



BUDDY PLATFORM LIMITED
ACN 121 184 316

NOTICE OF GENERAL MEETING

For the General Meeting of the Company to be held at
Level 2, 333 King William Street, Adelaide, South Australia on
14th October 2016 at 10AM (ACST)

This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 499900044

BUDDY PLATFORM LIMITED

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NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Buddy Platform Limited (**Company**) will be held at Level 2, 333 King William Street Adelaide SA on 14th October 2016 at 10am (ACST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 12th October 2016 at 7pm (AEST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in Schedule 1.

AGENDA

1. Resolution 1 – Change to Scale of Activities

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

"That, pursuant to and in accordance with Listing Rule 11.1.2 and for all other purposes, Shareholders approve the Acquisitions (collectively and separately) and authorise the Company to make a significant change to the scale of its activities on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person (or any associate of such a person) who might obtain a benefit (except a benefit solely in their capacity as holders of ordinary securities) if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Ratification of Placement

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 45,000,000 Shares on the terms and conditions in the Explanatory Memorandum."

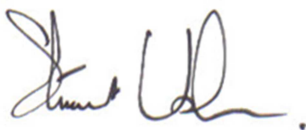
Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the Placement and any associate of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Stuart Usher
Company Secretary

Dated: 12th September 2016

BUDDY PLATFORM LIMITED

ACN 121 184 316

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 2, 333 King William Street Adelaide, SA on 14th October 2016 at 10am (ACST).

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Acquisition of Noveda and Zentri
Section 4:	Resolution 1 - Change to Scale of Activities
Section 5:	Resolution 2 – Ratification of Placement
Schedule 1:	Definitions and Interpretation
Schedule 2:	Information on Noveda
Schedule 3:	Information on Zentri
Schedule 4:	Pro Forma Statement of Financial Position
Schedule 5:	Risk Factors
Schedule 6:	Terms and Conditions of the Zentri Options

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum.

2. Action to be taken by Shareholders

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

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

- (a) post to Buddy Platform Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia;
- (b) facsimile to Buddy Platform Limited, C/- Link Market Services Limited on +61 2 9287 0309; or
- (c) by hand to Buddy Platform Limited, C/- Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138

so that it is received not later than **10am (ACST) on 12th October 2016**. Proxy Forms received later than this time will be invalid.

Please note that:

- (a) a proxy need not be a Shareholder;
- (b) a Shareholder may appoint a body corporate or an individual as its proxy;
- (c) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (d) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

3. Acquisition of Noveda and Zentri

3.1 Background

The Company is an Australian public company which has been listed on the Official List (current ASX code: BUD) since 18 December 2006. In November 2015, the Company (previously named "Potash Minerals Limited") obtained Shareholder approval at a general meeting to, amongst other things:

- (a) approve the acquisition of Buddy Platform Inc (**Buddy Platform**) and a change in the nature and scale of the Company's activities;
- (b) issue various securities in connection with the acquisition of Buddy Platform; and
- (c) change the Company's name from "Potash Minerals Limited" to "Buddy Platform Limited".

The acquisition of Buddy Platform was completed on 17 December 2015. For further information on the Company and its business (following the acquisition of Buddy Platform) refer to:

- (a) the Company's prospectus dated 3 November 2015; and
- (b) the Company's announcements on the ASX announcement platform at <http://www.asx.com.au/asx/research/company.do#!/BUD>.

Since the acquisition of Buddy Platform, the Company has:

- (a) progressed the growth of its expanded business - the following excerpts are from ASX announcements that concern the Company's recent activities (the relevant ASX announcements, in their entirety, are available on the ASX announcement platform):
 - (i) ***Buddy and Gimbal Team Up (Feb 4, 2016)***: Gimbal, Inc and the Company announced a strategic partnership, pursuant to which, the Company and Gimbal, Inc will seek to combine their platforms and services to provide customers with a fast, secure and scalable system (leveraging off the Company's cloud based platform) and enhance a customer's access to the insights that drive the performance of location enabled experiences;
 - (ii) ***Buddy and Ombitron Partner (Feb 16, 2016)***: The Company and Ombitron announced a coordinated effort to assist enterprises in realising the value of IoT. Ombitron provides a multi-functional cellular gateway and device connectivity management software, thus allowing enterprises to connect and manage remote IoT machines. Accordingly, by combining Ombitron's end-to-end industrial IoT system with the Company's cloud based IoT data platform, customers are offered a compelling solution to deploy IoT quickly and cost effectively;
 - (iii) ***Parse Server Launch & Parse Server Update (April 11, 2016)***: The Company announced that it will launch the beta release of the "Parse Server by Buddy" a mobile backend as a service offering to enable developers of

mobile applications and IoT devices to build these products without having to develop, maintain or scale the web services that power them. Buddy will collaborate with Facebook, who is decommissioning its Parse Server, and will provide a migration path for customers, by deploying a high volume and highly scalable instance of this product on the Company's platform;

- (iv) ***IoT Trade Show & New Partnerships And Products (May 10, 2016):*** The Company announced that it had showcased its services at "IoT World", the largest trade show dedicated to the Internet of Things. As both a sponsor and exhibitor, Buddy had one of the largest booths, driving significant volumes of foot traffic with "Buddyville" a fully powered model smart city built out of Legos and connected with sensors to provide real-time demonstrations. Mr David McLauchlan, the Chief Executive Officer of the Company, delivered a speech at the opening session of the "IoT and Cloud" speakers track;
 - (v) ***Buddy Platform Achieves First Performance Milestone 17 Months Ahead of Schedule (July 17, 2016):*** The Company announced the achievement of the Company's first performance milestone for the issue of Performance Shares (issued as consideration for the acquisition of Buddy Platform) ahead of schedule. Originally stated as a two year performance milestone, the successful marking of 20 million discrete connections per day for 3 consecutive weeks was achieved 17 months ahead of schedule; and
- (b) actively sought to progress its growth strategies, and further enhance its operational capabilities and jurisdictional presence by investigating complementary business acquisition opportunities.

Consistent with the aforementioned growth strategies, the Company is proposing to undertake the Acquisitions. Further information on the Acquisitions (including the material acquisition terms) is detailed below.

ASX has advised that the Company is required to comply with Listing Rule 11.1.2 and seek Shareholder approval for the Acquisitions. In approving the Resolution, Shareholders should be aware that the Company may only eventually complete one of the Acquisitions as the completion each Acquisition is subject to and conditional upon certain conditions precedent (refer to Sections 3.6(c) and 3.7(b)).

Shareholders should note that the Company is proposing to undertake each of the Acquisitions independently from the other Acquisition. Accordingly, by approving the Resolution, Shareholders agree to the Company completing either or both the Acquisitions and associated transactions.

3.2 Acquisition of Noveda

On 19 July 2016, the Company entered into a non-binding letter of intent (**Noveda Letter of Intent**) with Noveda Technologies, Inc (**Noveda**) pursuant to which the Company (or a nominee) agreed to acquire substantially all of the assets and assume certain liabilities of Noveda (**Noveda Acquisition**). The Noveda Acquisition is subject to the satisfaction of a number of conditions, including due diligence and the execution of formal binding documentation. The Noveda Acquisition is being considered by the Company independently

of the Zentri Acquisition (detailed below) for the purpose of implementing its growth strategies.

A summary of the material terms of the Noveda Acquisition is detailed in Section 3.6.

3.3 Acquisition of Zentri

In addition to the Noveda Acquisition, the Company also executed a non-binding letter of intent with Zentri, Inc. on 27 June 2016 (**Zentri Letter of Intent**) pursuant to which the Company agreed to acquire the entire issued capital of Zentri, Inc. (**Zentri Acquisition**). The Zentri Acquisition is subject to the satisfaction of a number of conditions, including due diligence (to the Company's satisfaction) and the execution of formal binding documentation. The Zentri Acquisition is being considered by the Company independently of the Noveda Acquisition for the purpose of implementing its growth strategies.

A summary of the material terms of the Zentri Acquisition is detailed in Section 3.7.

3.4 Overview of Noveda

Noveda was founded in 2006 as "Live Data Systems" and was re-branded in 2008 as "Noveda Technologies Inc". It is headquartered in New Jersey and its principal office is located at 1200 US Highway 22 East, Suite 2000, Bridgewater, NJ 08807, USA.

