is a modular, end-to-end platform for the management and delivery of live and on-demand video based content services to STB, PCs, Wireless and CE devices. It allows content owners and service providers to present rich, discoverable, personalised content through the creation, distribution and operation of secure live and on-demand services.

The CMS provides an operational support infrastructure for content providers to deliver advanced content services over a wide array of networks and devices, including all aspects of:

- Subscriber Management
- Preference and Profile Management
- Product and Charges Management
- Assets and Rights Management
- Content Fulfilment & Delivery
- Digital Storefront Publishing
- Electronic Program Guide Publishing
- Access and Digital Rights Management

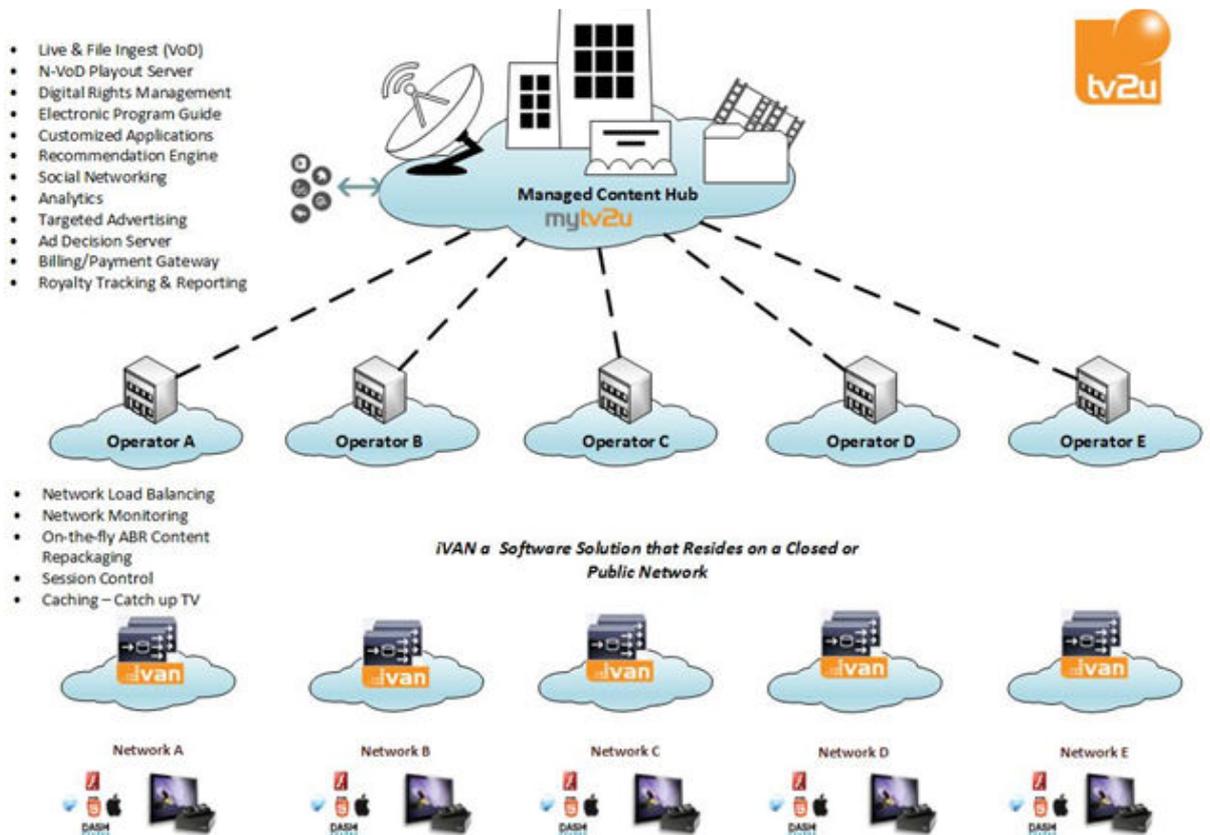
The system allows a content owner or service provider to define complex business rules that control the content to service lifecycle: ingestion, description, encoding, encryption, packaging, pricing, distribution, and promotion from a single workflow-driven interface.

Elements of the platform may also be exposed externally, extending the portions of the workflow such as credit card processing or billing to business partners and other suppliers.

The CMS is supported by clients that provide the end user experience. There are clients today for Android and Apple devices. This is being extended to support a native TV experience on Smart TV, Apple TV, Roku boxes and other devices. These clients will be customised to meet the end customers' needs for colours, branding and features as part of the systems integration and delivery process. TV2U will then manage the process of publishing the branded client applications in the relevant applications stores.

The analytics platform is present to provide all the data that is required in order to operate, manage and market a TV platform. It keeps track of not only an end user's usage of the platform but also when, where and what devices they were using at the time. There are plans to extend this feature set using the real time data to drive ad selection servers and recommendation engines.

## Content Hubs



The content hub is the heart of the managed service with content strategy. It is a result of systems integration of best of breed components to build a unicast headend capable of serving content worldwide. To minimise transit costs, caches will be placed locally. TV2U's business analysis indicates that the increased cost of transit is easily offset by the saving in STB deployments derived from the unicast model.

The first phases of the hub deployment target live TV and VOD with encryption for a variety of channels. The live content will support time shift capabilities. This will be rapidly complemented by advertising selection solutions that drive a significant amount of value in the operator business case.

Vubiquity, a major content aggregator, has granted TV2U the rights to stream transactional VOD, including content from some Hollywood studios to specified Android and IOS devices. This was a significant hurdle that has now been overcome.

### Third party technology partners:

IVAN is a combination of in-house software technologies and third party technology partner products. The focus of the development and systems integration organisation has been to focus development on the features that bring operator service differentiation such as analytics, content management and user experience and then use partner products for the internet video technologies that are becoming commoditised such as encoding and distribution. There is, however, significant know-how required to integrate the set of third party technologies into a scalable resilient OTT video headend fit for main TV screen experience and the value of this should not be underestimated.

### 8.1.9 TV2U: What We Own or Licence

TV2U relies on a combination of patent applications, trade secrets and copyright, as well as confidentiality and contractual provisions, to protect its intellectual property and its brand.

TV2U has already acquired the rights to certain patent applications as set out in the Intellectual Property Report. These patent applications may or may not be followed through to the point of grant and are the subject of further review by the TV2U management team. However, TV2U intends to file additional, potentially disruptive patent applications, one of which will add an additional layer of security to content protection, and the second relates to the packaging of advertising which may generate statistics as to enhanced effectiveness. These patent applications are currently being prepared with patent attorneys and are intended to be filed within weeks of the date of this Prospectus.

TV2U's products and services include certain third-party components which enhance TV2U's capabilities and service offerings.

#### **Tangible TV2U assets**

- IVAN software platform, including:
  - Service Delivery Platform, inclusive of Content Management System and Analytics
  - Application clients for iOS and Android Phones
- Two patents applications in the process of being finalised:
  - Content protection related
  - Advertising related
- Kuala Lumpur Hub facility
  - Servers and encoding platform (currently capable of delivery up to 10 channels of content)
  - Project underway (subject to funding from the Public Offer) to expand the hub to approximately 80 channels of OTT video, a VOD library and catch-up capability, personalised advertising for up to 50,000 simultaneous users
- Low cost development centre in Lahore, Pakistan
  - The software intellectual property rights are being developed in Lahore. This team is currently being scaled up.

#### **Intangible Assets**

- Ecosystem of industry partners to build an end-to-end OTT video solution
- Know how to build scaled OTT video delivery solutions
- Relationships with major prospective customers
- Active sales engagement in China and Indonesia, with other opportunities in earlier stages in Hong Kong, Russia and the UK

- Content relationship with Vubiquity

#### **8.1.10 Competition**

TV2U's competition can be summarised generally as follows:

- (a) a small number of large and established corporations providing complete system solutions and system integration services;
- (b) a small number of established mid-level players who have some of their own technology, and focus on system integration using their own and third party technology which are offered as an end-to-end solution; and
- (c) a large number of small technology providers, some of whom have a specific component focus (i.e. are dedicated to a single part of the OTT ecosystem).

TV2U has significant differentiated from each of its key competitor group.

TV2U understands that the larger systems integrators have higher overhead costs and need to achieve variable margins typically in excess of 30%. Many of the larger systems integrators also regard the deployment of TV solutions as a side business rather than the core business. Their core revenues frequently come from the fixed or mobile network business. TV2U is, at its core, a next generation TV platform company and is actively promoting a managed service solution with content strategy designed to disrupt the very operator partners that the larger systems integrators are working with.

Based upon industry experience, TV2U understands that there are several mid-level players who have service managed service propositions. The business model of these entities and target market is different from TV2U because they typically target add on solutions to operators existing platform leveraging the existing content relationships and infrastructure. TV2U's approach of 'enabling' new entrants with a disruptive business model by bringing content and a managed service differs from most of these mid-level players. Those that do have an aspect of content tend to have VoD only content and are typically based in the US and are not considered threatening to TV2U's targeted Asian Pacific markets.

TV2U considers that the numerous smaller technology providers bringing point solutions in the space are not considered competitors to TV2U, even though some of them do provide products that overlap with TV2U technology solutions. Their business is enabling customers like TV2U to be successful and the strength of this ecosystem lends strength to TV2U proposition.

#### **8.1.11 TV2U Senior Management Team**

##### **Mr Nicholas Fitzgerald – CEO**

Refer to Section 10.1 for a detailed profile of Mr Fitzgerald.

##### **Liaqat Fayyaz - Chief Technology Officer**

Refer to Section 10.1 for a detailed profile of Mr Fayyaz.

##### **Mr Stephen Shalliker – Chief Operations Officer**

Mr Shalliker brings to TV2U a wealth of experience and success that spans nearly

20 years in IP-delivered video solutions dating back to 1998. Mr Shalliker has a long history in IP delivered Media and Interactive Television with strong domain experience in systems integration and the solution architecture of both the metadata and video infrastructure of both OTT and managed network video solutions.

His experience in the sector and within operation roles includes being the lead architect building the software platform Yes Television's IP middleware. Mr Shalliker has served in many strategic roles in this period including VP Technology of Yes Television Inc and Product Director of Quadriga World Wide (A pan-European hotel video solution). Over the last ten years, Steve has had several roles at Alcatel-Lucent, including Product Management of the OMP and MiViewTV TV Platforms, Head of Strategy for the Video Delivery Business, Lead Product Manager for the Mediaroom System's integration business. Steve was also services Lead for Systems Integration projects including work with Vodafone and Singtel.

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## **9. RISK FACTORS**

### **9.1 Introduction**

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

This Section identifies circumstances that the Directors regard as the major risks associated with an investment in the Company and which may have a material adverse impact on the financial performance of the Company and the market price of the Shares if they were to arise.

The Board aims, and will aim, to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks identified below are highly unpredictable and the Company is limited to the extent to which they can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company and TV2U are exposed. In addition, this Section has been prepared without taking into account investors' individual financial objectives, financial situation and particular needs. Investors should seek professional investment advice if they have any queries in relation to making an investment in the Company.

### **9.2 Specific Risks**

#### **(a) Failure to sign Operators**

The business model of TV2U is fundamentally dependent on signing one or more operators to TV2U's OTT/IPTV platform. The engagement of an operator is likely to provide necessary capital for TV2U to operate its business for an extended term, launch new products, acquire additional rights to content and generate predictable revenue streams.

If TV2U fails to sign a key operator to its platform in the near term, it is likely to have a significantly adverse effect on the financial viability of TV2U.

TV2U is currently in discussions with a number of potential operators, including in China and Indonesia, but there can be no guarantee that any potential operators will sign on to TV2U's platform.

#### **(b) Limited Trading History**

TV2U is a start-up company with limited trading history and, at such an early stage of its development, there are significant uncertainties associated with forecasting future revenues and expenses of the company.

Since incorporating on 28 May 2015, TV2U's activities have principally involved funding the development of its software and product testing.

As is the case with many start-up companies, TV2U has incurred losses since its inception.

(c) **Contract and Cost Risk**

In order for TV2U to be able to achieve its objectives, TV2U is reliant on its customers, contractors and end users complying with their contractual obligations. Should any of the counter-parties to TV2U's contracts fail to comply with such agreements, it may have an adverse effect on the business and performance of TV2U.

If TV2U is successful in signing an operator, there is a risk of delay in payment between signing the contract and launch of the operator's product in its chosen territory which is outside the control of TV2U. An extended delay in receiving payment from its material contracts may affect TV2U's financial viability.

In addition, as TV2U is reliant on third party components used in its technology, the business of TV2U may be materially affected if there is a significant increase in the cost of licences to such components.

(d) **Technology Risk**

Upon completion of the Transaction, TV2U will be reliant upon certain technologies and upon the successful commercialisation of the technologies currently held by TV2U. There is a risk that as marketable technologies continue to develop in the communications and entertainment industry there may be certain product developments that supersede, and render obsolete, the products and services of TV2U which would adversely affect the profitability of TV2U and likely the value of the Securities.

TV2U's existing hardware and software can only support a limited number channels (up to 10). In order to expand the number of channels that can be offered, TV2U will need to upgrade its hardware (the content hub in Kuala Lumpur) and further develop its software (both its own software and that of third parties). Upgrades of this type can run into risks of integration and scalability.

In addition, TV2U's business is reliant on the technology accessible by end users. If end users do not have capacity to receive or properly utilise TV2U's services (for example, their networks are of insufficient speed to provide internet video), the business of TV2U may be adversely affected in those regions.

(e) **Intellectual Property**

TV2U has licensed or acquired the rights to certain patent applications relating to its core business. At the date of this Prospectus, none of the patents have been granted.

Even if granted, the granting of a patent does not guarantee that the rights of others are not infringed nor that competitors will not develop competing intellectual property that circumvents such patents. TV2U's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties.

Although TV2U is not aware of any third party interests in relation to the intellectual property rights, and TV2U has taken steps to protect and confirm its interest in these rights, there is always a risk of third parties

claiming involvement in technological discoveries, and if any disputes arise, they could adversely affect TV2U.

TV2U's prospects will also depend on its ability to develop and patent technology that meets changing market needs and addresses the technological advances and competitiveness of other companies operating in the markets targeted by TV2U.

(f) **Additional requirements for capital**

The funds to be raised under the Transaction are considered sufficient to meet the current proposed objectives of the Company. However, as set out in Section 7.5 of this Prospectus, in the event that the Company does not raise at least \$6 million under this Prospectus, it does not intend to proceed with expanding the content hub in Kuala Lumpur until such time that either (a) a key operator is secured that finances the expansion or (b) additional finance is secured by the Company in the future.

Failure to secure either of these sources of finance could have a materially adverse impact on the Company's business and revenue moving forward.

Further, additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, 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.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its research and 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 and might involve substantial dilution to Shareholders.

(g) **Competition**

Competitors in the market, or any technological developments providing an alternative to TV2U's product offerings, could impact the market share that TV2U is able to acquire and cause downward price pressure on consumer software and services platforms, thus reducing TV2U's margins and revenue.

Further, existing providers of similar consumer services may also respond aggressively to TV2U's product offerings to retain or regain market share, which could also impact TV2U's margins and revenue.

There is also a risk that competitors and operators may block TV2U products and services in their networks to favour their own products and television solutions.

