



Synergy Plus Limited

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ASX ANNOUNCEMENT

SYNERGY PLUS LIMITED ENTERS AGREEMENT TO ACQUIRE VGW HOLDINGS LIMITED

HIGHLIGHTS

- Synergy Plus Limited (**Synergy** or the **Company**) has entered into a conditional acquisition agreement with VGW Holdings Limited (**VGW**).
- VGW is an Australian technology and online gaming company that develops and operates international cash-prize contests through its innovative social casino products. It currently operates on the largest social network and leverages the world's leading payment provider platforms.
- VGW operates a sweepstakes social casino, targeting the global casino market, particularly the unrealised United States real-money gaming market.
- VGW had annualised revenue of over \$13 million in September 2015, which was derived from paying players in the United States.
- VGW has been in operation for over 4 years and developed and commercialised through total private equity capital raisings of \$14.6 million.
- VGW is positioned to take advantage of its large target markets, which are currently subject to low-levels of competition and have significant potential for growth.
- Synergy Plus Limited to raise \$5 million, where existing shareholders will have a preference in taking-up the offer under the prospectus.
- VGW will use the proceeds of the capital raising to continue to grow in the United States international expansion, and the development of new products.

SUMMARY

Synergy is pleased to announce that it has signed a conditional term sheet to acquire 100% of VGW, a technology and online gaming business (the **Transaction**).

VGW develops and operates proprietary technology in real-money gaming, enabling cash-prizes to be paid to international players, particularly those located in the United States, via its social casino games. It operates the sweepstakes social casino: Chumba Casino.

Synergy's acquisition of VGW will include the appointment of VGW founders and executive management to the Synergy board. Synergy proposes to undergo a capital consolidation as a part of the acquisition of VGW and a capital raising of \$5 million under a prospectus. Preference of allocation under the prospectus will be given to Synergy shareholders.

VGW will use the proceeds of the capital raising to continue its United States growth, global expansion, and the development of new products.

ABOUT VGW HOLDINGS LIMITED

VGW is a developer and operator of social casino games with sweepstakes cash prize gameplay, which provides for the payout of cash prize winnings from casino games. Sweepstakes gameplay entails a real-money, online prize gaming alternative for all 50 states of the United States, where online gambling is largely prohibited.

VGW derives a majority of revenues via its wholly owned platform: <http://www.chumbacasino.com>

VGW's primary marketing channel is via the Facebook social media platform, a globally dominant social and casual gaming platform, and its primary payment platform is Paypal, the world's largest payment provider platform.

VGW's strategy is to:

- continue to deploy sweepstakes gameplay technology in the United States and to expand the offering across other key gaming product lines, including: casino, lottery, poker and sports;
- expand into major Asian, European and Latin American gaming markets;
- pursue strategic acquisitions in the social games and gaming sectors, to accelerate growth by integrating VGW's Sweepstakes Gameplay technology with existing gaming businesses and audiences; and
- leverage the skills and expertise of an experienced and proven executive and leadership team.

The company has been in operation for over 4 years, developed and commercialised through total private equity capital raisings of \$14.6 million, has over 8,000 paying customers and is currently operating at an annualised revenue run-rate of over \$13 million.

VGW will undertake a scheme of arrangement to implement the Transaction with Synergy.

THE TRANSACTION

The key terms of the Transaction are as follows:

1. Initial capital raising by Synergy of \$300,000 through the placement of Shares with a free attaching option for each new share (**Placement Shares**);
2. Synergy will conduct a 50:1 consolidation of its existing issued capital. This will reduce the issued capital of Synergy to approximately 14,808,157 fully paid ordinary shares (**Shares**);
3. Subject to receiving the consent of third party lenders and creditors, Synergy will issue up to 17,000,000 Shares (post consolidation) at a deemed issue price of \$0.05 per Share to payout, or in consideration for the conversion of previously advanced loans and creditors totaling approximately \$850,000 (**Conversion Shares**);
4. The issue of 14,000,000 Shares (post consolidation) to Minimum Risk Pty Ltd in consideration for the off-set of outstanding loans made by Minimum Risk Pty Ltd to various subsidiaries of Synergy (**Minimum Risk Shares**). In addition, Minimum Risk will take control of Synergy's 60% owned subsidiary, Airdata Pty Ltd. Minimum Risk Pty Ltd is a company associated with and controlled by Mr Christopher Martino, a director of Synergy;