Noveda's technology enables customers to manage data and insights from connected devices in the energy and water sector. Specifically, Noveda's business focuses on:

- (a) Monitoring/Verification: Real-time, web-based monitoring, measurement and management of energy and water. Noveda is hardware agnostic and works across a variety of building management systems and smart meters and other devices.
- (b) Controls & Integration: Wired and wireless controls platform with high degree of flexibility in design. Interoperable with any lighting technology and BMS/SCADA platforms.
- (c) Patented technology offering cloud based SaaS tools including analytics and high impact visualization of electric, gas, steam, storage, renewables, and water consumption.
- (d) Utilizing big data analytics and advanced algorithms, Noveda can provide unique alerting and predictive analytics to customers to enable significant savings and improve energy efficiency.
- (e) Noveda customers include utilities, commercial, retail, renewable systems users, industrial, government and educational institutions – monitoring over 8000 sites

Refer to Schedule 2 and Noveda's website <http://www.noveda.com/> for further details on the business of Noveda.

3.5 Overview of Zentri

Zentri was founded on 30 May 2012, as “ACKme Networks Pty Ltd” in New South Wales, Australia. ACKme Networks, Inc. was then registered in the USA as the parent company in November of 2013. The company was then re-branded in 2015 to Zentri Pty Ltd. Zentri is headquartered in Los Gatos, California, USA.

Zentri’s Secure Connected Product Platform is composed of flexible components that are connected with standard interfaces allowing product companies to select the right set for their product needs. Highlights of the business include:

- (a) supports multiple product lines at the corporate level;
- (b) executes on a multi-cloud fan out deployment architecture;
- (c) provides higher than bank-grade security throughout the platform;
- (d) uses embedded sales as a platform customer acquisition strategy; and
- (e) leverages both silicon & cloud vendors to create ecosystem lock-in.

Refer to Schedule 3 and Zentri's website <https://www.zentri.com/> for further details on the business of Zentri.

3.6 Noveda Acquisition Terms

As at the date of this Notice, the Company and Noveda have negotiated but not yet executed a formal, binding and definitive agreement in respect to the Noveda Acquisition (**Noveda Definitive Agreement**).

The Noveda Letter of Intent and the draft Noveda Definitive Agreement provide for the following terms and conditions for the Noveda Acquisition:

(a) **Consideration**

Subject to Shareholder approval (if required) and the adjustments specified below, the consideration payable by the Company is as follows:

- (i) US\$250,000 (**Initial Consideration**) will be payable upfront on completion of the Noveda Acquisition (**Noveda Completion**), payable at the Company's election by the issue of Company shares to that value (calculated using the 10 day VWAP of the Company ending on the day prior to the date of Noveda Completion) or cash or a combination thereof;
- (ii) an additional three milestone consideration instalments may be payable upon attainment of certain performance metrics defined below:
 - (A) existing and contracted revenues for the calendar year 2016 will be used as a baseline (**Baseline**), which shall total at least US\$500,000;
 - (B) the first milestone payment (**First Milestone Payment**) will be paid 60 days from the first anniversary of Noveda Completion and

is equal to three times the revenue recognised in accordance with US GAAP (**Noveda Revenue**) accumulated from all measurement, verification analytics controls and energy/water conservation business (**Specified Segments**) in the first year of operation. For the avoidance of doubt, the First Milestone Payment shall only be paid with respect to the portion of the actual Noveda Revenue from the Specified Segments in the calendar year 2016 that exceeds the Baseline (or, if the Baseline is lower than US\$500,000, US\$500,000). This payment can be funded at the Company's election in Shares or cash or a combination thereof;

- (C) the second milestone payment (**Second Milestone Payment**) will be paid 60 days from the second anniversary of Noveda Completion and is equal to two times the increase in Noveda Revenue from the Specified Segments achieved between the first anniversary of Noveda Completion and the second anniversary of Noveda Completion. This payment can be funded at the Company's election in Shares or cash or a combination thereof; and
- (D) the third milestone payment (**Third Milestone Payment**) will be paid 60 days from the third anniversary of Noveda Completion and is equal to the increase in Noveda Revenue from the Specified Segments achieved between the second anniversary of Noveda Completion and the third anniversary of Noveda Completion. If the Baseline is not at least US\$500,000 in the calendar year 2016, the Third Milestone Payment will not be paid. This payment can be funded at the Company's election in Shares or cash or a combination thereof,

(together, the **Noveda Consideration**).

The maximum Noveda Consideration which could be payable by the Company under the Noveda Agreement is US\$24,000,000 (upon achievement of all performance based revenue targets set forth above). The Company acknowledges and agrees that:

- (i) the Initial Consideration and a proportion of the remaining Noveda Consideration may be issued or paid to third party finance providers who may enter into funding arrangements with Noveda;
- (ii) US\$500,000 will be held back for Noveda's potential indemnification obligations for a period of twelve months after Noveda Completion; and
- (iii) the formal agreements may provide for the remaining Noveda Consideration (following the priority payment in paragraph (i) above) to be issued or paid (as the case may be) to Noveda.

The Shares to be issued under the Initial Consideration shall be issued under the Company's Listing Rule 7.1 capacity.

(b) **Assumed Liabilities**

Under the terms of the Noveda Letter of Intent, the Company will not assume any liabilities of Noveda other than:

- (i) the post-Noveda Completion performance obligations with respect to the contracts of Noveda to be assumed by the Company (but in any event excluding any liabilities for any breach of such contracts for matters arising prior to Noveda Completion);
- (ii) settling in full, all obligations in respect to the approximately US\$2,300,000 provided to Noveda by the New Jersey Economic Development Authority/NJ BPU (**NJBPU Loan**) prior to or at Noveda Completion; and
- (iii) such liabilities or payment obligations, as are agreed between the Company and Noveda, of an aggregate amount of up to approximately US\$700,000, after adjustment for net asset and liabilities,

such that the total net liabilities and/or net indebtedness assumed by the Company or settled by the Company prior to Noveda Completion will have a value equivalent to no more than US\$3,000,000.

The Noveda Consideration shall be adjusted on a dollar-for dollar basis for the net assets (liabilities) of Noveda based on target net assets (liabilities) to be agreed between the Company and Noveda.

(c) **Conditions Precedent**

Completion of the Noveda Acquisition is subject to and conditional upon (amongst other things):

- (i) completion of due diligence and execution of the Noveda Definitive Agreement;
- (ii) no material adverse change to the business or operations of Noveda or the Company occurring prior to Noveda Completion;
- (iii) the representations and warranties of Noveda (to be included in the Noveda Definitive Agreement) being true and correct as at Noveda Completion in all material respects; and
- (iv) repayment of the NJBPU Loan;
- (v) certain key employees to enter service agreements with the Company to ensure a successful transition and integration and to provide support of on-going operations;
- (vi) the Company obtaining all necessary regulatory and Shareholder approvals required pursuant to the Corporations Act, the Listing Rules and the constitution of the Company (as applicable) to give effect to the transactions contemplated by the Noveda acquisition agreement; and
- (vii) such other conditions as are mutually agreed.

3.7 Zentri Acquisition Terms

As at the date of this Notice, the Company and Zentri have negotiated but not yet executed a formal, binding and definitive agreement in respect to the Zentri Acquisition (**Zentri Definitive Agreement**).

The Zentri Letter of Intent and the draft Zentri Definitive Agreement provide for the following terms and conditions for the Zentri Acquisition:

(a) **Consideration**

Subject to Shareholder approval (if required) and the adjustments specified below, the consideration shall comprise Shares, Options (**Zentri Options**) and / or cash as follows:

(i) **Initial Consideration.** The consideration payable by the Company is as follows:

An aggregate of 120,000,000 Shares and Zentri Options in three tranches as described below, subject to adjustment for net cash liabilities, calculated through the date of completion (**Zentri Initial Consideration**):

Initial Consideration	Relevant proportion to be issued	Date of issue	Maximum Equity of the Company to be Issued
1 st Tranche	1/3 of Zentri Initial Consideration	Date of Zentri Completion	<ul style="list-style-type: none">• 38,991,939 Shares;• 390,681 Zentri Options with an exercise price of A\$0.006559; and• 617,380 Zentri Options with an exercise price of A\$0.049612.
2 nd Tranche	1/3 of Zentri Initial Consideration	4 months following the date of Zentri Completion	<ul style="list-style-type: none">• 37,983,877 Shares;• 781,362 Zentri Options with an exercise price of A\$0.006559; and• 1,234,761 Zentri Options with an exercise price of A\$0.049612.
3 rd Tranche	1/3 of Zentri Initial Consideration	8 months following the date of Zentri Completion	<ul style="list-style-type: none">• 37,983,877 Shares;• 781,362 Zentri Options with an exercise price of A\$0.006559; and• 1,234,761 Zentri Options with an exercise price of A\$0.049612.