(h) **Change in government policy and legislation**

TV2U operates in a number of jurisdictions. Any material adverse changes in relevant government policies or legislation may affect the viability and profitability of TV2U, and consequent returns to investors. The activities of TV2U are subject to various international, federal, state and local laws governing taxes, labour standards and occupational health and safety, and other matters. TV2U's principal opportunities in the Republic of Indonesia and the People's Republic of China are with government owned or related entities. Any changes in regulations or requirements of the governments in these jurisdictions may affect the potential agreements with these entities and the terms on which TV2U provides its services.

(i) **Failure to Deal with Growth**

The TV2U business has the potential to grow rapidly. If that occurs and TV2U fails to properly manage that growth, then that failure could harm its business. Any failure to adequately meet customer or operator demand could adversely affect the business.

(j) **Availability of IT Staff in the Market**

TV2U is reliant upon employees with specialist IT skills in order to develop and maintain its projects. Any shortage of availability of these skills in the IT employment market could impair the development of the TV2U products and business and the rate of such development. Such shortage could also cause wage inflation, which may impact on the Company's profitability.

(k) **Security Breaches and Hacker Attacks**

A malicious attack on TV2U's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation, and brand damage resulting in reduced or falling revenues. TV2U follows best practice in relation to security policies, procedures, automated and manual protection, encryption systems and staff screening to minimise this risk.

(l) **Customer Service Risk**

TV2U's business model is based on recurring revenue arising from usage. Poor customer service experiences may result if TV2U loses key customer service personnel, fails to provide adequate training and resources for customer service personnel or there is a disruption to monitoring and account management systems utilised by customer service personnel. Poor experiences may result in the loss of customers, adverse publicity, litigation, regulatory enquiries and customers reducing the use of TV2U products or services. If any of these occur, it may adversely impact the Company's revenues.

(m) **Dilution Risk**

The Company currently has 381,123,662 Shares on issue. Under the Public Offer, the Company proposes to issue a minimum of 200,000,000 New Shares and up to 500,000,000 New Shares to raise up to \$10,000,000.

The issue of Securities under this Prospectus will significantly dilute the interests of existing Shareholders. There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Company.

### **9.3 General Risks**

#### **(a) General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

#### **(b) Foreign exchange rate risk**

TV2U's revenue will be predominantly in United States dollars and the Company's operating expenses will be incurred principally in Australian dollars. Movements in the USD/AUD exchange rate may adversely or beneficially affect the Company's results or operations and cash flows.

#### **(c) Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

#### **(d) Reinstatement to ASX's official list**

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company's shares will be suspended with effect from the date of the General Meeting. It is anticipated that the Company's shares will remain suspended until completion of the Transaction, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that the Shares will consequently remain suspended from quotation.

In the event that the conditions of the Offers set out in Section 7.3 are not satisfied or the Company does not receive conditional approval for re-quotation on ASX, the Company will not proceed with the Offers and will repay all Application Monies Received.

#### **9.4 This investment is highly speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above risk factors, and others not specifically referred to above, may materially affect the future financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities. The Company does not expect to declare any dividends during the first two years following completion of the TV2U Acquisition.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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## 10. BOARD, MANAGEMENT AND INTERESTS

### 10.1 Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Mr Peter Wall – Non-Executive Chairman;
- (b) Mr Faldi Ismail – Non-Executive Director; and
- (c) Mr Igor Soshinsky – Non-Executive Director.

Following successful completion of the Transaction, it is proposed that Mr Nicholas Fitzgerald and Mr Liaqat Fayyaz will be elected to the Board and that Mr Igor Soshinsky will resign as a Director of the Company.

It is proposed that upon completion of the Transaction, the Company's Board will consist of the following Directors:

- (a) Mr Peter Wall – Non-Executive Chairman;
- (b) Mr Nicholas Fitzgerald – Executive Director and CEO;
- (c) Mr Liaqat Fayyaz – Executive Director and CTO; and
- (d) Mr Faldi Ismail – Non-Executive Director

(the **Proposed Directors**).

The profiles of each of the Proposed Directors are as follows:

#### **Mr Peter Wall**

Mr Peter Wall LLB BComm MAppFin FFin is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.

Mr Wall has a wide range of experience in all forms of commercial and corporate law, with a particular focus on technology, equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions. Mr Wall is a director of a number of other ASX listed companies.

#### **Mr Nicholas Fitzgerald – Executive Director and Chief Executive Officer**

Mr Nick Fitzgerald (Founder and current TV2U CEO) has an exceptional pedigree averaging over 23 years each in Media and Entertainment with deep domain expertise and project experience with content owners, digital service providers, broadcasters and telecommunications companies.

Mr Fitzgerald's experience expands over 25 years in the Broadcast and New Media Industries. A successful business leader and visionary entrepreneur, Mr Fitzgerald is responsible for setting the strategic goals and objectives of TV2U. Prior to TV2U, Mr Fitzgerald served in numerous executive level positions while involved in several successful start-up companies, including Digital Rapids a pioneer in encoding/transcoding technology. As Vice President of Digital Rapids Asia, Mr Fitzgerald was responsible for the region's operations and business

development, setting up sales and distribution networks across multiple markets. It was during his tenure with Digital Rapids that the market needs for total solutions was realized and TV2U was born initially as a free consultancy service to the industry assisting “New Media” companies to understand the technology requirements and market needs.

### **Mr Liaqat Fayyaz – Executive Director and Chief Technology Officer**

My Fayyaz, as CTO, drives the vision behind TV2U’s technology. Mr Fayyaz is an accomplished project and product manager with over 15 years of award-winning software development experience, specialising in managing complex, multi-phase, high-profile and mission-critical projects in broadcast, IPTV, TV Everywhere/OTT, digital content security, embedded development and application development.

Mr Fayyaz has strong project and product management experience with a proven track record of successfully delivering a number of high-profile projects. He has extensive experience of working in the digital distribution environment and emerging technologies with an emphasis on CDN models, network technologies, system architecture, solution designs, video content management systems, video streaming protocols, digital syndication, ad insertion, DRM technologies, digital signage, cloud methodologies, virtualisation, iOS, Android, Connected TV and web applications.

### **Mr Faldi Ismail – Non Executive Director**

Mr Ismail is an experienced corporate adviser who specialises in the restructure and recapitalisation of a wide range of ASX-listed companies, specialising in information technology. He has many years of investment banking experience and has advised on numerous transactions including domestic and international capital raisings, structuring of acquisitions and joint ventures overseas.

Mr Ismail is also the founder and operator of Otsana Capital, a boutique advisory firm specialising in mergers & acquisitions, capital raisings and initial public offerings. In addition, Mr Ismail is currently a director of WHL Energy Ltd.

## **10.2 Personal Interests of Directors and Proposed Directors**

### **10.2.1 Interests in Shares and Performance Shares**

Directors are not required under the Company’s Constitution to hold any Shares to be eligible to act as a director. Immediately prior to completion of the Transaction, the Directors are expected to have relevant interests in Securities as follows:

<b>Director</b>	<b>Shares</b>	<b>Options</b>
Peter Wall	16,348,753 <sup>1</sup>	215,695 <sup>2</sup>
Faldi Ismail	392,500 <sup>3</sup>	-
Igor Soshinsky	2,735,691	-

**Notes:**

1. Consisting of:
  - (a) 14,442,429 Shares held by Pheakes Pty Ltd <Senate A/C> in which Mr Wall holds a beneficial interest; and
  - (b) 1,906,325 Shares held by P C Wall and T L Wall <Wall Family Super Fund A/C> in which Mr Wall holds a beneficial interest.

2. Consisting of:
  - (a) 156,871 Unlisted Options exercisable at \$0.34 each on or before 29 February 2016 held by Pheakes Pty Ltd <Senate A/C>; and
  - (b) 58,824 Unlisted Options exercisable at \$0.34 each on or before 29 February 2016 held by P C Wall and T L Wall <Wall Family Super Fund A/C>.
3. Shares held by Benefico Pty Ltd of which Mr Ismail is a shareholder.
4. In addition to the above, Peter Wall has an interest in 1,500,000 performance rights held by Pheakes Pty Ltd <Senate A/C>. These performance rights will convert to Shares in the event the Company raises the maximum subscription of \$10 million under the Public Offer.

Following the successful completion of the TV2U Acquisition and the Offers, the Directors and Proposed Directors will have relevant interests in Securities as follows:

Director	Shares	Options	Performance Shares <sup>1</sup>
Peter Wall	16,348,753 <sup>2</sup>	215,695 <sup>3</sup>	-
Nick Fitzgerald <sup>4</sup>	303,571,428	-	440,178,572
Liaqat Fayyaz	-	-	-
Faldi Ismail	392,500 <sup>5</sup>	-	-

**Notes:**

1. The terms and conditions of the Performance Shares are set out in Section 15.3 of this Prospectus.
2. Consisting of:
  - (a) 14,442,429 Shares held by Pheakes Pty Ltd <Senate A/C>; and
  - (b) 1,906,325 Shares held by P C Wall and T L Wall <Wall Family Super Fund A/C>.
3. Consisting of:
  - (a) 156,871 Unlisted Options exercisable at \$0.34 each on or before 29 February 2016 held by Pheakes Pty Ltd <Senate A/C>; and
  - (b) 58,824 Unlisted Options exercisable at \$0.34 each on or before 29 February 2016 held by P C Wall and T L Wall <Wall Family Super Fund A/C>.
4. Shares and Performance Shares held by Talico, an entity controlled by Mr Fitzgerald.
5. Shares held by Benefico Pty Ltd of which Mr Ismail is a shareholder.
6. In addition to the above, Peter Wall has an interest in 1,500,000 performance rights held by Pheakes Pty Ltd <Senate A/C>. These performance rights will convert to Shares in the event the Company raises the maximum subscription of \$10 million under the Public Offer.
7. The above table has been drafted on the basis of a number of assumptions that may or may not eventuate. The actual shareholdings of the Directors on completion of the Transaction may vary.

### 10.2.2 Remuneration

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The Constitution provides that the aggregate annual remuneration for Non-Executive Directors shall be no more than \$250,000.

It is proposed that, after completion of the Transaction:

- (a) Mr Nicholas Fitzgerald, in his capacity as an Executive Director and CEO of the Company, will receive fees of \$350,000 per annum with performance incentives as detailed in Section 14.7;
- (b) Mr Liaqat Fayyaz, in his capacity as an Executive Director and CTO of the Company, will receive fees of US\$175,000;
- (c) Mr Peter Wall, in his capacity as Non-Executive Chairman of the Company, will receive director's fees of \$5,000 per month; and
- (d) Mr Faldi Ismail, in his capacity as a Non-Executive Director of the Company, will receive director's fees of \$3,000 per month.

### **10.3 Deeds of indemnity, insurance and access**

The Company has entered into, or intends shortly after completion of the Transaction to enter into, a deed of indemnity, insurance and access with each of its Directors and the Proposed Directors upon their appointment. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.





# PITCHER PARTNERS

B A & A P T Y L T D

Level 1  
914 Hay Street  
Perth  
WA 6000

Tel: 08 9322 2022  
Fax: 08 9322 1262

Postal Address:  
PO Box 7191  
Cloisters Square  
WA 6850

[www.pitcher.com.au](http://www.pitcher.com.au)  
[partners@pitcher-wa.com.au](mailto:partners@pitcher-wa.com.au)

Pitcher Partners is an association of Independent firms  
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Ref: PM:ml

10 November 2015

The Directors  
Galicia Energy Corporation Limited  
PO Box 1263  
WEST PERTH WA 6872

Dear Directors

## **INDEPENDENT LIMITED ASSURANCE REPORT ON GALICIA ENERGY CORPORATION LIMITED HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION**

Pitcher Partners BA&A Pty Ltd ('Pitcher Partners') have been engaged to report on the Historical Financial Information of Galicia Energy Corporation Limited (the 'Company', or 'Galicia') and Pro Forma Historical Financial Information of the Company following the proposed acquisition of TV2U Worldwide Pty Ltd (the 'Proposed Group') as at 30 June 2015 and for the year ended 30 June 2015.

The Historical Financial Information has been prepared for inclusion in the Prospectus dated on or about 9 November 2015 (the 'Prospectus'). The Prospectus proposes to issue 300 million new Shares at an issue price of \$0.02 each to raise a minimum of \$4 million before costs. The Company reserves the right to accept over-subscriptions of up to \$6 million from the issue of a further 300 million shares.

Expressions and terms defined in the Prospectus have the same meaning in this report.

### **1. Background**

Galicia is an oil and gas exploration and development company focused on advancing exploration assets within the provinces of Ukraine and Eastern Europe.

On 3 June 2015, the Company announced to the ASX that it had entered into a binding heads of agreement ('Heads of Agreement') with TV2U Worldwide Pty Ltd ('TV2U') in order to acquire 100% of the issued capital of TV2U.

TV2U is a leading digital content enabler and technology provider to the media, entertainment and telecommunication industries. TV2U delivers Over The Top and Internet Protocol Television information and entertainment services to its customers, simultaneously using its analytical capabilities.

Galicia has issued a Prospectus in order to fund the acquisition of TV2U and the diversification and expansion of TV2U's core services.

As the proposed acquisition of TV2U constitutes a change in the nature and scale of the Company's activities from an oil and gas exploration company to a Technological based company, Galicia is required to re-comply with Listing Rules 1 and 2 by amongst other things, issuing a prospectus.

## **2. Scope**

### ***Historical Financial Information***

You have requested Pitcher Partners to review the following Historical Financial Information of Galicia included in the Prospectus:

- the Statement of Comprehensive Income for the year ended 30 June 2015;
- the Statement of Financial Position as at 30 June 2015; and
- the Statement of Changes in equity for the year ended 30 June 2015

(collectively, the 'Historical Financial Information').

The Historical Financial Information of the Company has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information of the Company has been extracted from the financial report of Galicia for the year ended 30 June 2015, which was audited by Pitcher Partners Corporate & Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards.

Pitcher Partners Corporate & Audit (WA) Pty Ltd issued an unmodified audit opinion on the financial report. The Historical Financial Information of the Company is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

### ***Pro Forma Historical Consolidated Financial Information***

You have requested Pitcher Partners to review the following:

- the Pro Forma Consolidated Statement of Financial Position of the Proposed Group as at 30 June 2015; and
- the Pro Forma Consolidated Statement of Changes in Equity of the Proposed Group for the year ended 30 June 2015.

(collectively, the 'Pro Forma Consolidated Historical Financial Information').

The Pro Forma Consolidated Historical Financial Information has been derived from the Historical Financial Information of Galicia, after adjusting for the effects of pro forma adjustments described in section 4 and 5 of this report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 4 and 5 of this report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Consolidated Historical Financial Information does not represent the company's actual or prospective financial position.

### **Valuation of intangible assets**

The principle asset of Galicia after the acquisition will be an intangible asset relating to the IP rights assigned to TV2U. The asset has been included at cost in the Pro Forma Consolidated Historical Financial Information of the Proposed Group. We have not performed our own valuation of the IP rights. We are unable to form a view on whether the carrying value of the IP rights intangible asset is fairly stated.