5. Synergy will acquire VGW via the issue of up to 933,346,204¹ Shares (post-consolidation) at a deemed issue price of \$0.05 per Share, 650,000,000 Performance Shares (refer to paragraph 6 below) and 65,662,112 options (exercisable at \$0.05 and with an expiry date of 14 August 2017) (**Acquisition Securities**) and agreeing to issuing 9,000,000 options (exercisable at \$0.05 and with an expiry date of 15 May 2017) to VGW's Executive Chairman, Mr Nigel Blythe-Tinker. Subject to any necessary approvals that may be required, it is anticipated that the Acquisition Securities will be distributed under schemes of arrangement with existing VGW securityholders. Pursuant to ASX Listing Rules, the Acquisition Securities may attract escrow provisions;
6. Synergy will issue Performance Shares as follows to Lance East Corporation, the founding shareholder of VGW controlled by Mr Laurence Escalante:

Milestone	No. of Performance Shares (Post Consolidation)	Performance Period
A\$10 million annual audited revenues in VGW	120,000,000	5 years
A\$20 million annual audited revenues in VGW	120,000,000	5 years
A\$30 million annual audited revenues in VGW	120,000,000	5 years
A\$40 million annual audited revenues in VGW	120,000,000	5 years
A\$50 million annual audited revenues in VGW	120,000,000	5 years
A\$100 million annual audited revenues in VGW	50,000,000	5 years

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

7. Synergy will assume VGW's Convertible Note liabilities totaling \$400,000, and comprising: (a) three convertible notes with a total face value of \$250,000 convertible (at the noteholder's discretion) to 12,500,000 shares (post-consolidation) at 2 cents per share; and (b) one convertible note with a face value of \$150,000 convertible (at the noteholder's discretion) to up to 2,000,000 shares (post-consolidation), with the final number of shares being dependent upon the value of VGW at time of conversion, unless otherwise converted to equity prior to completion of the Transaction.
8. Synergy will seek to issue 100,000,000 Shares (post-consolidation) at an issue price of \$0.05 per Share to raise not less than \$5,000,000 under a prospectus (**Capital Raising Shares**). The capital raising has been underwritten by Minimum Risk Pty Ltd, a related party and is subject to shareholder approval.

¹ This number includes 10,833,333 VGW shares still to be issued (unless it is agreed that these shares are otherwise issued on completion of the Transaction). 2,333,333 shares are to be issued to three overseas based VGW contractors in quarterly installments to June 2016 as payment for services; and 8,500,000 shares to be issued to three VGW employees in quarterly installments to June 2016 through non-recourse loan arrangements. The loan is repayable when the shares are sold or if triggered by a liquidity event.

On completion of the Transaction, Synergy proposed to change its name to “VGW Gaming Limited”. Additionally, the current Board of Synergy will be replaced with Messrs Nigel Blythe-Tinker (Executive Chairman), Laurence Escalante (Chief Executive Officer) and a third director at VGW’s discretion (Non-executive Director). Messrs Domenic Martino, Philip Silva and Christopher Martino will resign from the board.

CONDITIONS PRECEDENT

Completion of the acquisition of VGW is subject to and conditional upon satisfaction of the following conditions by the dates indicated below (or such other dates as agreed between the parties):

1. Completion of due diligence investigations by Synergy by 15 November 2015;
2. Receipt of consents from lenders and creditors of Synergy to effect the proposed loan restructurings by 30 November 2015;
3. Receipt from ASX of conditional re-listing approval on ASX by 30 November 2015;
4. Receipt of shareholder approval in relation to the underwriting agreement with Minimum Risk Pty Ltd with respect to the Capital Raising Shares before 31 January 2016; and
5. The parties obtaining all relevant approvals, including shareholder approval, court approval, board approval and any third party consents necessary to implement the Transaction by 31 January 2016.