(ii) **First Milestone Consideration.** If Zentri:

(A) achieves at least US\$3,000,000 in GAAP gross revenue (**Revenue**), attributable to either hardware or software as a service (**SaaS**) delivered by Zentri pursuant to purchase orders from any third party originated by Zentri's sales team and shipped and invoiced on or before the end of the applicable period (**Zentri Revenue**) between 1 January 2016 and 31 December 2016 (**First Milestone Measurement Period**), subject to all requisite Australian regulatory and shareholder approvals (**Requisite Approvals**), the Company will issue to Zentri 80,000,000 Shares and Zentri Options as follows:

- (1) 47,479,847 Shares, 586,022 Zentri Options (A\$0.006559 exercise price), 926,070 Zentri Options (A\$0.049612 exercise price) and 1,008,061 Zentri Options (A\$0.0001) within 60 Business Days of 1 March 2017; and
- (2) 28,487,908 Shares, 195,341 Zentri Options (A\$0.006559 exercise price), 308,690 Zentri Options (A\$0.049612 exercise price) and 1,008,061 Zentri Options (A\$0.0001) within 60 Business Days from 1 September 2017; or

(B) achieves a Zentri Revenue of less than US\$3,000,000 in Revenue during the First Milestone Measurement Period, subject to all Requisite Approvals, the Company will issue to Zentri 40,000,000 Shares and Zentri Options as follows:

- (1) 28,487,908 Shares, 586,022 Zentri Options (A\$0.006559 exercise price) and 926,070 Zentri Options (A\$0.049612 exercise price) within 60 Business Days of 1 March 2017 and
- (2) 9,495,969 Shares, 195,341 Zentri Options (A\$0.006559 exercise price) and 308,690 Zentri Options (A\$0.049612 exercise price) within 60 Business Days from 1 September 2017.

The Shares and Options issued under Section 3.7(a)(ii) shall collectively be referred to as the **First Milestone Consideration Equity**.

A USD cash payment calculated using the 10 day VWAP measured as at 31 December 2016 may be paid by the Company in lieu of the issuances of First Milestone Consideration Equity if the Requisite Approvals are not obtained or the Company otherwise elects.

(iii) **Second Milestone Consideration.** A second issue to be calculated as follows:

(A) 2.5 Shares or Zentri Options for every US\$1.00 of total hardware Revenue generated by Zentri between January 1, 2017 to

December 31, 2017 (**Second Milestone Period**), up to US\$5,200,000; *plus*

- (B) 7.5 Shares or Zentri Options for every US\$1.00 of total SaaS Revenue generated by Zentri during the Second Milestone Measurement Period, up to an amount such that the total Revenue generated by Zentri during the Second Milestone Measurement Period is US\$11,400,000; *plus*
- (C) 10 Shares or Zentri Options for every US\$1.00 of Revenue generated by Zentri during the Second Milestone Measurement Period over US\$11,400,000, of which no more than 50% shall be hardware Revenue.

The Shares and Zentri Options issued under Sections 3.7(a)(iii) shall collectively be referred to as the **Second Milestone Consideration Equity**. The Second Milestone Consideration Equity shall be paid in two tranches as follows:

- (A) a maximum of 37,983,877 Shares and 2,016,123 Zentri Options (A\$0.0001 exercise price) within 60 Business Days of 1 March 2018; and
- (B) a maximum of 37,983,877 Shares and 2,016,123 Zentri Options (A\$0.0001 exercise price) within 60 Business Days from 1 September 2018.

A USD cash payment calculated using the 10 day VWAP measured as at 31 December 2017 may be paid by the Company in lieu of the issuances of Second Milestone Consideration Equity if the Requisite Approvals are not obtained or the Company otherwise elects to pay in cash.

Notwithstanding the foregoing, if the Zentri's total Revenue during the First Milestone Measurement Period exceeds US\$3,000,000, then the amount by which Zentri's total Revenue during the First Milestone Measurement Period exceeds US\$3,000,000 shall be recognized as hardware Revenue and SaaS Revenue, as applicable, for purposes of determining the Second Milestone Consideration, up to a maximum of US\$500,000.

(the Zentri Initial Consideration, the First Milestone Consideration and the Second Milestone Consideration, together, the **Zentri Consideration**). Refer to Schedule 6 for the terms and conditions of the Zentri Options.

The Shares shall be issued to the shareholders of Zentri, being the existing holders of shares in the capital of Zentri (or their nominees), and the Zentri Options shall be issued to certain holders of Zentri employee options in consideration for the cancellation of their vested Zentri employee options (refer to Section 3.7(b)(iv)). The Shares and Zentri Options to be issued pursuant to the 1st Tranche of the Zentri Initial Consideration shall be issued under the Company's Listing Rule 7.1 capacity.

Under the terms of the Zentri Letter of Intent and the draft Zentri Definitive Agreement, the total number of Shares and Options that may be issued as Zentri Consideration is capped at an aggregate of 280,000,000 Shares and Options.

(b) **Conditions Precedent**

Completion of the Zentri Acquisition is subject to and conditional upon (amongst other things):

- (i) completion of satisfactory due diligence;
- (ii) execution of the Zentri Definitive Agreement;
- (iii) conversion of all convertible notes, instruments and other securities prior to completion;
- (iv) the cancellation of vested Zentri employee options;
- (v) the cancellation of all unvested Zentri employee options; and
- (vi) the Company obtaining all necessary regulatory and Shareholder approvals required pursuant to the Corporations Act and the Listing Rules (as applicable) to effect the Zentri Acquisition and otherwise give effect to the transactions contemplated by the Zentri Agreement, including (without limitation) Shareholder approval in accordance with Listing Rule 11.1.2.

(c) **Appointment of Jason Crawford to Board**

Subject to the completion of the Zentri Acquisition, it is proposed that Mr Jason Crawford will be appointed as a Director.

Mr Jason Crawford is the Chief Technology Officer and the co-founder of Zentri. Mr Crawford drives the diverse range of embedded, mobile and cloud development comprising Zentri's secure connected platform for IoT. Prior to joining Zentri, Mr Crawford founded and managed the technology behind Broadcom's highly successful wireless IoT software development platform, WICED. Mr Crawford has held key director level positions covering wireless applications and technical marketing based out of Australia and Silicon Valley. Mr Crawford previously designed Wi-Fi ASICs for Cisco Systems and has held a wireless research position at CSIRO in Australia. Mr Crawford is the holder of two US patents.

3.8 Pro-forma Capital Structure

If all of the Resolutions are passed, upon the completion of the Noveda Acquisition and Zentri Acquisition, the proposed capital structure of the Company will be as follows:

	Shares	Options	Performance Rights	Performance Shares
Current issued capital	804,532,819 ⁽¹⁾	55,307,715 ⁽²⁾	32,270,858 ⁽⁶⁾	91,000,000 ⁽⁷⁾
Shares to be issued pursuant to Noveda Acquisition	323,188,796 ⁽³⁾	Nil	Nil	Nil
Shares and Options to be issued pursuant to Zentri Acquisition	266,895,202 ⁽⁴⁾	13,104,798 ⁽⁵⁾	Nil	Nil
Total	1,394,616,817	68,412,513	32,270,858	91,000,000

Notes:

- (1) Assumes no further Securities are issued prior to the completion of the Acquisitions, other than as detailed in the table.
- (2) Comprised of:
 - (a) 40,000,000 Options each with an exercise price of A\$0.125 and an expiry date of 30 November 2017;
 - (b) 2,807,715 Options each with an exercise price of A\$0.10 and an expiry date of 17 November 2020; and
 - (c) 12,500,000 Options each with an exercise price of \$0.03 and an expiry date of 30 November 2017.
- (3) Assumes an issue price of A\$0.10 at the time of issue.
- (4) The maximum number of Shares to be issued to Zentri.
- (5) The maximum number of Zentri Options to be issued to Zentri, comprised of:
 - (a) 2,734,768 Zentri Options each with an exercise price of A\$0.006559 and an expiry date 3 years from the date of issue;
 - (b) 4,321,662 Zentri Options each with an exercise price of A\$0.049612 and an expiry date 3 years from the date of issue; and
 - (c) 6,048,368 Zentri Options each with an exercise price of A\$0.0001 and an expiry date 3 years from the date of issue.

Refer to Schedule 6 for further details.

- (6) Refer to the Section 14.10 of the Prospectus for the terms and conditions of the Performance Rights.
- (7) Refer to Section 14.6 of the Prospectus for the terms and conditions of the Performance Shares.

3.9 Pro-forma Financial Position of the Company

Refer to Schedule 4 for a pro-forma statement of financial position for the Company following completion of the Acquisitions.