### **Directors' responsibility**

The directors of Galicia are responsible for the preparation of the Historical Financial Information and Pro Forma Consolidated Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Consolidated Historical Financial Information. This includes responsibility for such internal control as the directors determine are necessary to enable the preparation of the Historical Financial Information and Pro Forma Consolidated Historical Financial Information that are free from material misstatement, whether due to fraud or error.

### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Consolidated Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Auditing Standards.

Our review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## **3. Conclusions**

### ***Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Appendices 1 – 3 of this report, and comprising:

- the Consolidated Statement of Comprehensive Income for the year ended 30 June 2015;
- the Consolidated Statement of Financial Position as at 30 June 2015; and
- the Consolidated Statement of Changes in Equity for the year ended 30 June 2015

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies as described in Appendix 4 of this report.

### ***Pro Forma Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Consolidated Historical Financial Information being the Statement of Financial Positions and Statement of Changes in Equity as at 30 June 2015 of

the Proposed Group as described in Appendices 1 -3 is not presented fairly in all material respects, in accordance with the stated basis of preparation being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies as described in Appendix 4 of this report.

#### **4. Subsequent Events Prior to the Prospectus**

- a) TV2U assumed liability for various convertible notes with sophisticated investors for an aggregate outstanding loan amount of \$650,000.
- b) As part of the proposed transaction, Galicia has lent \$1.25 million to TV2U during and after year end. \$175,000 of the loan amount has been used to repay 50% of the convertible notes held by third parties, with an assumed liability by TV2U.
- c) On the 28 August 2015, the Company issued shares to Directors in lieu of payment for any director fees. A total of 308,642 shares were issued.
- d) A further \$707,000 was raised through the issue of convertible notes by TV2U to various sophisticated investors.
- e) TV2U and Galicia incurred approximately \$1,575,523 in expenditure for administrative costs and further development of the TV2U undertakings.

#### **5. Assumptions Adopted in Compiling the Pro Forma Adjustments**

The following transactions and events are related to the acquisition and issue of shares under the Prospectus dated on or about 9 November 2015:

- a) Consolidation of existing Shares on a 1:2 basis.
- b) The issue of 200,000,000 fully paid ordinary shares at an issue price of 2 cents each pursuant to this Prospectus to raise \$4,000,000.
- c) Expenses of the public issue totalling an estimated \$500,000 assuming the minimum subscription is raised, to be expensed against equity.
- d) The acquisition of 100% of TV2U via issue of 357,142,857 fully paid ordinary shares of the Company on a post-consolidation basis, at a deemed issue price of 2.6 cents per share (1.3 cents per share on a pre-consolidation basis, being the last share trading price on execution of the Heads of Agreement).
- e) The issue of 517,857,143 Performance Shares consisting of four classes (Class A – D). Performance Shares will convert into fully paid ordinary shares upon completion of relevant milestones for each class. The fair value of the performance shares has been determined with reference to the Company's last share trading price on execution of the Heads of Agreement and the Directors best estimate of the probability of each milestone being achieved. For further details, refer to section 15.4 of the Prospectus.
- f) Impairment of the investment in TV2U to \$300,000, being the most recent purchase price of the TV2U head-end assets.
- g) The payment of a sign-on bonus of \$150,000 to Mr Nicholas Fitzgerald
- h) The payment of \$332,500 in cash as part settlement for convertible notes assumed on acquisition and issued subsequent to year end.
- i) The issue of 55,000,000 fully paid ordinary shares at a deemed issue price of 2.6 cents per share (1.3 cents per share on a pre-consolidation basis) in order to settle the remaining 50% payable for convertible notes (\$325,000) held by third parties which have been assumed by TV2U.

- j) The issue of 14,285,714 fully paid ordinary shares at a deemed issue price of 3.12 cents per share (1.56 cents per share on a pre-consolidation basis) in order to settle \$200,000 of convertible notes issued subsequent to year.
- k) The issue of 23,016,609 fully paid ordinary shares in order to settle \$360,000 of convertible notes issued post year end.
- l) A further issue of \$293,000 in convertible notes prior to the closing of the prospectus.
- m) The issue of 27,790,564 fully paid ordinary shares in full settlement of principal and interest for \$147,000 in convertible notes issued subsequent to year end and the \$293,000 of convertible notes to be issued prior to the closing of the prospectus.
- n) The reversal of \$255,605 recognised as a decommission provision upon divestment of Exploration assets upon receipt of approval being received at the general meeting to be held on or around 7 October 2015.
- o) Payment of the \$300,000 for the assets acquired by TV2U Singapore Pte Ltd, as previously announced to the market and disclosed above in Section 14.4 of the prospectus.

#### **6. Restriction on Use**

Without modifying our conclusions, we draw attention to section 15.7(e) of the Prospectus, which describes the purpose of the financial information prepared, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for another purpose.

#### **7. Liability**

Pitcher Partners has consented to the inclusion of this report in the Prospectus in the form and context in which it is included. The liability of Pitcher Partners is limited to the inclusion of this report in the Prospectus. Pitcher Partners makes no representation regarding, and has no liability for, any other statement or other material in, or any omissions from, the Prospectus.

#### **8. Declaration of Interest**

Pitcher Partners does not have any interest in the outcome of the Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully  
PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN  
Executive Director

**APPENDIX 1**

**GALICIA ENERGY CORPORATION LIMITED  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDING 30 JUNE 2015**

	<b>Galicia Energy Corporation Limited Audited 30 Jun 15</b> \$
<b>Revenue from continuing operations</b>	25,039
Employee benefits expense	(187,818)
Administration expenses	(1,273,693)
Finance costs	-
Depreciation & amortisation	(2,013)
Impairment of exploration and other assets	(12,741,450)
Share-based payments	(65,358)
Foreign exchange loss	(137)
<b>Loss from continuing operations before income tax</b>	(14,245,430)
Income tax expense	(503)
<b>Loss from continuing operations after income tax</b>	(14,245,933)
 <b>Other comprehensive income</b>	
Exchange difference on translation of foreign operations	(512,262)
<b>Total comprehensive loss for the year</b>	(14,758,195)
 <b>Loss for the period is attributed to:</b>	
Owners of the Company	(14,245,933)
 <b>Total comprehensive loss for the period attributed to:</b>	
Owners of the Company	(14,758,195)

The Statement of Comprehensive Income is to be read in conjunction with notes to and forming part of the Historical and Pro Forma Consolidated Historical Financial Information set out in Appendix 4.

**APPENDIX 2**

**GALICIA ENERGY CORPORATION LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	Notes	Galicia Energy Corporation Ltd Consolidated Group Audited 30 Jun 15	TV2U Worldwide Pty Ltd Consolidated Group Reviewed 30 Jun 15	Subsequent Event Adjustments	Pro Forma Adjustments	Pro Forma After Issue
		\$		\$	\$	\$
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	2	1,671,734	90,645	(868,523)	3,008,891	3,902,747
Prepayments		-	35,464	-	-	35,464
Trade and other receivables	3	601,836	-	-	(510,000)	91,836
<b>Total Current Assets</b>		<b>2,273,570</b>	<b>126,109</b>	<b>(868,523)</b>	<b>2,498,891</b>	<b>4,030,047</b>
<b>Non-Current Assets</b>						
Investments	4	-	-	300,000	(300,000)	-
Property plant & equipment	5	8,651	300,000	-	-	308,651
Intangible assets - IP		-	-	-	-	-
Exploration and evaluation assets		-	-	-	-	-
Other assets		-	2,165	-	-	2,165
<b>Total Non-Current Assets</b>		<b>8,651</b>	<b>302,165</b>	<b>300,000</b>	<b>(300,000)</b>	<b>310,816</b>
<b>TOTAL ASSETS</b>		<b>2,282,221</b>	<b>428,274</b>	<b>(568,523)</b>	<b>2,198,891</b>	<b>4,340,863</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	6	196,684	985,892	-	(810,000)	372,576
Other payables	7	-	132,500	1,007,000	(1,139,500)	-
Provisions		255,605	-	-	(255,605)	-
<b>Total Current Liabilities</b>		<b>452,289</b>	<b>1,118,392</b>	<b>1,007,000</b>	<b>(2,205,105)</b>	<b>372,576</b>
<b>TOTAL LIABILITIES</b>		<b>452,289</b>	<b>1,118,392</b>	<b>1,007,000</b>	<b>(2,205,105)</b>	<b>372,576</b>
<b>NET ASSETS</b>		<b>1,829,932</b>	<b>(690,118)</b>	<b>(1,575,523)</b>	<b>4,403,996</b>	<b>3,968,287</b>
<b>EQUITY</b>						
Contributed equity	8	28,545,811	1,609	5,000	15,164,468	44,016,888
Reserves	9	(221,258)	-	-	5,942,857	5,721,599
Accumulated losses	10	(26,494,621)	(691,727)	(1,580,523)	(17,003,329)	(45,770,200)
<b>TOTAL EQUITY</b>		<b>1,829,932</b>	<b>(690,118)</b>	<b>(1,575,523)</b>	<b>4,403,996</b>	<b>3,968,287</b>

The reviewed Pro Forma Consolidated Statement of Financial Position after the Prospectus is as per the Statement of Financial Position of the Company before the Prospectus adjusted for the subsequent events and Pro Forma transactions outlined in sections 4 and 5 of this report relating to the issue of Shares pursuant to the Prospectus and the Acquisition. The Consolidated Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Historical and Pro Forma Consolidated Historical Financial Information set out in Appendix 4.

## APPENDIX 3

**GALICIA ENERGY CORPORATION LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**AS AT 30 JUNE 2015**

	Galicia Energy Corporation Limited Audited 30 Jun 15 \$	TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$	Subsequent Event Adjustments \$	Pro Forma Adjustments \$	Pro Forma After Issue \$
<b>Opening Balance 1 July 2014:</b>					
- Contributed equity	25,520,017	-	-	-	25,520,017
- Option premium reserve	57,935	-	-	-	57,935
- Equity based payment reserve	372,760	-	-	-	372,760
- Foreign currency translation reserve	(205,049)	-	-	-	(205,049)
- Accumulated losses	(12,248,688)	-	-	-	(12,248,688)
	13,496,975	-	-	-	13,496,975
<b>Comprehensive income for the period:</b>					
Loss for the period	(14,245,933)	(691,727)	(1,580,523)	(17,003,329)	(33,521,512)
Other comprehensive income - Exchange differences on translation on foreign operations	(512,262)	-	-	-	(512,262)
<b>Total comprehensive loss attributed to members</b>	<b>(14,758,195)</b>	<b>(691,727)</b>	<b>(1,580,523)</b>	<b>(17,003,329)</b>	<b>(34,033,774)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the period less transaction costs	3,025,794	1,609	5,000	15,164,468	18,196,871
Equity based payments	65,358	-	-	5,942,857	6,008,215
<b>Total transactions with owners</b>	<b>3,091,152</b>	<b>1,609</b>	<b>5,000</b>	<b>21,407,325</b>	<b>24,505,086</b>
<b>Closing balance 30 June 2015</b>	<b>1,829,932</b>	<b>(690,118)</b>	<b>(1,575,523)</b>	<b>4,403,996</b>	<b>3,968,287</b>

The reviewed Pro Forma Consolidated Statement of Changes in Equity after the Prospectus is as per the Statement of Changes in Equity of the Company before the Prospectus adjusted for the subsequent events and Pro Forma transactions outlined in sections 4 and 5 of this report relating to the issue of Shares pursuant to the Prospectus and the Acquisition. The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the Historical and Pro Forma Consolidated Historical Financial Information set out in Appendix 4.

**GALICIA ENERGY CORPORATION LIMITED  
NOTES TO AND FORMING PART OF THE HISTORICAL  
AND PRO FORMA CONSOLIDATED HISTORICAL FINANCIAL INFORMATION**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. REPORTING ENTITY**

The significant accounting policies adopted in the preparation of the Historical Financial Information and Pro Forma Consolidated Historical Financial Information included in this report have been set out below.

**(a) Basis of Preparation of Historical and Pro Forma Consolidated Historical Financial Information**

The Historical and Pro Forma Consolidated Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the presentation and disclosure requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The Historical and Pro Forma Consolidated Historical Financial Information has been prepared on a historical cost basis and except where stated does not take in to account changing money values or current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of this Historical and Pro Forma Consolidated Historical Financial Information, apart from the significant accounting policies set out below, are consistent with those adopted in the annual financial statements for the year ended 30 June 2015 and the half year review report of the Company for the six month period ended 31 December 2014.

**(b) Going Concern**

The Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing commitments and for working capital. The directors may need to raise additional capital or realise assets as required to further explore and evaluate the current opportunities. The directors believe that the Company will continue as a going concern. As a result the Financial Information has been prepared on a going concern basis. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

**(c) Basis of measurement**

The financial report has been prepared on accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

**(d) Basis of consolidation**

The consolidated financial statements incorporate the assets, liabilities, and results of entities controlled by Galicia Energy Corporation Limited (“Company” or “Parent Entity”) at the end of the reporting period. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity’s activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group’s interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is revalued to its fair value with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income.

**(e) Asset acquisition**

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities, as the initial recognition exemption for deferred tax under AASB 112 *Income Taxes* applies. No goodwill will arise on the acquisition.

**(f) Foreign currency translation**

**(i) Functional and presentation currency**

These consolidated financial statements are presented in Australian dollars. The functional and presentation currency of the Company is Australian dollars. The functional currencies of the subsidiaries are Euro (EUR) and Ukraine Hryvnia (UAH).

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investments in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other income or other expenses.

**(iii) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date,
- Revenue and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or

any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### **(g) Revenue Recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### **Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

#### **Interest Income**

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **(h) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.
- The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities shall be offset only if:

- (a) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

#### **(i) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and receivables and payables, which are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **(j) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of cash flows.

#### **(k) Trade and Other Receivables**

Trade and other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

#### **(l) Plant and Equipment**

**Owned assets**

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a work condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components).

**Subsequent costs**

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

**Depreciation**

Depreciation is charged to the statement of comprehensive income using a straight line method over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives in the current financial year are as follows:

- Plant and equipment – 3 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

**Impairment**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

### **(m) Exploration and evaluation costs**

Exploration and evaluation costs in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - the exploration and evaluation costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

When a decision to proceed to development is made the exploration and evaluation costs capitalised to that area are transferred to mine development within property, plant and equipment. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised.

### **(n) Financial Assets**

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

#### *(i) Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are

also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

*(ii) Loans and receivables*

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

**(o) Impairment of financial assets**

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

*(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

**(p) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(q) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(r) Provisions and Employee Leave Benefits**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

*Employee Leave Benefits**Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

**(s) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(t) Share-Based Payments**

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Equity settled share based payments with parties are measured at the fair value of goods or services received, except where the fair value cannot be estimated reliably.

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a black-scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### **(u) Intangible Assets**

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

## (v) Significant Accounting Estimates and Judgments

### *Significant accounting judgments*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

#### **Exploration and evaluation assets**

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 3(k). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

### *Significant accounting estimates and assumptions*

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### **Share-based payment transactions**

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formulae taking into account the terms and conditions upon which the instruments were granted.

The Performance Shares payable on acquisition of TV2U have been measured with reference to the last trading price of the Company's shares on execution of the Heads of Agreement. The Directors have then discounted the value of Performance Share recognised by the probability of the Company achieving each of the required milestones for the Performance Shares to convert to fully paid ordinary shares in the Company.