PUBLIC OFFERING AND RE-ADMISSION

Synergy will prepare a prospectus to issue the Capital Raising Shares which will give preference to existing shareholders as well as enable third party investors to participate in the public offering. Synergy will then seek to apply for re-admission to the official list of ASX (**Official List**). Whilst the Board is confident that Synergy will satisfy the ASX Listing Rule requirements for re-admission by completing the Transaction, there is no guarantee that ASX will permit Synergy to be re-admitted to the Official List.

SHAREHOLDER BENEFITS

Completion of the Transaction will restructure the Company’s issued capital and net asset base, providing working capital, a new board and business direction.

Whilst the current board of Synergy is aware that the Transaction will result in a significant dilution of existing shareholders, the board is of the view that this proposal is the best outcome for shareholders in the current circumstances.

SHAREHOLDER MEETING

To implement the Transaction, Synergy will prepare a notice of meeting seeking shareholder approval for, among other things, the acquisition of VGW.

Shareholders will receive a notice of meeting setting out various resolutions and further information relating to the proposed Transaction (**Notice of Meeting**). A detailed explanatory statement will accompany the Notice of Meeting and will be distributed to all shareholders prior to the Meeting.

INDICATIVE CAPITAL STRUCTURE

The table below details the Company's current capital structure and its proposed indicative capital structure after the completion of the Transaction:

Securities	Current	Post-Acquisition
Shares	740,407,849	1,085,154,361
Options	-	175,662,112
Performance Shares	-	650,000,000

UNDERWRITING

Subject to shareholder and regulatory approvals, Minimum Risk Pty Ltd (an entity associated with Mr Christopher Martino) has agreed to underwrite the Company's proposed \$5 million capital raising.

A summary of the terms of the Underwriting Agreement is as follows:

- Minimum Risk Pty Ltd fully underwrites the Capital Raising Shares;
- Minimum Risk Pty Ltd may procure sub-underwriters;
- The underwriting fee comprises:
 - an underwriting fee equal to 6% of \$5,000,000 (being the amount sought to be raised under the Capital Raising); and
 - the issue of 47,500,000 options (post-consolidation) (exercisable at \$0.05 and with an expiry date of 3 years from the date of issue) and 47,500,000 options (post-consolidation) (exercisable at \$0.06 and with an expiry date of 3 years from the date of issue). No payment is to be made by Minimum Risk Pty Ltd for the issue of those options.
- Minimum Risk Pty Ltd is to subscribe for any shortfall within 5 business days after it receives the shortfall notice from the Company;
- Various events (such as breach of any representations given by the Company under the Underwriting Agreement, the commencement of litigation against the Company after the date of the Underwriting Agreement, the level of the ASX 300 Index declining by an aggregate amount of 20% in the 20 business days preceding the offer or there is an outbreak of hostilities involving any of Australia, Japan, the United Kingdom, the USA, the People's Republic of China), enable Minimum Risk Pty Ltd to terminate the Underwriting Agreement where the event is likely to have a material adverse effect on the financial position of the Company;
- The obligations of the underwriting only arise if the Company's shareholders approve the terms of the agreement, the prospectus is lodged with ASIC in accordance with an agreed timetable and the underwriter has approved the prospectus (which approval must not be unreasonably withheld).

INDICATIVE TIMETABLE

The timetable for the acquisition of VGW and the re-listing of the Company on ASX will be advised to shareholders as soon as it is available. Consideration is being given to the requirements of VGW's scheme of arrangement and the December 2015 holiday period.

The board of Synergy will continue to provide shareholders with updates regarding the Transaction.

For and on behalf of the Board

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