3.10 Advantages of the Acquisitions

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

- (a) **Incorporation of established and growing businesses operating in the IoT technology sector:** The Acquisitions provide Shareholders with exposure to two existing, well-managed and expanding businesses operating in the IoT industry. Both Noveda and Zentri will place the Company in a strong competitive position and offer the Company an opportunity to:
- (i) grow existing key contracts and significant revenue pipelines from both Noveda and Zentri;
 - (ii) expand product offering to existing customers by building on their relationships/partnerships and cross selling solutions;
 - (iii) establish the Company in the Energy and Resource IoT space with end-to-end solutions; and
 - (iv) instantly gain leadership position in key geographic markets world-wide along with strategic blue chip accounts.
- (b) **Complementary to the existing business of the Company:** The business of Noveda and Zentri has the potential to complement the Company's growth strategies and business as a software platform company for managing and accessing data generated by connected devices. The Directors have identified a number of synergies between the existing businesses of the Company, Noveda and Zentri and initiatives to capitalize on these synergies may include:
- (i) an existing Noveda customer base;
 - (ii) analytics and high impact visualization for existing Noveda customers, which can be expanded to include Buddy's customers.
 - (iii) a Noveda team with experience in working with major utilities, infrastructure, government organizations, educational institutions and commercial organizations worldwide;
 - (iv) Zentri offers its customers a global device management system, secure product authentication, over the air software updates, remote product diagnosis and analytics, and integration into IoT cloud platforms;
 - (v) complementary Zentri and Buddy services; and
 - (vi) expanded geographical footprint with offices in California, Seattle, New Jersey, New York, Canada, Sydney and Adelaide.

- (c) **Potential to enhance Shareholder value:** The Directors consider that there is a greater likelihood of increasing Shareholder value by proceeding with the Acquisitions and expanding the Company's footprint and business presence as an IoT company. The company expects to realize value and revenue opportunities, through the following:
- (i) **Noveda and Energy Ottawa:** Noveda was selected to service Energy Ottawa's energy management needs for three hundred and fifty thousand (350,000) residential and non-residential customers. The services provided by Noveda to Energy Ottawa include monitoring and verification of electricity, water, steam and renewables, as well as data analytics related to energy consumption and generation for all Energy Ottawa customers.
 - (ii) **Noveda and NYSERDA Energy Management Program:** Noveda was selected as one of two providers (and the only US provider) by The New York State Energy Research and Development Authority (NYSERDA) for NYSERDA's Real Time Energy Management (RTEM) program.
 - (iii) **Zentri's Customer Pipeline:** Currently over 1,250 customers and backed by a strong team of software and hardware engineers headquartered in the heart of Silicon Valley and Sydney, Australia.
 - (iv) **End-to-End Product:** The acquisitions of both Noveda and Zentri will position Buddy to be a globally competitive "silicon to visualization" IoT data platform with the ability to scale.
- (d) **Increased investor interest and Share trading volume:** The potential increase in market capitalisation of the Company following completion of the Acquisitions may lead to increased access to equity capital market opportunities and increased liquidity.
- (i) Noveda's solution set addresses an emerging, global gap in providing easy-to-use tools to manage energy and water consumption – reaching all stakeholders across several segments including governments, commercial, retail, industrial firms, healthcare institutions, schools, colleges and universities, etc.
 - (ii) With the fast increasing awareness of global water issues and the growing interest in energy efficiency world-wide, the range of solutions offered by Noveda and Zentri, are expected to raise consumer and institutional awareness in the Company.
 - (iii) The product/platforms of the three entities – the Company, Zentri and Noveda when combined, result in a unique solution set, from back-haul data processing, telemetry to advanced analytics and user-interface. The Company believe that this end-to-end value proposition creates competitive advantage for the Company in the emerging IoT space, opening up markets and access to capital world-wide.

3.11 Disadvantages of the Acquisitions

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

- (a) **Change in scale of activities:** Following completion of the Acquisitions, whilst continuing to operate its existing business, the Company will devote funding and management attention to the acquired businesses. This change to the scale of the Company's activities may not be consistent with the objectives of some Shareholders;
- (b) **Issue of Shares pursuant to the Acquisitions will dilute existing Shareholders' voting rights:** The Company may satisfy the consideration payable under the Acquisitions through the issue of Shares. Any issue of Shares will have a delusionary effect on the current voting rights of Shareholders. Consequently, existing Shareholders' voting power and influence over the affairs of the Company will be reduced; and
- (c) **Additional risk factors:** There are many risk factors associated with the change to the scale of the Company's activities attributable to business and operations of Noveda and Zentri being acquired (refer to Schedule 5).

3.12 Risk Factors

Shareholders should be aware that if Resolutions 1 is approved and the Acquisitions are completed, the Company will be changing the scale of its activities which will result in it being subject to various risk factors (in addition to those that are presently applicable). These risks are both specific to the industry in which the Company operates and also relate to the general business and economic environment in which the Company will operate. Based on the information available, a non-exclusive list of these risk factors is detailed in Schedule 5.

3.13 Plans for the Company if the Acquisitions are not completed

If the Company does not complete one or both of the Acquisitions, it will continue with its current business activities and will investigate, and as required, undertake due diligence on, new opportunities to complement its existing business.

3.14 Indicative Timetable

The following is an indicative timetable* for, amongst other things, completion of the Acquisitions:

Event	Indicative Date
Despatch of Notice	12 September 2016
Last day for lodgement of Proxy Form	12 October at 10am (ACST)
Snapshot date for eligibility to vote at Meeting	12 October 2016 at 7pm (AEST)
Meeting	14 October 2016 at 10am (ACST)
Completion of the Noveda Acquisition	19 October 2016
Completion of the Zentri Acquisition	19 October 2016

*The above timetable is indicative only and subject to change. The Directors reserve the right to amend the timetable without notice and will keep Shareholders updated (via ASX announcements) on the timing of the completion of the Noveda Acquisition and Zentri Acquisition as it progresses.

3.15 Directors' Recommendation

The Directors are of the view that the Acquisitions will complement the existing business of the Company will assist the Company to achieve its growth objectives. Accordingly, each of the Directors considers that the Acquisitions are the best interests of the Company and recommend that Shareholders approve Resolution 1.

3.16 Forward Looking Statements

The forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Memorandum. These risks include but are not limited to, the risks detailed in Schedule 5. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

4. Resolution 1 – Change to Scale of Activities

4.1 General

Resolution 1 seeks approval from Shareholders for a change to the scale of the activities of the Company in respect to the Acquisitions.

Resolution 1 is an ordinary resolution.

The Chairperson will cast all available proxies in favour of Resolution 1.

4.2 Listing Rule 11.1

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change in the nature or scale of an ASX listed company's activities. The completion of the Noveda Acquisition and the Zentri Acquisition will have the effect of increasing the scale of the Company's activities.

Where an ASX listed company seeks to change the scale of its activities, it must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change, if required by ASX; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX.

As detailed in Section 3, the Company is proposing to undertake the Noveda Acquisition and the Zentri Acquisition, subject to the satisfaction of certain conditions (refer to Sections 3.6 and 3.7), including but not limited to, the obtaining of Shareholder approval.

Having regard to the recent acquisition of "Buddy Platform, Inc" (refer to Section 3.1), which was subject to Shareholders approving a change to the nature and scale of the activities of the Company, ASX has advised that the Acquisitions (both separately and together) constitute transactions which require Shareholder approval (pursuant to Listing Rule 11.1.2).

A voting exclusion statement in respect to Resolution 1 is included in the Notice.

5. Resolution 2 – Ratification of Placement

5.1 Background

On 6 July 2016, the Company announced the successful placement to institutional and sophisticated investors to raise approximately \$4,500,000 (before costs) (**Placement**).

Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 of the issue of 45,000,000 Shares (**Placement Shares**) under the Placement.

5.2 Listing Rule 7.4

In accordance with Listing Rule 7.1, the Company must not, without obtaining Shareholder approval, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1.

The effect of passing Resolution 2 will be to allow the Company to issue securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without obtaining prior Shareholder approval.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

5.3 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the Placement as follows:

- (a) 45,000,000 Placement Shares were issued to institutional and sophisticated investors.
- (b) The Placement Shares were issued at an issue price of \$0.10 per Placement Share.
- (c) The Placement Shares were issued to institutional and sophisticated investors.
- (d) The Placement Shares were issued on 11 July 2016.
- (e) The Placement Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue and were issued on the same terms and conditions as the Company's existing Shares.
- (f) Funds raised from the Placement were used for general working capital purposes and to support ongoing business growth initiatives within the Company (and were not required, nor will they be utilised in respect to the Acquisitions).
- (g) A voting exclusion statement is included in the Notice for Resolution 2.