**NOTE 2. CASH AND CASH EQUIVALENTS**

	<b>Galicia Energy Corporation Limited Audited 30 Jun 15 \$</b>	<b>TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$</b>	<b>Pro Forma After Issue \$</b>
<b>Cash and cash equivalents</b>	<b>1,671,734</b>	<b>90,645</b>	<b>3,902,747</b>
Galicia Energy Corporation Limited Audited balance at 30 June 2015			1,671,734
TV2U Worldwide Pty Ltd Reviewed balance at 30 June 2015			90,645
<i>Subsequent events (Galicia Energy Corporation Limited):</i>			
Convertible notes issued after year end			707,000
Post year end expenditure in relation to the TV2U project			(1,575,523)
<i>Adjustments arising in the preparation of the pro forma cash and cash equivalents balance are as follows:</i>			
Issue of 300,000,000 Shares in the Company at an issue price of \$0.02 per Share			4,000,000
Share issue costs			(500,000)
Sign-on bonus to Nicholas Fitzgerald			(150,000)
Further convertible notes to be issued			293,000
Cash consideration on settlement			(300,000)
Repayment of convertible notes issued			(332,500)
Elimination of contributed equity of TV2U Worldwide Pty Ltd			(1,609)
<b>Pro Forma balance</b>			<b>3,902,747</b>

The effect of an oversubscription has not been accounted for. In the event of oversubscriptions, the Company's total raising would fall between \$4,000,000 and \$10,000,000 and the pro forma cash balance would increase by the extent of the oversubscription (adjusted for any increase in capital raising costs arising from the oversubscriptions). The resulting increase in capital raising costs in the event of an oversubscription has been disclosed under section 15.8 of the Prospectus.

**NOTE 3. TRADE AND OTHER RECEIVABLES**

	Galicia Energy Corporation Limited Audited 30 Jun 15 \$	TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$	Pro Forma After Issue \$
<b>Trade and other receivables</b>	601,836	-	91,836

Galicia Energy Corporation Limited Audited balance at 30 June 2015			601,836
TV2U Worldwide Pty Ltd Reviewed balance at 30 June 2015			-
<i>Subsequent events (Galicia Energy Corporation Limited):</i>			
Funds loaned by Galicia Energy Corporation Limited to TV2U Worldwide Pty Ltd after year end			740,000
<i>Adjustments arising in the preparation of the pro forma investment balance are summarised as follows:</i>			
Elimination of receivable from TV2U Worldwide Pty Ltd on consolidation			(1,250,000)
<b>Pro Forma balance</b>			<b>91,836</b>

**NOTE 4: INVESTMENT IN SUBSIDIARIES**

	Galicia Energy Corporation Limited Audited 30 Jun 15 \$	TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$	Pro Forma After Issue \$
<b>Investment in subsidiaries</b>	-	-	-
Galicia Energy Corporation Limited Audited balance at 30 June 2015			
<i>Subsequent events (Galicia Energy Corporation Limited):</i>			
Take up of convertible notes liability assumed on acquisition not recorded in TV2U accounts			300,000
<i>Adjustments arising in the preparation of the pro forma investment balance are summarised as follows:</i>			
Investment in TV2U Worldwide Pty Ltd			15,228,571
Writedown of investment on consolidation of TV2U Worldwide Pty Ltd			(15,528,571)
<b>Pro forma balance</b>			<b>-</b>

**NOTE 5. PROPERTY PLANT & EQUIPMENT**

	Galicia Energy Corporation Limited Audited 30 Jun 15 \$	TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$	Pro Forma After Issue \$
<b>Property plant &amp; equipment</b>	<b>8,651</b>	<b>300,000</b>	<b>308,651</b>

Galicia Energy Corporation Limited Audited balance at 30 June 2015	8,651
TV2U Worldwide Pty Ltd Reviewed balance at 30 June 2015	300,000
<b>Pro Forma balance</b>	<b>308,651</b>

**NOTE 6. TRADE AND OTHER PAYABLES**

	Galicia Energy Corporation Limited Audited 30 Jun 15 \$	TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$	Pro Forma After Issue \$
<b>Trade and other payables</b>	<b>196,684</b>	<b>985,892</b>	<b>372,576</b>

Galicia Energy Corporation Limited Audited balance at 30 June 2015	196,684
TV2U Worldwide Pty Ltd Reviewed balance at 30 June 2015	985,892
<i>Subsequent events (Galicia Energy Corporation Limited):</i>	
Funds loaned by Galicia Energy Corporation Limited to TV2U Worldwide Pty Ltd after year end	740,000
<i>Adjustments arising in the preparation of the pro forma investment balance are summarised as follows:</i>	
Repayment to TV2U Pty Ltd for acquired intangible assets upon completion of capital raising and relisting on the ASX	(300,000)
Elimination of loan from Galicia Energy Corporation Limited to TV2U Worldwide Pty Ltd on consolidation	(1,250,000)
<b>Pro Forma balance</b>	<b>372,576</b>

**NOTE 7. OTHER PAYABLES**

	Galicia Energy Corporation Limited Audited 30 Jun 15 \$	TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$	Pro Forma After Issue \$
<b>Other payables</b>	-	<b>132,500</b>	-
Galicia Energy Corporation Limited Audited balance at 30 June 2015			-
TV2U Worldwide Pty Ltd Reviewed balance at 30 June 2015			132,500
<i>Subsequent events (Galicia Energy Corporation Limited):</i>			
Convertible notes liability assumed on acquisition			300,000
Convertible notes issued after year end			707,000
<i>Adjustments arising in the preparation of the pro forma investment balance are summarised as follows:</i>			
55,000,000 fully paid ordinary Shares in relation to Acquisition of TV2U Worldwide Pty Ltd in settlement of convertible notes			(300,000)
23,016,609 fully paid ordinary Shares in relation to Acquisition of TV2U Worldwide Pty Ltd in settlement of convertible notes			(360,000)
Cash repayment of convertible notes issued			(332,500)
Further convertible notes that may be issued up the closing of the prospectus			293,000
27,790,564 fully paid ordinary Shares in relation to Acquisition of TV2U Worldwide Pty Ltd in settlement of convertible notes			(440,000)
<b>Pro Forma balance</b>			<b>-</b>

**NOTE 8. CONTRIBUTED EQUITY**

	<b>Galicia Energy Corporation Limited Audited 30 Jun 15 \$</b>	<b>TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$</b>	<b>Pro Forma After Issue \$</b>
<b>Contributed equity</b>	<b>28,545,811</b>	<b>1,609</b>	<b>44,016,888</b>
		<b><u>Number of Ordinary Shares</u></b>	<b><u>\$</u></b>
Galicia Energy Corporation Limited Audited balance at 30 June 2015		761,938,681	28,545,811
TV2U Worldwide Pty Ltd Reviewed balance at 30 June 2015		1	1,609
<i>Subsequent events (Galicia Energy Corporation Limited):</i>			
Shares issued under Director Share Plan		308,642	5,000
<i>Adjustments arising in the preparation of the pro forma contributed capital balance are summarised as follows:</i>			
Consolidation of share capital on a 2:1 basis		(381,123,662)	
Proceed from Shares issued under this Prospectus (assuming no oversubscriptions)		200,000,000	4,000,000
Capital raising costs			(500,000)
357,142,857 fully paid ordinary Shares at \$0.13 each in relation to Acquisition of TV2U Worldwide Pty Ltd		357,142,857	9,285,714
55,000,000 fully paid ordinary Shares in relation to Acquisition of TV2U Worldwide Pty Ltd in settlement of convertible notes		55,000,000	1,430,000
14,285,714 fully paid ordinary Shares in relation to Acquisition of TV2U Worldwide Pty Ltd in settlement of convertible notes		14,285,714	445,714
23,016,609 fully paid ordinary Shares in relation to Acquisition of TV2U Worldwide Pty Ltd in settlement of convertible notes		23,016,609	360,000
27,790,564 fully paid ordinary Shares in relation to Acquisition of TV2U Worldwide Pty Ltd in settlement of convertible notes		27,790,564	444,649
Elimination of contributed equity of TV2U Worldwide Pty Ltd		(1)	(1,609)
<b>Pro Forma balance</b>		<b><u>1,058,359,404</u></b>	<b><u>44,016,888</u></b>

**NOTE 9: RESERVES**

	<b>Galicia Energy Corporation Limited Audited 30 Jun 15 \$</b>	<b>TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$</b>	<b>Pro Forma After Issue \$</b>
- Option premium reserve	57,935	-	57,935
- Equity based payment reserve	433,888	-	6,376,745
- Foreign currency translation reserve	(765,310)	-	(765,310)
<b>Reserves</b>	<b>(221,258)</b>	<b>-</b>	<b>5,721,599</b>

Galicia Energy Corporation Limited Audited balance at 30 June 2015 (221,258)

*Adjustment arising in the preparation of the pro forma reserves balance are summarised as follows*

517,857,143 Performance shares contingent consideration to be issued for the acquisition of TV2U Worldwide Pty Ltd 5,942,857

**Pro Forma balance** **5,721,599**

The performance shares consists of four classes (Class A - D) and will be issued upon completion of the acquisition of TV2U Worldwide Pty Ltd. The performance shares will convert into ordinary shares upon the completion of relevant milestones applicable to each class.

The fair value of performance shares has been determined with reference to the company's last trading price before executing a binding heads of agreement to acquire TV2U Worldwide Pty Ltd and is based on probability of each milestone being achieved as determined by the Directors.

For further details on performance shares and milestones, refer to section 15.4 of the Prospectus

**NOTE 10: ACCUMULATED LOSSES**

	<b>Galicia Energy Corporation Limited Audited 30 Jun 15 \$</b>	<b>TV2U Worldwide Pty Ltd Reviewed 30 Jun 15 \$</b>	<b>Pro Forma After Issue \$</b>
<b>Accumulated losses</b>	<b>(26,494,621)</b>	<b>(691,727)</b>	<b>(45,770,200)</b>
Galicia Energy Corporation Limited Audited balance at 30 June 2015			(26,494,621)
TV2U Worldwide Pty Ltd Reviewed balance at 30 June 2015			(691,727)
<i>Subsequent events (Galicia Energy Corporation Limited):</i>			
Shares issued under Director Share Plan in lieu of Director fees			(5,000)
Post year end expenditure in relation to the TV2U project			(1,575,523)
<i>Adjustment arising in the preparation of the pro forma accumulated losses balance are summarised as follows:</i>			
Writedown of investment on consolidation of TV2U Worldwide Pty Ltd			(15,528,571)
Sign-on bonus to Nicholas Fitzgerald			(150,000)
Shares issued in lieu of settlement of convertible note liabilities			(1,580,363)
Reversal of provision for decommissioning liability on disposal of exploration assets			255,605
<b>Pro Forma balance</b>			<b>(45,770,200)</b>

**NOTE 11: OPTIONS**

No Options will be issued to Directors and Brokers as part of services provided in the relation to the Prospectus.

Up to 50 million Options will be issued to convertible note holders upon conversion of convertible notes to fully paid ordinary shares. The Options have an option issue price of \$0.0001 and will be exercisable at \$0.03 on or before 31 December 2018.

As at the date of this report 7,882,362 (3,941,181 post 1:2 consolidation) Options were on issue exercisable on or before 29 February 2016 at an exercise price of \$0.17 each (\$0.34 post 1:2 consolidation).

**NOTE 12: RELATED PARTY DISCLOSURES**

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

The Directors of the Company at the date of this report are Peter Wall, Faldi Ismail and Igor Soshinsky.

Directors' holdings of Shares, Directors' remuneration and other Directors' interests are set out in sections 10 of the Prospectus.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

As stipulated in section 5 of this report in relation to the Acquisition, the Company has agreed to allot and issue of 517,857,143 Performances Shares of the Company as Deferred Consideration Shares upon fulfilment of certain performance milestones in relation to TV2U acquisition. Refer to section 15.4 of the Prospectus for details.

At the date of the Report there are no material commitments or contingent liabilities that we are aware of other than those disclosed in the Prospectus.



**Contact:** John King  
**Principal/Associate:** John King

3 November 2015

The Board of Directors  
Galicia Energy Corporation Ltd  
C/- Grange Consulting Group Pty Ltd  
945 Wellington Street  
WEST PERTH WA 6005

Dear Sirs

**Intellectual Property Report**  
**Tara IP Limited**  
**Our ref:** 261123

This Report has been prepared for inclusion in a Prospectus to be issued by Galicia Energy Corporation Limited (GAL).

We have been informed that GAL proposes to acquire TV2U Worldwide Pty Ltd (TV2U), and that the acquisition includes an IP portfolio. The IP portfolio comprises certain patent applications, and we have been requested to report on the status of those patent applications.

The patent applications are in the name of Tara IP Limited.

## 1.0 Contents

Section 2.0 sets out a brief overview of the patent portfolio of Tara IP Limited, and the basis of the summary of the status of the patent applications referred to in this Report.

Section 3.0 provides general comments on patent protection, patent procedures, and requirements for patentability.

Section 4.0 provides general comments regarding potential limitations of patent protection.

Section 5.0 provides a summary of the status of the patent applications referred to in this Report.

Section 6.0 provides a disclaimer and describes limitations of this Report.

Section 7.0 provides a statement of independence regarding preparation of this Report.

## 2.0 Overview

We have been provided with copies of various documents relating to acquisition by GAL of TV2U, including an IP portfolio.

The IP portfolio includes certain patent applications in the name of Tara IP Limited, upon which we have been requested to report.

The patent applications have not been handled by us or on our instructions.

Accordingly, we have relied upon other sources in providing this Report. In particular, we have relied upon information provided by GAL, as well as information publicly accessible over the internet through a public database (AUSPAT) made available by IP Australia, the Australian government agency responsible for patents.

## 2.1 Patent Applications

The IP portfolio comprises the following provisional patent applications:

Application Number	Filing Date	Applicant	Applicant's Reference
2015900111	16 January 2015	Tara IP Limited	iVANEDGE
2015900116	16 January 2015	Tara IP Limited	iVANCMS
2015900115	16 January 2015	Tara IP Limited	iVANVIDEOENCODER
2015900112	16 January 2015	Tara IP Limited	iVANORIGIN
2015900118	16 January 2015	Tara IP Limited	iVANADVERTISING
2015900117	16 January 2015	Tara IP Limited	iVANSOCIAL

2015900114	16 January 2015	Tara IP Limited	iVANMAGIC
2015900113	16 January 2015	Tara IP Limited	iVANCOMPLETE
2015901658	7 May 2015	Tara IP Limited	iVANTRACK

Particulars of these provisional patent applications have been provided by GAL. We have confirmed the existence of the provisional patent applications and the filing particulars (that is, the application numbers and filing dates) by accessing AUSPAT, the public database made available by IP Australia.

Each of the provisional patent applications will automatically become abandoned when its pendency period expires 12 months after the provisional application filing date, as explained in more detail in Section 3.0 below. In order to pursue patent protection for the respective invention covered by each provisional patent application, it is necessary to advance to the next stage of the patenting process within the 12 month pendency period of the provisional application, claiming the benefit of the filing date of the provisional patent application.

### **3.0 Patent Protection, Patent Procedures and Requirements for Patentability**

Patent rights constitute an important component of intellectual property, and provide a statutory monopoly for new (novel), non-obvious (inventive) and useful inventions for a limited period. Patents may be granted in respect of new or improved products, compositions and processes in almost all areas of current scientific, commercial and industrial activities.

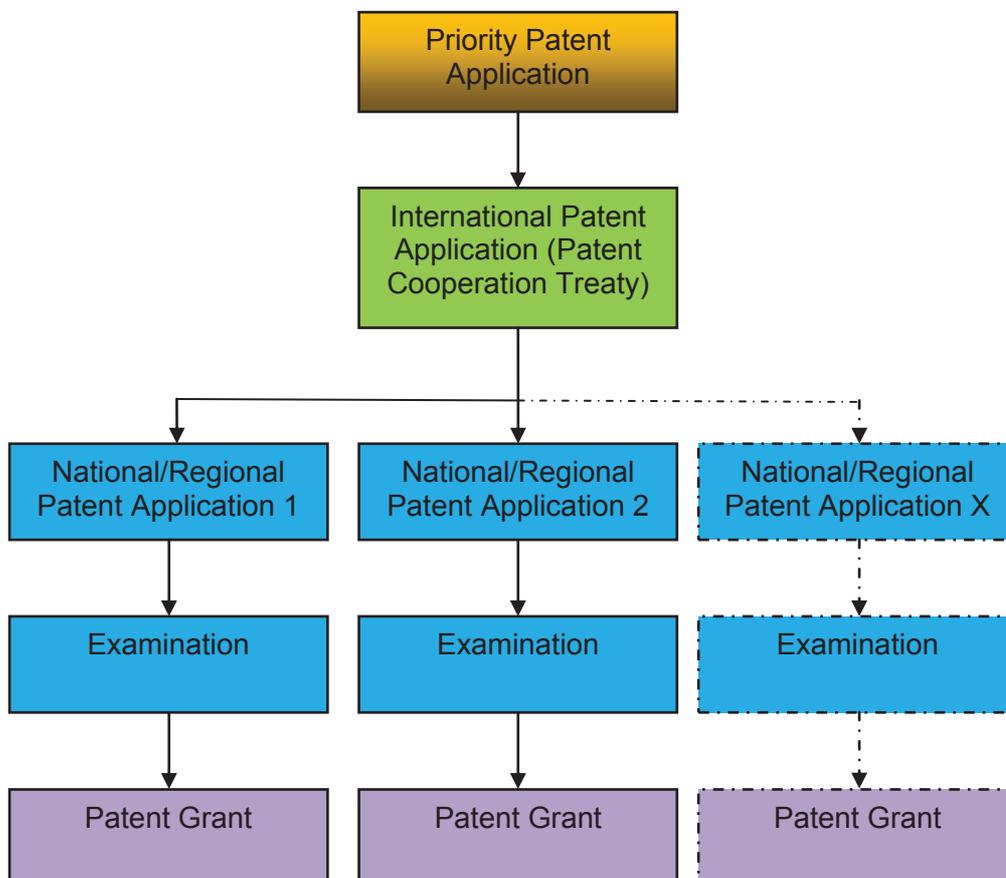
Patent rights are essentially national rather than trans-national and a patent must be obtained in each country where protection of an invention is required. A fundamental requirement of the patent system is that the invention be 'new' at the time of lodging a patent application. Newness in this sense is judged in relation to what was publicly known or used at the date of the application. Another requirement is for a distinct inventive advance over what was previously known. This means that valid patent protection cannot be obtained for trivial or obvious developments. A further requirement is that the invention must be suitable subject matter for a patent. For example, patent protection for computer implemented and so called "business method" inventions may be difficult to obtain.

In the present case, the patenting strategy is driven from Australia, having been initiated by filing of the various provisional patent applications in Australia. Accordingly, set out below is a broad outline of patent procedures with this focus.

Pursuant to an international arrangement known as the Paris Convention, the filing of an initial patent application (such as a provisional patent application) in Australia establishes a priority date for the invention in Australia and all other countries that are a party to this Convention, including countries such as the United States, Canada, New Zealand, Europe and Japan.

The flow chart below generally sets out the major steps involved in obtaining a patent in Australia and other countries in respect of an invention.

In the present case, the provisional patent applications each constitute the priority patent application referred to in the flow chart below.



The usual steps towards obtaining a patent in Australia and other countries in respect of an invention begin by the filing of a priority patent application accompanied by a patent specification. The filing of a priority application establishes the priority date in respect of the invention disclosed in the accompanying specification.

Typically, for Australian inventions, the priority application is a provisional patent application accompanied by a provisional patent specification.

Within twelve months from the date of the filing of the provisional application, a complete application must be lodged otherwise the provisional application, which remains pending for only one year, lapses, along with the priority date set thereby. Thus, if no complete application is filed within one year of the provisional application, the priority date is no longer valid. The complete patent application is accompanied by a complete patent specification including a set of claims defining the invention and the scope of protection being sought.

Within the one year pendency of the provisional application, in order to obtain protection in other countries, the applicant may file separate national patent applications in each of the countries in which protection is required. Alternatively, the applicant may file a single International application under the provisions of the Patent Cooperation Treaty (generally referred to as a 'PCT' application or an 'International' application) in which it is possible to designate countries or regions in which protection is required. The International application itself does not mature into a worldwide patent, but at the end of the international phase, generally 30 or 31 months from the priority date, steps can be taken to file the application in any or all of the countries or regions designated in the original International application.

Regional patent applications, such as a European regional application, may also be filed. A European application may designate any or all countries that are a party to the European Patent Convention. A European patent application may also be extended to certain other jurisdictions including those that are not full signatories to the European Patent Convention. The European patent application is processed centrally and in a single language and, if ultimately successful, can mature into a granted European patent, which must then be validated in each country in which protection is sought, some of which require translation into that country's native language. The term 'European patent' thus constitutes a bundle of national patent rights, each of which can be enforced separately through national Courts.

In most countries, a patent application is subjected to examination for novelty and obviousness, and other requirements, before a patent is granted. Typically, during the

examination stage an Examiner will conduct a search for prior art documents relevant to the novelty and inventiveness of the invention the subject of the application and raise objections as deemed appropriate on the basis of the search results. An opportunity is provided to overcome any objections raised by the Examiner, typically by filing arguments and/or allowable amendments to the claims of the specification.

An examination stage also occurs as part of the international phase of a PCT application, resulting in opinion on whether the subject invention is patentable. Whilst the opinion is non-binding, it is used by the Patent Offices of most countries as a guide during subsequent examination of the national/regional phase patent applications.

In Australia and most other countries, patent rights may be kept in force for a period of up to 20 years from the date of filing of the complete application on which the patent is granted, upon payment of regular renewal fees, and while the patent is in force the owner has the exclusive right to exploit the invention.

#### **4.0 Potential Limitations of Patent Protection**

There can be no assurance that each of the patent applications upon which we have been requested to report will result in the grant of a patent, or that the scope of protection provided by any granted patent will be identical to the scope of the application as originally filed or currently pending. In particular, it is important to note that the patent applications are provisional patent applications only and that no patent rights have yet been granted.

Each provisional patent application will automatically become abandoned when its pendency period expires 12 months after the provisional application filing date, as explained above. In order to continue to pursue patent protection, it will be necessary to advance the various provisional patent applications to the next stage within 12 months of the provisional application filing date.

Furthermore, the scope of protection provided by any patent ultimately granted in one jurisdiction may differ from that provided by a patent ultimately granted in another jurisdiction, due to differences in examination and scope of available protection. Additionally, in many countries, an opportunity is provided for third parties to oppose the grant of a patent application either prior to it proceeding to grant or shortly thereafter.

It should be noted that the grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid then the patent is unenforceable. For example, relevant prior disclosures may be discovered that were not raised during examination, which may limit the scope of patent protection sought, perhaps to a very narrow field.

Further, it should also be noted that the granting of a patent does not guarantee that the patentee has freedom to operate the invention claimed in the patent. It may be that working of a patented invention is prevented by the existence of another patent.

## 5.0 The Patent Applications

This Report summarises the status of the patent applications upon which we have been requested to report and which are in the name of TARA IP LIMITED.

The patent applications are in the form of provisional patent applications, all filed on 16 January 2015, apart from provisional patent application 2015901658 filed on 7 May 2015.

In order to continue to pursue patent protection, it will be necessary to advance the various provisional patent applications to the next stage within 12 months of the provisional application filing date; that is, by 16 January 2016 and 7 May 2016 respectively. In each case, the next stage would typically involve a further patent application(s), incorporating all of the subject-matter of the present provisional application, or alternatively particular subject-matter of interest, and potentially also additional subject-matter.

In various documents provided to us, the patent applications are presented in two parts, referred to as Part A and Part B, as follows:

### Part A

Application Number	Filing Date	Applicant	Applicant's Reference
2015900111	16 January 2015	Tara IP Limited	iVANEDGE
2015900116	16 January 2015	Tara IP Limited	iVANCMS
2015900115	16 January 2015	Tara IP Limited	iVANVIDEOENCODER
2015900112	16 January 2015	Tara IP Limited	iVANORIGIN

## Part B

Application Number	Filing Date	Applicant	Applicant's Reference
2015900118	16 January 2015	Tara IP Limited	iVANADVERTISING
2015900117	16 January 2015	Tara IP Limited	iVANSOCIAL
2015900114	16 January 2015	Tara IP Limited	iVANMAGIC
2015900113	16 January 2015	Tara IP Limited	iVANCOMPLETE
2015901658	7 May 2015	Tara IP Limited	iVANTRACK

We have been provided with copies of various assignment and licence documents which purport to provide TV2U with an exclusive license to exploit the technology which is the subject of the Part A and B patent applications.

These assignment and licence documents comprise the following:

- a) An assignment deed dated 23 June 2015, purporting to assign the Part A patent applications to TV2U SINGAPORE PTE LTD.
- b) An assignment deed dated 23 June 2015, purporting to assign the Part B applications to TALICO TECHNOLOGIES PTE LTD.
- c) An IP licence deed dated 23 June 2015, purporting to grant an exclusive licence in respect of the Part B patent applications from TALICO TECHNOLOGIES PTE LTD to TV2U SINGAPORE PTE LTD.
- d) A further IP licence deed dated 23 June 2015, purporting to grant an exclusive licence in respect of the Part A and Part B patent applications from TV2U SINGAPORE PTE LTD to TV2U.

## 6.0 Disclaimer and Limitations

This Report is not to be construed as a legal opinion as to the registrability of patent

applications. It should also be appreciated that the Report is not a validity opinion. No conclusions on validity based on the Report should be made. Moreover, the Report does not provide any guarantee that the subject inventions may be commercially exploited without risk of infringement of earlier rights.

## **6.1 Patent Disclaimer**

### *No Patent Right Yet Granted*

The patent applications referred to in this Report are provisional patent applications only. No patent rights have yet been granted.

Each provisional patent application will automatically become abandoned when its pendency period expires 12 months after the provisional application filing date.

In order to pursue patent protection for the respective invention covered by each provisional patent application, it is necessary to advance to the next stage of the patenting process within the 12 month pendency period of the provisional application, claiming the benefit of the filing date of the provisional patent application.

There is no certainty that patent rights will ultimately be granted if any or all of the provisional applications are advanced to the next stage and patent protection pursued.

### *Examination Reports in One Country Not Binding In Other Countries*

In most countries, patent applications undergo an independent search and examination by the local Patent Office, the results of which are not binding in other jurisdictions. Similarly, international PCT search and examination reports are not binding on national patent applications during subsequent examination in the national phase. Such reports should therefore be regarded as indicative only and not determinative of patentability. It should also be appreciated that the grant of a patent in one country provides no guarantee that patents will be granted in other jurisdictions.

### *Scope of Claims May Vary during Examination*

It is often necessary during the examination of a patent application to define the invention more specifically by amendment of the claims, so as to distinguish relevant prior art. As a

result of this process, there may be variations in the claims between countries, reflecting in part the different examination procedures and threshold requirements for patentability, according to national laws. Whilst this is a relatively standard procedure, in certain circumstances, such amendments may affect the scope and hence the commercial significance of the resultant patent protection.

#### *Grant of Patent Provides No Guarantee of Validity*

A granted patent provides no guarantee of validity. In most jurisdictions, a patent application undergoes a substantive examination process before proceeding to grant which confers an initial presumption of validity. However, the validity of a patent may be challenged at any time after grant, by way of revocation proceedings filed in a Court of competent jurisdiction.

#### *Grant of Patent Provides No Guarantee of Non-Infringement*

The grant of a patent provides no guarantee that the patentee is entitled to commercially exploit the patented invention, since the working of an invention, even if validly patented, may infringe an earlier patent or other intellectual property rights.

### **7.0 Statement of Independence**

Wrays, established in 1920, is a national patent and trade mark attorney practice, representing a significant number of Australia's largest businesses, in addition to numerous international and multinational clients.

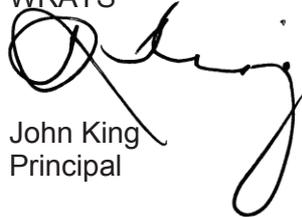
This is an independent report. When considering this Report, it should be noted that:

- a) This Report is limited to reporting on the status of the subject patent applications, and does not extend to anything else.
- b) The involvement of Wrays in the preparation of the Information Memorandum is limited solely to the preparation of this Report.
- c) Wrays have had no involvement whatsoever in handling and providing instructions in relation to the patent applications referred to in this Report.

- d) Wrays and the writer have no interest in GAL. However, Wrays will be paid normal commercial fees for the preparation of this Report.
  
- e) The giving of our consent to the inclusion of this Report in the Prospectus should not be taken as an endorsement by Wrays of GAL or the technologies covered by the patent applications which are the subject of the Report, nor a recommendation by Wrays of the merits of any investment in GAL.
  
- f) Wrays gives no assurance or guarantee whatsoever in respect of the future success or financial returns associated with the acquiring the shares being offered pursuant to this Information Memorandum.

We have given our consent to the issue of the Prospectus with this Report appearing therein.

Yours sincerely  
WRAYS

A handwritten signature in black ink, appearing to read 'John King', written over the typed name and title.

John King  
Principal

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## 13. CORPORATE GOVERNANCE

### 13.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations.

#### **CORPORATE GOVERNANCE STATEMENT**

The Board is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the Shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company has adopted and seeks to comply with the Recommendations. This Section 13 incorporates the disclosures required by the Recommendations under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

Further information on the Company's corporate governance policies and practices can be found on the Company's website at [www.galiciaenergy.com](http://www.galiciaenergy.com).

#### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

**Recommendation 1.1:** A listed entity should disclose:

- (a) The respective roles and responsibilities of its board and management; and
- (b) Those matters expressly reserved to the board and those delegated to management.

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals, monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The responsibility for the operation and administration of the Company is delegated by the Board to the Managing Director / CEO and management

team. The Board ensures that both the Managing Director / CEO and the management team are appropriately qualified and experienced to discharge their responsibilities and have procedures in place to monitor and assess their performance. The management team are responsible for supporting and assisting the Managing Director / CEO to conduct the general operations and financial business of the Company in accordance with the delegated authority of the Board and to progress the strategic direction provided by the Board.