5.4 Director Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

Schedule 1 – Definitions and Interpretation

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

Acquisitions means the Noveda Acquisition and the Zentri Acquisition and **Acquisition** means either the Noveda Acquisition or the Zentri Acquisition.

ACST means Australian Central Standard Time, being the time in Adelaide, South Australia.

ASIC means the Australian Securities and Investment Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the Australian Securities Exchange operated by ASX Limited

Base Line has the meaning given in Section 3.6(a)(ii)(A).

Board means the board of Directors from time to time.

Chairperson means the person appointed to chair the Meeting.

Company means Buddy Platform Limited ACN 121 184 316.

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

Director means any director of the Company and **Directors** means all of them.

Explanatory Memorandum means this explanatory memorandum.

First Milestone Payment has the meaning given in Section 3.6(a)(ii)(B)

First Milestone Measurement Period has the meaning given in Section 3.7(a)(ii)(A).

GAAP means the generally accepted United States accounting principles applied on a consistent basis throughout the periods in question.

IoT means the internet of things.

Listing Rules means the official listing rules of ASX.

Meeting means the general meeting of the Company to be held at Level 2, 333 King William Street Adelaide SA on 14th October 2016, at 10am (ACST).

NJBPU Loan has the meaning given in Section 3.6.

Notice means the notice convening the Meeting which accompanies this Explanatory Memorandum.

Noveda Acquisition has the meaning given in Section 3.2.

Noveda Completion has the meaning given in Section 3.6(a)(i).

Noveda Consideration has the meaning given in Section 3.6(a).

Noveda Definitive Agreement has the meaning given in Section 3.6.

Noveda Initial Consideration has the meaning given in Section 3.6(a)(i).

Noveda Letter of Intent has the meaning given in Section 3.2.

Noveda Revenue has the meaning given in Section 3.6(a)(ii)(B).

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Official List means the official list of the ASX.

Performance Share means a performance share in the Company.

Prospectus means the prospectus of the Company dated 3 November 2015.

Proxy Form means the proxy form attached to the Notice.

Requisite Approvals has the meaning given in Section 3.7(a)(ii).

Resolution means a resolution in the Notice.

Revenue has the meaning given in Section 3.7(a)(ii)(A).

SaaS has the meaning given in Section 3.7(a)(ii)(A).

Schedule means a schedule to this Explanatory Memorandum.

Second Issue has the meaning given in Section 3.7(a)(ii).

Second Milestone Payment has the meaning given in Section 3.6(a)(ii)(C).

Second Milestone Period has the meaning given in Section 3.7(a)(iii).

Section means a section of this Explanatory Memorandum.

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

Shareholder means a registered holder of a Share.

Specified Segments has the meaning given in Section 3.6(a)(ii)(B).

Third Milestone Payment has the meaning given in Section 3.6(a)(ii)(D)

Zentri Acquisition has the meaning given in Section 3.3.

Zentri Definitive Agreement has the meaning given in Section 3.7.

Zentri Initial Consideration has the meaning given in Section 3.7(a).

Zentri Letter of Intent has the meaning given in Section 3.3.

Zentri Option has the meaning given in Section 3.7(a).

Zentri Revenue has the meaning given in Section 3.7(a)(ii)(A).

In the Notice and this Explanatory Memorandum, headings and words in bold are for convenience only and do not affect the interpretation of the Notice and this Explanatory Memorandum and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in the Notice or this Explanatory Memorandum have a corresponding meaning;
- (d) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (e) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (f) a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (g) **"include"** and **"including"** are not words of limitation;
- (h) **"\$"** is a reference to Australian currency; and
- (i) **"US\$"** is a reference to the currency of the United States.

Schedule 2 – Information on Noveda

1. Business Model

Noveda's business model is based on multiple revenue streams leveraging a wide range of products and services, targeting an array of channel partners and end use customers who are keen on lowering operational costs, improving their carbon footprint and increasing transparency of their resource consumption (sustainability reporting):

- (a) Monitoring Revenue: Subscription revenue for the energy monitoring platform, which is a cloud-based (SaaS) software solution with simple, intuitive user interface and analytics capabilities. Customers pay up front for the ability to have access in real-time to their resource utilization and facility performance intelligence over subscriptions periods from one to five years. This also includes services to alert customers of performance out of the established threshold – for resource usage or generation across a variety of sources – water, energy, solar/wind production, or waste generation. The combination of smart meters and the Noveda platform provides the customer with a real-time view of energy and resource usage, as well as analytical tools which provide a powerful insights platform to begin energy efficiency optimization.
- (b) Equipment Revenue: Noveda provides 'easy-to-install' smart panels (gateways) that enable the customer to integrate all the various resources in the facility into a single user interface. Noveda's smart panels now include sub-metering capability that enables customers to get a granular view of their consumption, by load. The platform is one of the few that can integrate/communicate with any smart metering hardware or building management systems (BMS). In addition, Noveda has recently launched integrated controls, specifically for indoor and outdoor lighting applications.
- (c) Professional Services Revenue: Noveda launched an innovative approach to provide Noveda Energy Savings as a Service (NeSaaS) guaranteed energy savings to customers with no upfront capital costs through the integrated monitoring and lighting controls solution. Customers will have an immediate reduction in energy costs and will pay for this service over a 5 or 10 year contract, with no upfront capital expense. After the 10 year period, the customer will own the equipment outright. The energy consumption and savings will be available for customers to view in real-time with the Noveda monitoring platform.
- (d) Licensing and OEM Revenue: Energy reducing product providers and energy service companies are constantly seeking robust methods to differentiate their offering and pay Noveda, licensing fees to provide integrated 3rd party monitoring and verification capability to their customers. This revenue model is expected to grow rapidly as more conservation technologies become proficient.

Noveda generates the majority of its sales from monitoring and equipment revenue.

2. Noveda Products

Noveda's core products are designed to proactively manage energy use and optimize facilities and renewable assets with real-time data. Its analytics and high definition visuals provide

context for complex data so that all stakeholders can easily understand energy patterns in order to reduce consumption and achieve their conversation goals.

(a) SunFlow Monitor™

SunFlow Monitor™ provides minute-by-minute monitoring of all renewable energy systems including photovoltaic systems, wind turbines, and geothermal systems. It is designed to maximize system performance with both intuitive views for non-technical users and granular data (such as volts, amps, power factor, fault codes, etc.) for sophisticated users.

SunFlow also ensures accurate data collection for solar renewable energy credits (SRECs) and highly detailed, automated billing information for power purchase agreement (PPA) providers.

(b) EnergyFlow Monitor™

EnergyFlow™ provides minute-by-minute monitoring of all conventional energy systems including electricity, fuel, water, gas and steam to help clients optimize their building performance, enabling property owners to understand their facilities' energy profiles and identify critical events such as peak load and building start-up. With this information, corrective action can be taken to adjust building systems and reduce energy demand. EnergyFlow also allows for comparisons against baselines, budgets or national averages.

(c) Carbon Footprint Monitor™

Carbon Footprint Monitor™ displays real-time visual image of energy efficiency and renewable energy initiatives. The screen represents the before and after acreage of new trees that would have to be planted to sequester the CO2 produced by a facility.

(d) Portfolio Operator's Portal

Portfolio Operator's Portal offers a series of highly customizable dashboards that allows a property manager to easily view all the buildings or renewable assets in a portfolio in a common view. The portal is completely flexible, can be linked to workflow management systems and offers deep-dive capability into the underlying facilities. The alert views provide context-sensitive details about faults, performance issues, communication issues and energy consumption anomalies. The operations and maintenance views provide an information repository for each facility, including renewable energy systems, installed and historic performance information relating to system maintenance, and alert management and energy efficiency management efforts. Finally, the portal offers a social media aspect so facility staff can communicate with one another and share best practices.

(e) EnergyFlow cxi™

Energy Flow cxi™ allows a facility manager to compare all sub-metered loads in real time on one screen and quickly determine exactly how the building is using energy. This is also a useful tool to compare the before and after effects on energy conservation measures on lighting, HVAC equipment, chillers, plug loads, etc.

(f) Portflilio Tracker™

Portflilio Tracker™ provides an instant, intuitive view of a large portfolio of buildings to allow the property owner to know which buildings are trending towards target and which need attention.

(g) UtilityFlow™

UtilityFlow™ allows clients to quickly, easily and securely check the accuracy of their utility bill online. It compares energy use data side-by-side with data from the client's utility bill to identify any discrepancies in data acquisition methods saving companies from time-consuming utility bill management processes.