**Recommendation 1.2:** A listed entity should:

- (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- (b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company is currently not of a relevant size that justifies the formation of a separate Remuneration and Nomination Committee. Matters typically dealt with by such a Committee are dealt with by the Board of Directors. The Board is responsible for conducting the appropriate checks prior to the appointment of a person as a director of the Company or prior to putting forward to security holders a new candidate for election as a director. Checks undertaken may include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Material information relevant to a decision on whether or not to elect or re-elect a director is provided to security holders in all notices of meeting which contain director election or re-election resolutions.

**Recommendation 1.3:** A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Appointment terms of the Company's directors and senior executives are summarised in written agreements.

**Recommendation 1.4:** The company secretary of a listed entity should be accountable to the board through the chair, on all matters to do with the proper functioning of the board.

The company secretary is accountable to the Board through the chair, ensuring the Board receives adequate support to function properly.

**Recommendation 1.5:** A listed entity should:

- (a) Have a diversity policy in place which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- (b) Disclose that policy or a summary of it; and
- (c) Disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
  - (1) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation

(including how the entity has defined “senior executive” for these purposes; or

- (2) If the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators,” as defined in and published under that Act.

The Company has adopted a diversity policy which can be viewed on its website. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity.

The Diversity Policy outlines the requirements for the Board to develop objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. To assist in fostering diversity, the policy includes the requirement for the Company to take diversity of background into account (in addition to candidates’ skills and experience in a variety of the specified fields) when selecting new directors, senior management and employees.

The Board is responsible for monitoring the Company’s performance in meeting the Diversity Policy requirements and achieving these objectives in the future as director and senior executive positions become vacant and appropriately qualified candidates become available.

Other than as described above, the Company has not yet set measurable objectives for achieving gender diversity. The Company is currently not of a size that justifies the establishment of measurable diversity objectives. As the Company develops, the Board will seek to develop a reporting framework in the future to report the Company’s progress against the objectives and strategies for achieving a diverse workplace which can be used as a guide to be used by the Company to identify new Directors, senior executives and employees.

An executive office holding below Board level, being the position of company secretary and financial accountant, is held by a female contractor to the Company.

Full details of the Company’s Diversity Policy can be found on the Corporate Governance page of the Company’s website [www.galiciaenergy.com.au](http://www.galiciaenergy.com.au)

**Recommendation 1.6:** A listed entity should:

- (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board has developed an informal process for performance evaluation whereby the performance of all Directors is reviewed regularly by the Chair. The Board as a whole may then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board as a whole. The Chair of the Board may also meet individually with each Board member to discuss their performance. Non-executive Directors may also meet to discuss the performance of the Chair or the Managing Director / CEO. Directors whose performance is consistently unsatisfactory may be asked to retire.

**Recommendation 1.7:** A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

An informal assessment of progress is carried out throughout the year. The Board as a whole may then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board as a whole. The Chair of the Board may also meet individually with each Executive Director to discuss their performance. Executive Directors whose performance is consistently unsatisfactory may be asked to retire.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

**Recommendation 2.1:** The board of a listed entity should:

- (a) Have a nomination committee which:
  - (1) Has at least three members, a majority of whom are independent directors; and
  - (2) Is chaired by an independent director,
  - (3) and disclose:
    - (4) The charter of the committee;
    - (5) The members of the committee; and
    - (6) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board is currently not of a relevant size that justifies the formation of a separate Nomination Committee. Matters typically dealt with by such a committee detailed in a separate charter which describes its role, composition, functions and responsibilities, are dealt with by the Board. A copy of the charter is set out on the Company's website.

The Board oversees the appointment and induction process for directors and the selection, appointment and succession planning process of the Company's Managing Director / CEO, where relevant. When a vacancy exists or there is a need for a particular skill, the Board, determines the selection criteria that will be applied. The Board will then identify suitable candidates, with assistance from

an external consultant if required, and will interview and assess the selected candidates. Directors are initially appointed by the Board and must stand for re-election at the Company's next annual general meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years with the exception of the Managing Director / CEO.

**Recommendation 2.2:** A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Given the current size and stage of development of the Company, the Board has not yet established a formal board skills matrix. Gaps in the collective skills of the Board are regularly reviewed by the Board as a whole, with the Board proposing candidates for directorships having regard to the desired skills and experience required by the Company as well as the proposed candidates' diversity of background.

**Recommendation 2.3:** A listed entity should disclose:

- (a) The names of the directors considered by the board to be independent directors;
- (b) If a director has an interest, position, association or relationship that might cause doubts about their independence as a director but the board is of the opinion that their independence isn't compromised, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) The length of service of each director.

Upon completion of the Transaction, the Board will consist of two Non-Executive Directors, one of whom will be considered independent. The Board has considered the guidance to Principle 2 and in particular the relationships affecting independent status. In its assessment of independence, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when evaluating independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

Mr Wall has a material contractual relationship with the Company other than as a Director. Mr Wall is a Partner of Steinepreis Paganin Lawyers and Consultants, and this partnership provides material professional advice to the Company via contractual engagements. Under these contracts, Steinepreis Paganin provide ongoing legal advice and services to the Company.

Upon completion of the Transaction, Mr Ismail will be the sole independent Director.

Details of each Director's background including experience, knowledge and skills are set out in Section 10.1.

**Recommendation 2.4:** A majority of the board of a listed entity should be independent directors.

Upon completion of the Transaction, the Board will not comprise of a majority of independent Directors. The Board's composition upon completion of the Transaction will include two Non-Executive Directors, one of whom will be considered independent. This will be reviewed as the Company develops.

**Recommendation 2.5:** The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairman, Mr Peter Wall is not independent, however the Board considers Mr Wall's wide commercial and technical experience will assist the Company in meeting its corporate objectives.

**Recommendation 2.6:** A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board is responsible for conducting new director inductions. The process for this is outlined in 2.1 above. Professional development opportunities are considered on an individual director basis, with opportunities provided to individual directors where appropriate.

### **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

A listed entity should act ethically and responsibly.

**Recommendation 3.1:** A listed entity should:

- (a) Have a code of conduct for its directors, senior executives and employees; and
- (b) Disclose that code or a summary of it.

The Company recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company has established a Code of Conduct which can be viewed on its website. Unethical practices, including fraud, legal and regulatory breaches and policy breaches are required to be reported on a timely basis to management.

#### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

**Recommendation 4.1:** The board of a listed entity should:

- (a) Have an audit committee which:
  - (1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - (2) Is chaired by an independent director, who is not the chair of the board, and disclose:
  - (3) The charter of the committee;
  - (4) The relevant qualifications and experience of the members of the committee; and
  - (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Directors do not view that the size of the Company warrants a separate Audit Committee. All matters that might properly be dealt with by the Audit & Risk Committee are dealt with by the full Board. The Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional directors for the sole purpose of satisfying this recommendation as it would be cost prohibitive and counterproductive.

As the operations of the Company develop, the Board will reassess the formation of an Audit Committee.

The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter, which discloses its specific responsibilities, and processes for safeguarding the integrity of its corporate reporting. The Charter for this committee is disclosed on the Company's website.

**Recommendation 4.2:** The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial

position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In accordance with Recommendation 4.2 and Section 295A of the Corporations Act 2001 the Board receives a signed declaration from the CFO and Managing Director prior to the approval of the Company's financial statements.

**Recommendation 4.3:** A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer any questions from security holders relevant to the audit.

The Company welcomes the attendance of its auditor at its Annual General Meeting.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

**Recommendation 5.1:** A listed entity should:

- (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) Disclose that policy or a summary of it.

The Company has established policies and procedures to ensure timely disclosure of all material matters and ensure that investors have access to information on financial performance. This ensures the Company is compliant with the information disclosure requirements under the ASX Listing Rules. The policies and procedures include a Continuous Disclosure Policy that includes identification of matters that may have a material impact on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Company's website and issuing media releases.

Matters involving potential market sensitive information must first be reported to the Managing Director either directly or via the Company Secretary. The Managing Director will advise the Board if the issue is important enough and if necessary seek external advice. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Company to comply with the Information Disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, either the Managing Director or Company Secretary will disclose the information to the relevant authorities, being the only authorised officers of the Company who are able to disclose such information. Board approval is required for market sensitive information such as financial results and material transactions.

A copy of the Continuous Disclosure Policy is available on the Company's website. The Board receives regular reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at Board meetings.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

**Recommendation 6.1:** A listed entity should provide information about itself and its governance to investors via its website.

In line with adherence to the continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Half Yearly Report, Quarterly Reports, the Company website and the distributions of specific releases covering major transactions and events or other price sensitive information.

The Company values its relationship with shareholders and understands the importance of communication with them in accordance with the requirements of the ASX. To keep shareholders informed, the Company maintains a website at [www.galiciaenergy.com](http://www.galiciaenergy.com).

**Recommendation 6.2:** A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has formulated a Security Holder Communication Policy which can be viewed on the Company's website.

**Recommendation 6.3:** A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company's Security Holder Communication Policy addresses security holder attendance at Security Holder Meetings.

**Recommendation 6.4:** A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company encourages the use of electronic communication and offers Security Holders the option to receive and send electronic communication to the Company and its share registry where possible.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

**Recommendation 7.1:** The board of a listed entity should:

- (a) Have a committee or committees to oversee risk, each of which:
  - (1) Has at least three members, a majority of whom are independent directors; and
  - (2) Is chaired by an independent director, and disclose:
  - (3) The charter of the committee;

- (4) The members of the committee; and
  - (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Directors do not view that the size of the Company warrants a separate Risk Committee. All matters that might properly be dealt with by the Risk Committee are dealt with by the full Board. The Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional directors for the sole purpose of satisfying this recommendation as it would be cost prohibitive and counterproductive.

The Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.

Major risk categories reported include operational risk, environmental risk, sustainability, statutory reporting and compliance, financial risks (including financial reporting, treasury, information technology and taxation), and market related risks.

The Company's Corporate Governance Plan includes a Risk Management Policy. This can be viewed on the Company website.

**Recommendation 7.2:** The board or a committee of the board should:

- (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) Disclose, in relation to each reporting period, whether such a review has taken place.

The Boards responsible for reviewing the Company's risk management framework. Risk framework reviews may occur more or less frequently than annually as necessitated by changes in the Company and its operating environment.

A risk framework review did not take place during the financial year ended 30 June 2015.

A risk framework review is expected to be performed during the Company's financial year ending 30 June 2016.

**Recommendation 7.3:** A listed entity should disclose:

- (a) If it has an internal audit function, how the function is structured and what role it performs; or

- (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk and internal control processes.

Given the Company's size and current stage of development it does not have an internal audit function.

As set out in Recommendation 7.1, the Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.

**Recommendation 7.4:** A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Audit and Risk Committee Charter requires the Audit and Risk Committee (or in its absence the Board) to assist management to determine whether the Company has any material exposure to economic, environmental and social sustainability risks, and, if it does, how it manages or intends to manage those risks. The Company discloses this information in its Annual Report.

#### **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

**Recommendation 8.1:** The board of a listed entity should:

- (a) Have a remuneration committee which:
- (1) Has at least three members, a majority of whom are independent directors; and
  - (2) Is chaired by an independent director,
  - (3) and disclose:
  - (4) The charter of the committee;
  - (5) The members of the committee; and
  - (6) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

As previously stated in Principle 2, the Board is currently not of a relevant size that justifies the formation of a separate Remuneration & Nomination Committee. Matters typically dealt with by such a committee detailed in a separate charter including the processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is

appropriate and not excessive, are dealt with by the Board of Directors. A copy of the charter is set out on the Company website.

**Recommendation 8.2:** A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company's policies and practices regarding the remuneration of executive and non-executive directors and other senior executives are disclosed in the Company's Annual Report.

**Recommendation 8.3:** A listed entity which has an equity-based compensation remuneration scheme should:

- (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) Disclose that policy or a summary of it.

The Company has adopted a Director Share Plan whereby Shares may be issued to Non-Executive Directors in lieu of Directors fees owing. A summary of the Director Share Plan is disclosed in the Company's Annual Report.

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## 14. MATERIAL CONTRACTS

This Section sets out a summary of the material agreements to which the Company and/or TV2U (or its subsidiaries) are party.

### 14.1 TV2U Commercial Agreements

As at the date of this Prospectus, TV2U has rights in respect of the following key commercial agreements:

(a) **HUMAX Letter of Intent**

HUMAX Pty Ltd (**Humax**) and TV2U Singapore (by assignment from TV2U Global Ltd) signed a letter of intent to agree formal terms by which Humax will provide access to its OTT and set-top box services to enable TV2U Singapore to provide its interactive premium television services via the Humax product line. TV2U Singapore will provide the headend infrastructure and delivery platform and the parties will agree a subscription based revenue sharing model.

Humax is a global leading gateway provider, delivering digital set-top boxes, DVR, video gateway and broadband gateway to over 80 countries with 20 overseas offices and 12 manufacturing plants.

It is intention of the parties that TV2U Singapore's products and service offering will be rolled out across the entire Humax set-top box range. Existing hardware will receive a firmware update to introduce TV2U technology to the current user interface, while the streaming service will be included as standard for all future Humax set-top boxes. In both cases, it is the intention that TV2U Singapore technology will be embedded into the electronic programming guide, providing easy access to new content including subscription-based, on demand and user generated video.

(b) **Akamai Letter of Intent**

Akamai Technologies, Inc. (**Akamai**) and TV2U Singapore signed a letter of intent to form a strategic partnership and agree terms by which TV2U will make its digital content and services available to Akamai's customers through technical integration with Akamai's Predictive Video Over Cellular (**PVOC**) programmes.

Akamai is a global leader in Content Delivery Network services with a market capitalisation of US\$13 billion.

It is the intention of the parties that TV2U Singapore's analytics technology will enhance Akamai's PVOC programme by adding the ability to accurately analyse consumer usage and profiles. TV2U Singapore's analytics will also enable targeted advertising by providing accurate profiling using historical and real-time consumption habits, demographic characteristics and consumer location. The parties intend to co-sell their combined solution to mobile operators.

(c) **Stereoscope Terms Sheet**

Stereoscope Cloud (China) Limited (**Stereoscope**) and TARA Singapore Pte Ltd (a wholly owned subsidiary of TV2U) (**TARA Singapore**) signed a terms sheet pursuant to which the parties will agree to form a joint

venture pursuant to provide interactive OTT premium national television services and interactive shopping facilities in China. TARA Singapore will provide equipment, software licences, technical and management support services and rights to use digital content in specified Asian countries for the purposes of Stereoscope's proposed OTT interactive television, shopping and gaming streaming services.

(d) **PGAS Telekomunikasi Memorandum of Understanding**

PT PGAS Telekomunikasi (**PGAS**) and TV2U Singapore (by assignment from TV2U Pty Ltd) signed a memorandum of understanding to agree formal terms by which TV2U Singapore will provide to PGAS access to its technology and services for the broadcast industry in Indonesia.

PGAS is a global provider of network telecommunications.