Enterprise Energy Index (EI): Enterprise Energy Index (EI) is designed to provide information throughout an enterprise, - within a site/campus or across a network of sites/campuses. EI is a modular system - enabling phased implementation within an enterprise license. EI also serves as an Enterprise Reporting System (ERMS), a browser bases application that supports MS, IE and IOS, with extensive reporting capability. The application does not require any 3rd party controls (i.e. ActiveX Controls or Java) will be downloaded to client computers.

The Noveda ERMS is designed to work simultaneously with data from multiple time zones. All data will be stored in Universal Time (UTC). The platform will support customer specific branding requirements such as logos and color schemes and is designed to export data to other systems.

3. **Noveda customers**

Noveda's current customers include PSE&G, Deutsche Bank, Prudential, Rolls Royce, New York City Department of Education, various US Federal Government facilities, Avis Budget Group, Natural Resource Defense Council (NRDC), Honeywell, CBRE, Staples and Energy Ottawa.

Noveda's target customers include utilities, educational institutions, commercial, retail industrial, healthcare, and government organizations. A few examples are provided below:

(a) Liberty Science Center

Liberty Science Center reduced its energy consumption by over 40% with the Noveda solution

Liberty Science Center is a 295,000 square foot museum that hosts approximately 1.1 million guests each year. In April 2008, Noveda installed its SunFlow Monitor™ and EnergyFlow Monitor™ to opti-mize the facility's newly installed solar photovoltaic system.

After the first night in use, SunFlow Monitor™ data showed that the facility was consuming three times more energy during the night than originally estimated. The facility operations staff at Liberty Science Center discovered that, between the hours of 10:00pm and 6:00am, their air handling units were running in occupied mode, bringing hot, humid air back into the building and wasting energy. By readjusting the night settings, daily electrical consumption was reduced by approximately 11.5%.

This problem was estimated to have been occurring for the past year, costing an average of \$5,800 per month or nearly \$70,000 per year.

In the following months, the museum's maintenance workers used Noveda's monitors to track other opportunities such as turning off water booster pumps at night and adjusting lighting operation hours. Museum employees, in turn, did their part to practice better energy efficiency habits. As a result, the museum reduced its energy usage by 40% in under a year with minimal maintenance costs. The energy savings resulted in a daily reduction of 1.2 metric tons of CO2 greenhouse gases. The payback on the investment in Noveda's technology was less than three months.

(b) The Newark Public School System

Newark, NJ is the state's largest city and operates the largest school system, serving more than 39,000 students across four districts. The size and scope of the school district makes energy usage and rising energy costs a critical challenge for administrators.

Portfolio Tracker™ demonstrates the trend of eighty-four buildings in the Newark Public System based on real-time information.

In 2008, Noveda was awarded the contract to install EnergyFlow™ and subsequently PortfolioTracker™ in the 84 district buildings. While the EnergyFlow Monitor™ monitors real-time energy usage in each building, PortfolioTracker™ displays all the school's 84 buildings and systems in one customizable view, with links to workflow management systems, and built-in 24/7 alerts.

Noveda's precision energy tracking solutions helped Newark Public Schools to understand and monitor their energy usage on a real-time basis, enabling them to target areas of high energy usage and implement energy efficiency management measures.

The energy efficiency measures resulted in 30% energy reduction in targeted schools and more than \$1,000,000 in annual energy costs.

4. **Key strengths**

Research shows the largest purchaser of IoT services over next five years will be the government, followed by enterprise. In this respect, Noveda has technology deployed in the market that is utilised by (and purchased by) customers that the Company on its own would require significant resource/time and substantial investment to win.

In addition, Noveda has created strong customer relationships and the Company believes there is a huge opportunity to expand the solution offered to these customers, as part of the Company's portfolio of products and services. By pairing Noveda's world-class front-end experience with the Company's scalable and flexible backend technology, the Company will be able to provide customers with more of what they want – insight and at-a-glance understanding of their data. The Company also considers Noveda's services and current product offering as competitive for the following reasons:

Superior, Patented Technology: Noveda offers the most competent, engaging and patented energy management platform in the industry with the software architecture in place today to

significantly scale in the future. As one of the front-runners in real-time (i.e. one minute or less) energy monitoring, Noveda has over eight years of experience providing consistent and reliable energy data from a wide variety of energy sources. The company also provides a unique digital notary service that ensures a high level of security. This technology would take a significant amount of time and investment to duplicate.

Broad, Increasing Demand for Noveda's Energy Information Solutions : Noveda provides a holistic approach to sustainability—measuring energy, water and waste—and combines impressive engineering capabilities with a collaborative attitude towards software development. These characteristics make us the partner of choice of several different types of players in energy efficiency and smart grid technology including ESCO's, facility managers, demand response providers, building equipment providers and technology companies. Noveda's core platform can quickly and cost-effectively be adapted for the needs of any of these types of companies allowing us to provide solutions to a broad spectrum of companies.

Scalable Business Model: Noveda's software-as-a-service (SaaS) business model provides a high-margin, recurring revenue model. Noveda has established distribution channels through value-added resellers and a large network of channel partners, which will allow us to quickly scale throughout the world with minimal resources. The Noveda platform is hardware agnostic and completely interoperable with all mainstream smart meters, inverters and building management systems and our existing software platform is equipped to handle thousands of additional buildings, equipment or devices.

Established Revenue Base, Strong Brand Presence with Key Accounts: Noveda has established a sustainable revenue stream through subscription services, equipment sales and professional services at strategic accounts like PSE&G, Staples, Deutsche Bank, Energy Ottawa, NRDC, GSA, etc.

Globally Scalable: Noveda has demonstrated the ability to scale the business globally swiftly, by having completed installations in the United Kingdom, India, China, Brazil and Abu Dhabi. Through a network of OEM Partners and channel partners, the Company believes that this business can be scaled very quickly, especially considering the increasing demand for transparency and conservation of key resources like water and energy worldwide.

Talented Leadership Team and Deep Experience in Sustainability: Noveda has built an adaptive and resilient leadership team with commendable track records from global organizations to transition the Company from an early-stage success story to a high revenue growth, profitable business. Their experience in sustainability is also unmatched in the energy management industry and includes advising federal governments on sustainability, designing and maintaining the first commercial net-zero electric building in the United States and impressive operational impact.

Schedule 3 - Information on Zentri

1. About Zentri

Zentri is transforming the way product companies deliver secure mobile and cloud connected products with rich connected experiences across multiple product lines.

Leveraging Zentri's Secure IoT Platform, customers get to market in weeks instead of years with highly secure and robust products. In addition to delivering the connected experience product buyers expect, Zentri enables secure product authentication, seamless OTA software updates, remote product diagnosis and analytics, and more. Over 1,300 customers trust Zentri to securely connect and manage their products while driving deep customer engagement.

2. Business Model

Zentri offers both the complete IoT platform to customers or components of the platform that allows for adoption flexibility. The major thrust vector of the business is recurring revenue through Software-as-a-Service (SaaS). The company also generates significant revenue in Zentri software powered hardware modules.

Zentri Platform's core component is ZentriOS, a secure, IoT specific connectivity operating system that accelerates Wi-Fi, Bluetooth connectivity driven IoT projects. The core of the business model is the distribution of ZentriOS on Zentri modules and on major semiconductor partner hardware, followed by the sales of the rest of the Zentri platform stack (listed in Section 3 below), as a Software As A Service license.

Zentri's focus is in enterprise grade IoT and some of the sample verticals that the Zentri platform is used and is considered valuable are connected car, energy management, industrial automation and high-end appliances.

3. Zentri Products

Zentri's flagship product is a complete, secure and connected product platform that consists of the following standalone components:

(a) ZentriOS – IoT Operating System for Embedded Devices

ZentriOS offers a full suite of device authentication and secure connectivity services for products simplifying the act of connecting a product to the cloud. It is suitable for a wide range of battery operated products and products that need high response or low latency as well as gateway products with more resources. It runs on a wide variety of hardware platforms including Zentri modules and hardware from premiere silicon vendors.

(b) Zentri Device Management Service

Zentri Device Management Service (DMS) is built to deliver secure, encrypted, product-specific over the air (OTA) updates to products that are in-market. A product inventory view is built into the service displaying real-time product updates including geolocation and status of the product.

(c) Zentri Data Cloud & Cloud Connector

The Zentri Data Cloud enables customers to interact with end products. The service additionally allows secure delivery of analytics captured from the product to the cloud. A typical customer for this service requires deployment of the service in days or weeks and relies on Zentri's cloud infrastructure for product monitoring, control and capturing product analytics.

The RESTful and WebSocket APIs that are part of the service may be used to compose operational dashboards or plug-in to existing dashboards. Cloud Connectors allow the secure and seamless delivery of product data captured by Zentri Cloud to third-party cloud service providers such as Microsoft Azure IoT, Amazon Web Services IoT, etc.