(e) **Indosat Letter of Intent**

PT Indosat Tbk (**Indosat**) and TV2U Singapore (by assignment from TV2U Global Ltd) signed a letter of intent to agree formal terms by which TV2U Singapore will provide to Indosat an interactive OTT premium national television service in Indonesia and Indosat will provide access to its customers across multiple consumer devices. TV2U Singapore will provide the headend infrastructure and delivery platform and the parties will agree to a subscription and advertising based revenue sharing model.

Indosat is one of the largest telecommunication networks and services providers in Indonesia.

(f) **Sunfly Terms Sheet**

Sunfly and TARA Singapore signed a terms sheet pursuant to which Sunfly has agreed to license and provide to TARA Singapore the right to use digital content consisting of karaoke songs and accompanying music videos to be used in TV2U's "Jukebox" application and other platforms. The parties have agreed a revenue sharing model and intend to enter into a full agreement to formalise the relationship for an initial minimum term of three years.

Sunfly is a provider of karaoke content in the UK and Europe.

(g) **Vubiquity Carriage and Services Agreement**

TV2U Singapore has entered into an agreement with Vubiquity Management Limited (**Vubiquity**) pursuant to which Vubiquity will provide VOD content rights to TV2U Singapore, including premium movies from major Hollywood studios and content from major US and European television networks.

TV2U will initially have the right to distribute and market the VOD content provided by Vubiquity in the United Kingdom, Australia, Indonesia, the United Arab Emirates, Qatar, Oman and Kuwait.

## 14.2 Acquisition Agreement

The key terms of the Acquisition Agreement pursuant to which the Company agreed to acquire 100% of the issued capital in TV2U are as follows:

- (a) **Option:** The TV2U shareholders granted the Company an option to acquire 100% of the issued shares (ordinary shares and performance shares) in TV2U free from encumbrances for an option fee of \$10. The option was exercised by the Company on 31 July 2015.
- (b) **Consideration:** On completion of the Transaction, the Company will issue:
- (i) up to 357,142,857 Shares; and
  - (ii) up to 517,857,143 Performance Shares, comprising:
    - (A) 89,285,715 Class A Performance Shares;
    - (B) 107,142,857 Class B Performance Shares;
    - (C) 142,857,143 Class C Performance Shares; and
    - (D) 178,571,429 Class D Performance Shares,

in consideration for the acquisition of TV2U.

The Performance Shares will be issued in exchange for each relevant class of performance shares on in issue in TV2U. The terms and conditions of the Performance Shares are set out in Section 15.3.

- (c) **Conditions Precedent:** The Transaction is subject to satisfaction of certain conditions precedent, including:
- (i) completion of due diligence by the Company on TV2U's business, assets, operations, financial position, financial performance and any further matters relevant to TV2U, to the satisfaction of the Company;
  - (ii) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Transaction, including approval for the issue of the Consideration Securities to the TV2U shareholders;
  - (iii) the Company lodging a prospectus with the ASIC and raising a minimum of \$4,000,000 through the issue of Shares at a price of not less than \$0.02 each;
  - (iv) the Company completing the consolidation of its issued capital on the basis that every two (2) Securities on issue be consolidated into one (1) Security;
  - (v) the Company and TV2U obtaining all necessary regulatory approvals as are required to complete the matters set out in the Acquisition Agreement; and
  - (vi) each TV2U shareholder entering into a restriction agreement as required by ASX in respect of the Consideration Shares,

(together the **Conditions Precedent**).

- (d) **Other terms:** The Acquisition Agreement contains other terms considered standard for an agreement of this nature, including representations, warranties and conditions.

### 14.3 Loan Agreement

In connection with the Acquisition Agreement, the Company and TV2U entered into a loan agreement on 2 June 2015 pursuant to which the Company advanced to TV2U a loan of \$1,000,000 which was increased to \$1,250,000 (the **Loan**) by an amendment signed in October 2015 (**Loan Agreement**). The material terms of the Loan Agreement are as follows:

- (a) **Interest:** The Loan is interest free unless there is an event of default, in which case interest shall accrue at a rate of 10% per annum from the date of advance of each tranche of the Loan.
- (b) **Repayment:** In the event of default or if the TV2U Acquisition does not complete, any amounts borrowed under the Loan Agreement are, at the Company's election, to be repaid to the Company on the date which is six months from the first draw down of the Loan or converted into TV2U ordinary shares based on a pre-money valuation of \$5,000,000.
- (c) **Security:** The Loan is secured by a first ranking fixed and floating charge over all the present and future assets of TV2U and TV2U Singapore.
- (d) **Other terms:** The Loan Agreement contains representations, warranties, events of default and other terms considered standard for an agreement of this nature.

### 14.4 Acquisition of Headend Assets

TV2U Singapore and TV2U Pty Ltd are party to an asset sale agreement pursuant to which TV2U Singapore agreed to buy, and TV2U Pty Ltd agreed to sell, certain headend, hardware, middleware and software assets relating to the TV2U business, including title to the IVAN assets and related analytics (**Headend Sale Agreement**). The material terms of the Headend Sale Agreement are as follows:

- (a) **Transfer:** Completion of the transfer of title in and to the assets occurred simultaneously with the execution of the Headend Sale Agreement. Certain physical assets were delivered to TV2U Singapore in Kuala Lumpur.
- (b) **Consideration:** TV2U Singapore will pay to TV2U Pty Ltd \$300,000 in consideration for the purchase of the assets or such lesser amount permitted by ASX under the ASX Listing Rules. The purchase price will be paid on the date that the Company's shares are reinstated to trading on ASX following completion of the TV2U Acquisition.
- (c) **Other terms:** The Headend Sale Agreement contains other terms considered standard for an agreement of this nature, including warranties and confidentiality.

### 14.5 Convertible Note Agreements

TV2U (in its own right or by assignment from TV2U Global Limited) has entered into various convertible note agreements over the past 12 months to raise funds for its ongoing working capital and technology development expenditure

**(Convertible Note Agreement)**. The material terms and conditions of the Convertible Note Agreements are as follows:

- (a) **Face value:** As at the date of this Prospectus, TV2U has raised an aggregate of \$1,357,000 under the Convertible Note Agreements and has indicated its intention to raise up to a maximum of \$1,650,000 by the issue of additional Convertible Notes.
- (b) **Repayment and conversion terms:**
- (i) Convertible Notes representing \$300,000 are convertible into Shares in the Company in the amount equal to the value of the loan divided by the deemed issue price of \$0.01 per Share upon completion of the Transaction (**Tranche 1 Convertible Notes**). If conversion does not occur by 31 December 2017, the Tranche 1 Convertible Notes are repayable in full in cash;
  - (ii) Convertible Notes representing \$307,500 are repayable by TV2U in full in cash plus Shares in the Company in the amount equal to the value of the loan divided by the deemed issue price of \$0.014 per Share upon completion of the Transaction (**Tranche 2 Convertible Notes**). Of the Tranche 2 Convertible Notes, \$175,000 was repaid in June 2015 and the balance is repayable within 7 days of completion of the TV2U Acquisition;
  - (iii) Convertible Notes representing \$200,000 are repayable by TV2U in full in cash plus Shares in the Company in the amount equal to the value of the loan divided by the deemed issue price of \$0.014 per Share upon completion of the Transaction (**Tranche 3 Convertible Notes**). The repayment date of the Tranche 3 Convertible Notes was 13 September 2015. TV2U intends to repay the Tranche 3 Convertible Notes upon reinstatement to trading of Shares on ASX. TV2U has not received any notice of default from any holder of Tranche 3 Convertible Notes;
  - (iv) Convertible Notes representing \$42,500 are convertible into Shares in the Company in the amount equal to the value of the loan divided by the deemed issue price of \$0.014 per Share upon completion of the Transaction (**Tranche 4 Convertible Notes**). If conversion does not occur by 10 August 2017, the Tranche 4 Convertible Notes are repayable in full in cash; and
  - (v) Convertible Notes representing up to \$800,000 (which includes any amount raised by the issue of further Convertible Notes after the date of this Prospectus and prior to completion of the TV2U Acquisition) are convertible into Shares in the Company in the amount equal to the value of the loan divided by the deemed issue price equal to 80% of the issue price of Shares under the Public Offer together with one free Option for each Share issued (the Options having the terms set out in Section 15.3), with the loan accruing interest at 10% per annum, such interest to be repaid in cash or converted into Shares in the Company upon completion of the Transaction (**Tranche 5 Convertible Notes**). If conversion does not occur by 10 August 2017, the Tranche 5 Convertible Notes are repayable in full in cash.

- (c) **Securities in the Company:** The Convertible Note Agreements require TV2U to procure the issue by the Company of an aggregate of approximately 130,000,000 Shares (with the final number of Shares to be determined by the interest outstanding on the date of conversion) and 50,000,000 Options to the holders of the Convertible Notes. The Securities to be issued under the Convertible Note Agreements are offered to the holders of the Convertible Notes under this Prospectus pursuant to the Convertible Note Offer. Refer to Section 7.2 for further details.
- (d) **Interest:** Tranche 5 Convertible Notes bear interest at 10% per annum. Tranche 1, Tranche 2 and Tranche 4 Convertible Notes bear interest at 10% per annum only upon the occurrence of an event of default under the relevant Convertible Note Agreement. Tranche 3 Convertible Notes do not bear interest.
- (e) **Security:** The loans advanced under the Convertible Note Agreements are unsecured.
- (f) **Other terms:** The Convertible Note Agreements contain other terms considered standard for agreements of this nature, including warranties and events of default.

#### 14.6 Intellectual Property Agreements

TV2U has entered into the following key agreements relating to intellectual property rights:

- (a) **TV2U Singapore IP Assignment Deeds**

TARA IP Limited, TV2U Pty Ltd and Mr Fitzgerald were the original owners of certain materials, rights to patent applications, know-how, copyright in software and other intellectual property rights associated with the business of OTT and IPTV services operated by TV2U (**TV2U IP**).

By deeds of assignment executed in June and October 2015, TARA IP Limited, TV2U Pty Ltd and Mr Fitzgerald have assigned to TV2U Singapore 100% of their legal and beneficial rights in and to the TV2U IP.

- (b) **TV2U Singapore Licence Deed**

Talico Technologies Pte Ltd (the major shareholder of TV2U and an entity controlled by Mr Fitzgerald) (**Talico**) is the owner of certain materials, patent rights and intellectual property rights associated with the business activities of TV2U (**Talico IP**).

Talico has granted to TV2U Singapore an exclusive, irrevocable, royalty-free licence to use, exploit, develop, sub-licence and reproduce the Talico IP in the business of TV2U Singapore.

- (c) **TV2U Licence Deed**

All rights assigned and licensed to TV2U Singapore under the intellectual property agreements summarised above have been licensed by TV2U Singapore to TV2U for use in its business.

- (d) **Data Sharing Agreement**

TV2U Singapore has entered into a data sharing agreement with Talico pursuant to which TV2U Singapore has agreed to provide all customer data acquired or otherwise collated through the provision of the OTT and IPTV managed services to Talico.

#### 14.7 Consultancy Agreement – Mr Nick Fitzgerald

The Company has reached an in-principle agreement to engage Nick Fitzgerald as Chief Executive Officer of the Company. The terms of the in-principle agreement are as follows:

- (a) **Position and Term:** Nick Fitzgerald will be engaged as Chief Executive Officer of the Company with effect from completion of the TV2U Acquisition for a term of three years;
- (b) **Annual fee:** \$350,000 per annum subject to annual review;
- (c) **Other fees:** sign-on bonus of \$150,000 and a performance bonus of \$150,000 for each deal signed by TV2U Singapore during the term of the engagement where the forecast revenue in the 12 months after commercial launch of the deal is not less than \$5,000,000;
- (d) **Restraint of trade:** Nick Fitzgerald will be subject to a restraint of trade period of up to one year from termination of the engagement; and
- (e) **Termination:** the engagement may be terminated by the Company or Nick Fitzgerald giving to the other party the requisite notice.

#### 14.8 Executive Services Agreement – Mr Liaqat Fayyaz

The Company has entered into an executive services agreement with Liaqat Fayyaz pursuant to which Mr Fayyaz will be engaged as Chief Technology Officer of the Company. The material terms of the agreement are as follows:

- (a) **Salary:** US\$175,000 per annum subject to annual review;
- (b) **Intellectual Property Rights:** any technology, including any associated copyright, patent, know-how or intellectual property rights developed by Mr Fayyaz during his engagement remains the property of TV2U Singapore;
- (c) **Restraint of trade:** upon termination of the agreement, Liaqat Fayyaz will be subject to a restraint of trade period of up to one year; and
- (d) **Termination:** The Company and Liaqat Fayyaz may terminate the agreement without cause by giving the other party the requisite notice.

The agreement contains additional provisions considered standard for an agreement of this nature.

#### 14.9 Consultancy Agreement – Mr Stephen Shalliker

TV2U Singapore has entered into a consultancy services agreement with Stephen Shalliker and Heybrook Media Limited, an entity controlled by Stephen Shalliker (**Shalliker Consultancy Agreement**). The material terms of the Shalliker Consultancy Agreement are as follows:

- (a) **Position:** Stephen Shalliker is engaged as Chief Operating Officer of TV2U Singapore;
- (b) **Term:** three years commencing on 3 August 2015;
- (c) **Fees:** £320 per working day until the occurrence of a trigger event under the agreement (which includes the TV2U Acquisition becoming unconditional) upon which it increases to £450 per working day;
- (d) **Non-cash benefits:** upon completion of the TV2U Acquisition, the Company will issue to Stephen Shalliker 10,000,000 Options with a four year term exercisable at \$0.02 each and vesting conditions as follows:
  - (i) 2,500,000 Options vesting immediately;
  - (ii) 2,500,000 Options vesting on 3 August 2016;
  - (iii) 2,500,000 Options vesting on 3 August 2017; and
  - (iv) 2,500,000 Options vesting on 3 August 2018;
- (e) **Restraint of trade:** upon termination of the Shalliker Consultancy Agreement, Stephen Shalliker will be subject to a restraint of trade period of up to one year; and
- (f) **Termination:** TV2U Singapore and Heybrook Media Limited, on behalf of Stephen Shalliker, may terminate the Shalliker Consultancy Agreement without cause by giving the other party the requisite notice.

The Shalliker Consultancy Agreement contains additional provisions considered standard for an agreement of this nature.

#### 14.10 Disposal of interest in the Limnytska Licence

As announced on 13 August 2015, the Company has agreed to sell 100% of the shares in Zinest Holdings, the holding entity of the Company's interest in the Limnytska licence, to Geder Investments Limited. The Limnytska licence an onshore oil and gas project in Western Ukraine. The material terms of the agreement are as follows:

- (a) **Consideration:** the Company will sell Zinest Holdings for the nominal sum of \$1;
- (b) **Conditions precedent:** the sale of Zinest Holdings is conditional upon Shareholder approval for the sale and the termination of the agreement under which the Company acquired its indirect interest in Zinest; and
- (c) **Completion:** completion of the sale will occur five Business Days after satisfaction of the conditions precedent.

By completing the disposal of Zinest Holdings, the Company will be able to exit the Limnytska licence and its oil and gas operations without any future liabilities and, thereafter, focus on developing the business and operations of TV2U.

The sale of Zinest Holdings was approved by Shareholders at the General Meeting.