(d) Zentri Mobile App SDK

The Mobile App SDK offers secure Wi-Fi or Bluetooth LE connectivity from an iOS or Android mobile app to the product that is being managed. The SDK enables 'Single-click' wireless setup for product users, simple device discovery on a network and delivers a highly responsive user experience by making intelligent decisions on when to connect directly to the product for fast-response low-latency and when to connect remotely via the cloud.

(e) Zentri Hardware Modules (Wi-Fi Modules, Wi-Fi Dev Boards, Bluetooth LE, Bluetooth LE Dev Boards)

The quickest path to market for companies developing connected products is to use Zentri hardware running ZentriOS. All modules are pre-certified and ready to be dropped into existing or new product designs. Zentri's modules have a long pedigree of being integrated into thousands of industrial, commercial, and consumer products.

4. Zentri customers

At present, Zentri has sold to over 1350 unique customers. Some of Zentri's notable customers are:

- (a) Breville (Commercial and Consumer Kitchen Appliances)
- (b) NXP Semiconductor (IoT Platform)
- (c) Celestron (Consumer Telescopes)
- (d) eMotorWerks (Smart grid Wi-Fi connected electric vehicle charging)
- (e) United Technologies (Fire detection)
- (f) Ingersoll Rand (HVAC Controls)
- (g) Mazzer (Connected Coffee Makers)
- (h) Lemur (Connected Cars)

- (i) WattWatchers (Connected Energy)
- (j) Schneider/Maco Lighting (Connected Lighting)

Zentri products, especially ZentriOS, can be distributed through the current set of distributors to thousands of customers. ZentriOS is also available both on Zentri modules and on Zentri hardware partners' solutions. This provides Zentri the opportunity to engage the current and new ZentriOS customers with the rest of the platform stack, starting with Zentri DMS and grow/expand the deal value.

The SaaS components of the platform are priced in simple to consume 'service tiers' that allow customers to pick and choose the right combination of the Zentri platform stack and pay a subscription price either per device or for an 'all you can use' plan called the enterprise subscription. This is sold directly as well as through Zentri's cloud service channel partners.

Going forward, Zentri's target platform verticals include but not limited to connected cars, energy management including sub verticals such as industrial lighting, industrial and home automation, medical devices, and high-end appliances.

5. Key strengths

The Company considers that Zentri's services and current product offering is competitive for a variety of reasons as follows:

(a) Partnerships

Zentri believes in a vibrant ecosystem that includes cloud service providers, hardware platforms, analytics platforms, and system integrators. Zentri partners use the Secure Connected Product Platform interfaces to drive both technical outcomes and business outcomes for product companies that need an agile ready-to-connect solutions.

Zentri partners drive leads to Zentri through three major avenues

- (i) Marketing Integration
 - (A) Zentri's partners co-market Zentri products to their customers directly as well as through marketing campaigns, combined event presence, analyst and press engagements and online promotions
- (ii) Developer Platform Integration
 - (A) Zentri partners, who sell their products with ZentriOS, create an avenue for developers to activate their products on Zentri DMS allowing Zentri to collect, nurture and convert customer leads.
- (iii) Sales Engagement
 - (A) Zentri partners offer roadshows and direct customer engagement opportunities to sell Zentri products to their customers

(b) Security

The entire Zentri platform has been designed from the ground up with a best of class security architecture for secure data-at-rest and data-in-motion. For example, each client's product software image is uniquely encrypted off the production line with a combination of a unique identifier, a unique encryption key, and a company X.509 certificate. Zentri's Device Management Service Authorizes and Authenticates each product in the field for secure and robust operation.

(c) Enterprise Class Platform

The Zentri platform was designed for Enterprise Class usage. From MS Active Directory employee access support to an internal Enterprise IoT Application Store for corporate wide usage of Zentri IoT applications, the platform is designed to be IT friendly.

(d) Zentri's Secure Connected Platform for IoT

Enables customers to get connected devices to market in weeks. These connected devices can then be managed via the Zentri Device Management Service in order to make software updates, monitor device status, and integrate into the Buddy IoT cloud platform.

Schedule 4 – Pro Forma Statement of Financial Position

	Audit in progress 30 June 2016	Subsequent event adjustments	Pro-forma adjustments		Pro-forma adjustments	Pro-forma after Acquisitions
			Acquisition of Noveda	Acquisition of Zentri	On Consolidation	Consolidated
Assets						
Cash and cash equivalents	10,835,739	4,295,000	8,604	410,584		15,549,927
Trade and other receivables	190,104		125,816	500,943		816,863
Inventories	-		47,565	-		47,565
Total current assets	11,025,843	4,295,000	181,985	911,527		16,414,355
Property, plant and equipment	167,743		8,573	213,978		390,293
Other receivable	-		-	47,670		47,670
Investments	1,134,753		-	-		
Intangible assets and goodwill	-		437,012		67,347,828	67,784,840
Total non-current assets	1,302,496		445,584	261,648	67,347,828	69,357,556
Total assets	12,328,339	4,295,000	627,569	1,173,175	67,347,828	85,771,911
Liabilities						
Trade and other payables	228,193		1,558,353	650,687		2,437,233
Notes payable	-		3,109,076	3,182,736		6,291,813
Provisions	19,225					19,225
Total current liabilities	247,418		4,667,429	3,833,423		8,748,270
Total liabilities	247,418		4,667,429	3,833,423		8,748,270
Net assets	12,080,921	4,295,000	(4,039,860)	(2,660,248)	67,347,828	77,023,641
Equity						
Share capital	27,994,674	4,295,000	24,093,633	1,772,421	33,142,345	91,298,074
Reserves	12,182,234		-	-	1,639,320	13,821,554
Accumulated losses	(28,095,987)		(28,133,493)	(4,432,669)	32,566,162	(28,095,987)
Equity attributable to owners of the parent	12,080,921	4,295,000	(4,039,860)	(2,660,248)	67,347,828	77,023,641
Total equity	12,080,921	4,295,000	(4,039,860)	(2,660,248)	67,347,828	77,023,641

**Note: The above figures are in AUD and an exchange rate of AUD/USD 0.7426 was utilised.*

Assumptions adopted in compiling the Pro-forma Statement of Financial Position

The Pro-Forma Statement of Financial Position has been prepared by adjusting the financial position as at 30th June 2016 for the Company for the adjustments as outlined in Sections 1 and 2 below. The 30th June 2016 financial position is in the process of being audited and has been included in the Preliminary Final Financial Report and Appendix 4E as lodged with on 31st August 2016.

Subsequent events

The Pro-Forma Statement of Financial Position reflects the following events that have occurred subsequent to the year ended 30 June 2016:

- (a) The issue of up to 45,000,000 Shares at an issue price of \$0.10 per share to raise AU\$4.5 million pursuant to the Placement after issue costs.

Pro-forma adjustments

The Pro-Forma Statement of Financial Position reflects the subsequent events set out in Section 1 above and the following transactions and events relating to the Acquisitions:

- (a) The completion of the Noveda Acquisition for a purchase price of A\$32,318,880 through the issue of 323,188,796 Ordinary Shares in Buddy Platform Limited (being the maximum consideration).
- (b) The completion of the Zentri Acquisition for a purchase price of A\$28,328,840 through the issue of 266,895,202 Ordinary Shares and 13,104,798 Options (being the maximum consideration).

Schedule 5 – Risk Factors

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders should the Acquisitions be completed. The risk factors below, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the Company's securities. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated. The Company cannot guarantee its future earnings and cannot provide a guaranteed level of return to investors.

1. Company Specific Risks

(a) Limited Operating History

The Company, in respect to the business segment acquired from "Buddy Platform Inc." (now named "Buddy Limited") in November 2015 (refer to Section 3.1), has a limited operating history and the potential of its business model is continuing to evolve and develop. No assurances can be given that the Company will achieve commercial viability through the successful implementation of its business plans.

In addition, there is the risk that the Company's technical platforms may not function as intended, including with respect to scalability and coping with increasing numbers of users or client numbers. This may lead to the Company's reputation suffering amongst users, contributors and its partners.

(b) Integration Risk of Noveda and Zentri Acquisition

The operating results of the Company will depend on the success of management in integrating the proposed acquisition of Noveda and Zentri. There is no guarantee that the Company will be able to integrate this proposed acquisition into the Company successfully, or that any economic benefits will be able to be realised. There is a risk that the Company's future profitability and prospects could be adversely impacted if successful integration is not achieved in an orderly and timely fashion.

(c) Future Capital Needs and Additional Funding

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Placement should be adequate to fund its business development activities, business plan and other Company objectives in the short to medium term as detailed in this Explanatory Memorandum. Changes to operational requirements, market conditions and business opportunities may mean further funding is required by the Company and/ or a business unit at an earlier stage than is currently anticipated.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional funding, if required, would have a material adverse effect on the Company's business and its financial condition and performance and the Company's ability to continue as a going concern.

(d) **Reliance on Key Personnel**

The Company operates in rapidly growing and competitive sector. It relies heavily on the core competencies and expertise of its key employees in technical, engineering and sales and marketing. The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner. Further, the Company growth and financial performance may suffer if it is unable to secure the quality and quantity of new employees or contractors it requires to facilitate its growth due to industry competition for these skills.

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

The Directors will continue to seek to grow the Company both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Any investments pursued could have a material adverse effect on the Company.

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisitions. The capacity of the expanded management team to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

Businesses of Noveda and Zentri have the potential to grow rapidly. If that occurs and the Company fails to properly manage that growth, then that failure could harm its business. Any failure to meet user and contributor demand properly could adversely affect the business, including demand for Noveda's and Zentri's products, services, revenue collection, user and contributor satisfaction and public perception.

(f) **Industry Competition**

The Company's future performance may be affected by the level of competition in the IoT Industry in which it operates. Whilst the Company is an early mover in the industry, new or existing competitors may be successful in offering alternative and may enter into strategic partnerships with recognised press associations which enhance their business at the expense of the Company.

The future performances of the acquired businesses may be affected by the level of competition in the media and branding markets in which it operates. Whilst Noveda and Zentri have enjoyed success in these industries to date, new or existing competitors may be successful in offering alternatives for media outlets, brands, agencies, and enterprises.

(g) **Reputational Risks**

The Company, Noveda and Zentri operate in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled users posting negative comments about the businesses in public forums may have a disproportionate effect on the reputation of the Company and/or its acquired businesses (as applicable) and their ability to earn revenues and profits. Additionally, complaints by such users can lead to additional regulatory scrutiny and

a consequential increased compliance burden in responding to regulatory enquiries. This could negatively impact upon the Company's and its acquired business' profitability (as applicable).

(h) **Reliance on Core Information Technology and Other Systems**

The operation of the Company's and Zentri's platforms is dependent upon the performance, reliability and availability of its information technology and communication systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war or a breakdown in utilities such as electricity and fibre optic cabling. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. The disaster recovery plans of the Company and its acquired businesses may not adequately address every potential event, and its insurance policies may not cover loss or damage that the Company and its acquired businesses (as applicable) suffer as a result of a system failure.

Any damage to, or failure of, the Company's or its acquired businesses' key systems can result in disruptions in the Company's or its acquired businesses' ability (as applicable) to operate its various data aggregation and management platforms for the IoT and connected devices. Such disruptions have the potential to reduce the ability of the Company and its acquired businesses to generate revenue, impact consumer service levels and damage the respective brand values of the Company and its acquired businesses. This could adversely affect the Company's, Noveda's and Zentri's ability to generate new business and cause it to suffer financial loss.

The industry in which the Company and its acquired businesses are involved is also subject to rapid and significant changes in technology. The impact of these changes on the Company and its acquired businesses cannot be predicted. The costs associated with implementing emerging and future technology changes could be significant.

(i) **Reliance on Third Party IT Service Provision**

The Company and its acquired businesses utilise services provided by third parties to maintain and deliver its software as data aggregation and management platforms and other key deliverables in its business model. This includes payment gateway providers, sales staff and integration of the platforms to the market dispensing software packages. Significant or extended disruption of the Company or its acquired businesses caused by supplied equipment, software or service failure may reduce their ability to generate revenue, impact client and consumer service levels and may damage their brand. This could adversely affect the Company's and its acquired businesses' ability to generate new business and cause it to suffer financial loss. Any mitigation of this loss via redress from third party suppliers may not be immediately available, if at all.

The company is continually assessing the risk and opportunities associated with its business model and other than disruptions for short periods of time due to service delivery failure is not solely reliant on any one party for delivery.

(j) **Intellectual Property**

The Company intends to pursue IP protection in the form of patents for newly developed technologies. However, if the Company fails to protect the intellectual property rights of the acquired businesses adequately, competitors may gain access to its technology which may harm the Company's business. Buddy feels strongly that patent protection & litigation does not constitute a feasible defence against competition in this industry.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trade mark, copyright and trade secret protection may not be available to the Company in every country in which the Platform may eventually be launched. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

Market conditions depending, the Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

In addition, unauthorised use of the "Buddy", "Noveda", or "Zentri" brand in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(k) **Hacker attacks**

The Company and its acquired businesses will rely upon the availability of its Platform to provide services to customers and attract new customers. Hackers could render the Platform unavailable or cause customers' personal information being compromised.

Although Buddy has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the Platform could lead to a loss of revenue for the Company and/or its acquired businesses while compromising customers' information could hinder the Company's and its acquired businesses' abilities to retain existing customers or attract new customers, which would have a material adverse impact on their growth.

There is also currently an increased exposure to organisations that process personal information in the course of their commercial activities, in particular, relating to liability arising from security incidents. Although the Company and its acquired businesses are relatively small, vulnerabilities in the information security governance will require remediation in the near future and upon completion of the Acquisition.

(l) **Security Breaches**

The Company, Noveda and Zentri collect, store, process and analyse the data generated by the IoT and connected devices, and unlock the economic opportunities delivered by this data. Such data can be highly sensitive, highly regulated and confidential information. The provision of secure and reliable information storage

and processing services is integral to the businesses and operations of the Company and its acquired businesses in a wide variety of industries.

Whilst the Company and its acquired businesses follow best practice in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise risks, there is no guarantee that the implementation of such precautions will be sufficient to prevent data security breaches and information being compromised or misused.

(m) **Large Shareholders**

The Company has a number of shareholders with relatively large shareholdings. An expectation by the market that one or more of those shareholders may sell all or a substantial portion of its shareholding, or the actual sale of such a shareholding, could have a negative effect on the price of the Shares.

(n) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

2. **General Risks**

(a) **Securities Investments**

There are risks associated with any securities investment. The prices at which the Shares trade on the Official List may fluctuate in response to a number of factors including:

- (i) the recruitment or departure of key personnel;
- (ii) actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- (iii) variations in the Company's financial results or those of companies that are perceived to be similar to the Company including changes caused by changes in financial accounting standards or practices or taxation rules or practices;
- (iv) announcements regarding litigation or other proceedings that involve the Company;
- (v) war or acts of terrorism or catastrophic disasters that disrupt world trade or adversely affect confidence in financial markets;
- (vi) other general economic, industry and market conditions; and
- (vii) other factors described in this Schedule 5.

(b) **Share Market Conditions**

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Liquidity Risk**

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market for the Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

(d) **Litigation Risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company, Noveda nor Zentri are currently engaged in any litigation.

(e) **Economic Risk**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

(f) **Foreign Exchange Risk**

The Company operates internationally and, presently, in five major currencies. Accordingly, fluctuations in prevailing exchange rates affect the Company's profitability and financial position. For example, the Company pays a website hosting provider in US dollars. If the Australian dollar falls relative to the US dollar, those costs increase in Australian dollar terms, potentially reducing the Company's profitability.

Currently, most of the Company's revenues are in US dollars and most of its costs are in US dollars and Australian dollars.

However, the mix of currencies in which the Company pays its costs and earns its revenues is changing over time. As that mix changes, there may be a greater impact on profitability in Australian dollar terms.

The Company's financial statements are prepared and presented in Australian dollars, and any appreciation in the Australian dollar against other currencies in which the Company transacts may adversely affect its financial performance and position.

(g) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some business risks by procuring relevant insurance coverage. However, such insurance coverage may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance coverage.

(h) **Third Party Risks**

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual noncompliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

(i) **Policies and Legislation**

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions in the countries in which the Company could conduct business, could materially affect the Company's prospects. Political changes, such as changes in both monetary and fiscal policies, expropriation, methods and rates of taxation and currency exchange controls may impact the performance of the Company as a whole.

(j) **Force Majeure**

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

Schedule 6 – Terms and Conditions of the Zentri Options

(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 exercise price of each Options shall be either:

- (i) A\$0.006559;
- (ii) A\$0.049612; or
- (iii) A\$0.0001,

as detailed in Section 3.7(a) of the Notice.

(c) **Expiry Date**

Each Option will expire 3 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **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) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (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**

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 Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in New Issues**

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

(l) **Change in Exercise Price**

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

(m) **Unquoted**

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

(n) **Transferability**

The Options are non-transferable.