#### 14.11 APP Securities Mandate

The Company has engaged APP Securities Pty Ltd (**APP Securities**) as joint lead manager to the Public Offer for a six month term.

APP Securities has agreed to provide services to the Company in connection with the Public Offer, including marketing, capital raising and corporate advisory services.

The Company has agreed to pay to APP Securities:

- (a) a monthly retainer of \$7,500 for the term of the agreement;
- (b) a placement fee equal to 5% of the funds raised by APP Securities under the Public Offer; and
- (c) a joint lead manager fee equal to 1% of the total funds raised by the Company under the Public Offer.

The engagement of APP Securities is subject to other terms considered standard for an agreement of such a nature, including as to confidentiality, termination rights and reimbursement of expenses.

#### 14.12 Energy Capital Partners Mandate

The Company has engaged Energy Capital Partners Pty Ltd (**Energy Capital Partners**) as joint lead manager to the Public Offer.

Energy Capital Partners has agreed to provide services to the Company in connection with the Public Offer, including marketing, capital raising and corporate advisory services.

The Company has agreed to pay to Energy Capital Partners:

- (a) a placement fee equal to 5% of the funds raised by Energy Capital Partners under the Public Offer; and
- (b) a joint lead manager fee equal to 1% of the total funds raised by the Company under the Public Offer.

The engagement of Energy Capital Partners is subject to other terms considered standard for an agreement of such a nature, including as to confidentiality, termination rights and reimbursement of expenses.

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## **15. ADDITIONAL MATERIAL INFORMATION**

### **15.1 Litigation**

As at the date of this Prospectus, neither the Company nor TV2U is involved in any material legal proceedings and neither the Directors nor the Proposed Directors are aware of any material legal proceedings pending or threatened against the Company or TV2U.

### **15.2 Rights and liabilities attaching to Shares (including New Shares)**

The New Shares offered under this Prospectus will be fully paid ordinary shares in the issued capital of the Company and will, upon issue, rank equally with all other Shares then on issue.

The rights and liabilities attaching to Shares are regulated by the Company's Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and common law. The following is a summary of the more significant rights and obligations attaching to the Shares (including New Shares). This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Further details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **15.2.1 General meetings**

Shareholders are entitled to attend and vote at general meetings of the Company, in person, or by proxy, attorney or representative.

For so long as the Company remains a listed entity, Shareholders will be entitled to receive at least 28 days' prior written notice of any proposed general meeting.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

#### **15.2.2 Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of Shareholders or a class of Shareholders:

- (a) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (b) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### 15.2.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Board may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The Board may also from time to time pay to the Shareholders such interim dividends as the Board may determine.

No dividend shall carry interest as against the Company. The Board may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Board, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Board, implement a dividend reinvestment plan on such terms and conditions as the Board thinks fit and which provides for any dividend which the Board may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

### 15.2.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

### 15.2.5 Shareholder liability

As the New Shares offered the Prospectus are fully paid shares, they are not subject to any calls for money by the Company and will therefore not become liable for forfeiture.

### 15.2.6 Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

### 15.2.7 Variation of rights

The rights attaching to Shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of Shareholders or with the written consent of holders of three quarters of all Shares on issue. A special resolution is

passed only where approved by at least 75% of all votes cast (and entitled to be cast) on the resolution at the meeting.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

#### 15.2.8 Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting.

### 15.3 **Terms of Options**

This Section 15.3 sets out the terms of the Options to be issued to certain holders of Convertible Notes in TV2U under the Convertible Note Offer.

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 December 2018 (**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 Exercise Date, the Company will:

- (i) 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;
- (ii) 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
- (iii) 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 paragraph (g)(ii) 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) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder 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) **Unquoted**

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

(n) **Transferability**

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

#### 15.4 **Terms of Performance Shares**

(a) **(Performance Shares)**: Each Performance Share is a share in the capital of the Company.

(b) **(General Meetings)**: The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the Company's shareholders. Holders have the right to attend general meetings of the Company's shareholders.

(c) **(No Voting Rights)**: The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company's shareholders, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.

(d) **(No Dividend Rights)**: The Performance Shares do not entitle the Holder to any dividends.

(e) **(No Rights on Winding Up)**: Upon winding up of the Company, the Performance Shares may not participate in the surplus profits or assets of the Company.

(f) **(Transfer of Performance Shares)**: The Performance Shares are not transferable.

(g) **(Reorganisation of Capital)**: In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.

(h) **(Application to ASX)**: The Performance Shares will not be quoted on ASX. Upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.

(i) **(Participation in Entitlements and Bonus Issues)**: Subject always to the rights under item (g) (Reorganisation of Capital), Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(j) **(Amendments required by ASX)**: The terms of the Performance Shares may be amended as necessary by the board of directors of the

Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

- (k) **(No Other Rights):** The Performance Shares give the Holders 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.

#### **Conversion of the Performance Shares**

- (a) **(Issue of Performance Shares):** The Performance Shares will be issued on the date of Settlement (as defined in sub-paragraph (b) below).
- (b) **(Milestones):** The respective classes of Performance Shares will convert into Shares upon the Board of the Company confirming:
- (i) **Class A Performance Shares:** Class A Performance Shares will convert into Shares on a one (1) for one (1) basis in the event that the earnings before interest, tax, depreciation and amortisation of TV2U and its subsidiaries (**EBITDA**) is greater than or equal to \$5 million (in any rolling 12 month period) within two years of Settlement;
  - (ii) **Class B Performance Shares:** Class B Performance Shares will convert into Shares on a one (1) for one (1) basis in the event that the EBITDA is greater than or equal to \$10 million (in any rolling 12 month period) within three years of Settlement;
  - (iii) **Class C Performance Shares:** Class C Performance Shares will convert into Shares on a one (1) for one (1) basis in the event that the EBITDA is greater than or equal to \$15 million (in any rolling 12 month period) within four years of Settlement; and
  - (iv) **Class D Performance Shares:** Class D Performance Shares will convert into Shares on a one (1) for one (1) basis in the event that the EBITDA is greater than or equal to \$20 million (in any rolling 12 month period) within four years of Settlement,
- (the **Milestones**).

'**Settlement**' means the date that the Company completes the acquisition of TV2U.

- (c) **(Conversion of Performance Shares):** Upon the relevant Milestone being achieved, that respective class of Performance Shares will convert into Shares on a one (1) for one (1) basis in satisfaction of the Milestone.
- (d) **(No Conversion if Milestone not Achieved):** Any Performance Share not converted into a Share in accordance with any relevant Milestone will lapse.
- (e) **(After Conversion):** The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

- (f) **(Conversion Procedure):** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.
- (g) **(Ranking of Shares):** The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

### 15.5 Interests of Directors and Proposed Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the two years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offers.

### 15.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to any Offer or a financial services licensee named in this Prospectus as a financial services licensee involved in any Offer,

holds, or has held within the two years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or

- (ii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

APP Securities Pty Ltd has acted as corporate adviser and joint lead manager to the Public Offer. The Company will pay APP Securities Pty Ltd the fees described in Section 14.11 for these services.

Energy Capital Partners Pty Ltd has acted as corporate adviser and joint lead manager to the Public Offer. The Company will pay Energy Capital Partners Pty the fees described in Section 14.12 for these services.

Pitcher Partners BA&A Pty Ltd has prepared the Independent Limited Assurance Report which is included in Section 11 of this Prospectus. The Company estimates it will pay Pitcher Partners BA&A Pty Ltd a total of \$15,000 (excluding GST) for these services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$80,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

Wrays has acted as Patent Attorney to the Company and has prepared the Intellectual Property Report which is included in Section 12 of this Prospectus. The Company estimates it will pay Wrays a total of \$10,000 (excluding GST) for these services.

RSM has prepared the Independent Expert's Report which has been incorporated by reference in this Prospectus. The Company estimates it will pay RSM a total of \$10,000 (excluding GST) for these services.

## **15.7 Consents**

- (a) Other than as set out below, each of the parties referred to in this Section 15.7:
  - (i) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the relevant party;
  - (ii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party; and
  - (iii) did not authorise or cause the issue of all or any part of this Prospectus.
- (b) Steinepreis Paganin has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in relation to the Offers.

- (c) Wrays has given its written consent to being named as the Patent Attorney to the Company in this Prospectus and to the inclusion the Intellectual Property Report in Section 12 of this Prospectus in the form and context in which the information is included. Wrays has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- (d) Automic Registry Services has given its written consent to being named as share registry of the Company in this Prospectus. Automic Registry Services has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.
- (e) Pitcher Partners BA&A Pty Ltd has given its written consent to being named as the accountant who has provided the Independent Limited Assurance Report in this Prospectus and to the inclusion of the Independent Limited Assurance Report in Section 11 of this Prospectus in the form and context in which the information and reports are included. Pitcher Partners BA&A Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.
- (f) APP Securities Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as corporate adviser to the Company and joint lead manager to the Public Offer in the form and context in which it is named. APP Securities Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.
- (g) Energy Capital Partners Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as corporate adviser to the Company and joint lead manager to the Public Offer in the form and context in which it is named. Energy Capital Partners Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.
- (h) RSM has given its written consent to the incorporation by reference of the Independent Expert's Report in this Prospectus in the form and context in which the Independent Expert's Report is included. RSM has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

## 15.8 Expenses of the Offers

The total expenses of the Offers (excluding GST) are estimated to be as follows:

Item of Expenditure	<b>\$4,000,000 Minimum Subscription under Public Offer (\$)</b>	<b>\$10,000,000 Full Oversubscriptions under Public Offer (\$)</b>
ASIC fees	2,320	2,320
ASX fees	76,365	82,365
Capital raising fees (including corporate advisory fees)	360,000	600,000
Legal fees	80,000	80,000
Accountant's Fees	15,000	15,000

Printing and Distribution	15,000	15,000
Miscellaneous	1,315	5,315
<b>TOTAL</b>	<b>550,000</b>	<b>800,000</b>

### 15.9 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will continue to be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

### 15.10 Governing law

The Offers and the contracts formed on return of an Application Form are governed by the laws applicable in Western Australia, Australia. Each person who applies for Securities pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the relevant appellate courts.

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**16. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with the ASIC.



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**Peter Wall**  
**Non-Executive Chairman**  
**For and on behalf of**  
**Galicia Energy Corporation Ltd**

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## 17. GLOSSARY AND INTERPRETATION

### 17.1 Definitions

Unless the context requires otherwise, where the following terms are used in this Prospectus, they have the following meanings:

**\$** means an Australian dollar.

**Acquisition** or **TV2U Acquisition** means the acquisition of TV2U by the Company on the terms of the Acquisition Agreement.

**Acquisition Agreement** means the share sale agreement between TV2U and the Company in respect to the Acquisition and dated 3 June 2015.

**Application** means an application for Securities made on an Application Form.

**Application Form** means an application form attached to or accompanying this Prospectus relating to the Offers.

**ASIC** means Australian Securities & Investments Commission.

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

**ASX Listing Rules** means the official listing rules of ASX.

**ASX Settlement Operating Rules** means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

**Board** means the board of Directors as constituted from time to time.

**Closing Date** means the closing date of the Offers as set out in the indicative timetable in Section 3 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

**Company** or **GAL** means Galicia Energy Corporation Ltd (ACN 110 184 355) or the Merged Group as the context requires.

**Conditions** means the conditions to the Offers set out in Section 7.3 of this Prospectus.

**Consideration Securities** means the Consideration Shares and Performance Shares.

**Consideration Shares** means the Shares to be issued to TV2U Shareholders pursuant to the Acquisition Agreement.

**Consolidation** means the consolidation of the Company's issued capital (on the basis that every two (2) Securities on issue be consolidated into one (1) Security) for which Shareholder approval was obtained at the General Meeting.

**Constitution** means the constitution of the Company.

**Convertible Note Agreements** means the agreements between TV2U and the holders of the Convertible Notes as summarised in Section 14.5.

**Convertible Note Offer** means the offer of Securities by the Company under this Prospectus to the holders of Convertible Notes, as further detailed in Section 7.2.

**Convertible Notes** means convertible notes issued by TV2U.

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

**Directors** means the directors of the Company as at the date of this Prospectus.

**General Meeting** means the general meeting of the Company held on 9 November 2015.

**Independent Expert's Report** means the independent expert's report prepared by RSM as part of the Shareholder approval process for the General Meeting held on 9 November 2015.

**IPTV** means internet protocol television.

**Joint Lead Manager** means APP Securities Pty Ltd and Energy Capital Partners Pty Ltd.

**Merged Group** means the Company and its subsidiaries after successful completion of the TV2U Acquisition, including without limitation TV2U.

**Minimum Subscription** means the Company receiving Valid Applications for 200,000,000 New Shares under the Public Offer to raise \$4,000,000.

**New Share** means a Share issued pursuant to this Prospectus.

**Notice of Meeting** means the Notice of General Meeting and Explanatory Statement of the Company in relation to the General Meeting.

**Offers** means the Public Offer and the Convertible Note Offer.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of one or more Options.

**OTT** means over-the-top, in the context of broadcasting TV (and other media) over the internet.

**Performance Shares** means the performance shares to be issued to TV2U shareholders pursuant to the Acquisition Agreement.

**Prospectus** means this prospectus.

**Proposed Directors** means Messrs Peter Wall, Nicholas Fitzgerald, Liaqat Fayyaz and Faldi Ismail.

**Public Authority** means any government or governmental, semi-governmental, administrative, statutory, fiscal, or judicial body, entity, authority, agency, tribunal, department, commission, office, instrumentality, agency or organisation (including any minister or delegate of any of the foregoing), any self-regulatory organisation established under statute and any recognised securities exchange

(including without limitation ASX), in each case whether in Australia or elsewhere.

**Public Offer** means the offer of Shares to the public pursuant to this Prospectus, as further detailed in Section 7.1.

**RSM** means RSM Financial Services Australia Pty Ltd.

**Section** means a section of this Prospectus.

**Securities** means Shares, Options and/or Performance Shares, as the context requires.

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

**Shareholder** means a holder of one or more Shares.

**Share Registry** means Automatic Registry Services.

**Talico** means Talico Technologies Pte Ltd.

**Transaction** means completion of the TV2U Acquisition and completion of the Offers.

**TV2U** means TV2U Worldwide Pty Ltd (ACN 606 107 699), an unlisted private company incorporated in Australia.

**TV2U Board** means the board of directors of TV2U as at the date of this Prospectus.

**TV2U Shares** means the ordinary share and performance shares issued by TV2U.

**TV2U Shareholder** means a holder of one or more TV2U Shares.

**TV2U Singapore** means TV2U Singapore Pte Ltd, a company incorporated in Singapore with the registration number 201433888G.

**Valid Application** means a valid and complete application to subscribe for New Shares under the Public Offer, accompanied by the appropriate application money in full.

**Vubiquity** means Vubiquity Management Limited.

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

## 17.2 Interpretation

Unless the contrary intention appears, the following rules apply in interpreting this Prospectus:

- (a) words or phrases defined in the Corporations Act have the same meaning in this Prospectus;
- (b) a reference to legislation, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;

- (d) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- (e) a reference to Australian dollars, AUD, \$ or dollars is to the lawful currency of the Commonwealth of Australia; and
- (f) a reference to time is to WST.