



14 October 2016

Ms Sandra Wutete  
Adviser, Listings Compliance (Perth)  
ASX Compliance Pty Ltd  
Level 40 Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

**By email**

Dear Sandra,

**Buddy Platform Limited ("Company" or "Buddy") - ASX Price and Volume Query**

We refer to ASX's letter dated 13 October 2016 regarding the recent change in the price, and an increase in the volume of trading, in the Company's securities ("**Letter**").

An overview of the relevant background and prevailing circumstances, which includes our responses to the questions in the Letter, is set out below.

For ease of reference, at the end of this letter, we have included details of ASX's questions and our response.

**Noveda and Zentri Acquisitions**

1. On 17 May 2016, the Company announced that:
  - (a) it had entered into a non-binding letter of intent pursuant to which it proposed to acquire all of the assets of Noveda Technologies, Inc ("**Noveda**") (the "**Noveda Acquisition**"); and
  - (b) the proposed Noveda Acquisition was subject to final due diligence being completed by Buddy and the execution of a binding acquisition agreement.
2. Following the announcement on 17 May 2016, negotiations with representatives of Noveda have resulted in the proposed terms of the Noveda Acquisition being subject to a number of amendments on various occasions, as detailed in the Company's ASX announcement dated 23 June 2016.
3. On 30 June 2016, the Company announced that:

- (a) it had executed an indicative term sheet pursuant to which it proposed to acquire the entire issued share capital of Zentri, Inc ("**Zentri**") ("**the Zentri Acquisition**"); and
  - (b) the proposed Zentri Acquisition was subject to completion of due diligence and the execution of a mutually acceptable binding acquisition agreement.
- 4. On 7 July 2016, the Company released a business update to shareholders (by way of an ASX announcement) advising that the proposed Noveda Acquisition and Zentri Acquisition were pending satisfactory completion of due diligence, execution of binding definitive agreements and solicitation of relevant approvals.
- 5. On 30 August 2016, the Company announced that it:
  - (a) had completed, to its satisfaction, its due diligence investigations on both Noveda and Zentri;
  - (b) was close to finalising a notice of meeting to obtain requisite approvals for the proposed acquisitions; and
  - (c) was in the process of having binding agreements prepared for execution.
- 6. On 12 September 2016, a notice of general meeting ("**Notice**") was lodged on Buddy's ASX platform and despatched to Buddy's shareholders to convene a general meeting on 14 October 2016 to approve (collectively and separately) the Noveda Acquisition and the Zentri Acquisition for the purposes of ASX Listing Rule 11.1.2. The Notice provides that:
  - (a) the Noveda Acquisition was subject to the execution of a formal, binding and definitive agreement; and
  - (b) the Zentri Acquisition was subject to the execution of a formal, binding and definitive agreement.
- 7. Since the lodgement of the Notice, as part of on-going negotiations to finalise a formal, binding and definitive agreement, the Company has been in discussions with representatives of Noveda regarding the terms of the initial consideration and the milestone payments detailed in Section 3.6 of the Notice.
- 8. Following the above and notwithstanding that the Company and Noveda were still engaged in discussions, in anticipation of the initial consideration component likely being amended and to ensure that shareholders were provided with adequate notice of the changes to the Notice prior to the general meeting, on 10 October 2016, the Company submitted to ASX for their review and comment a draft announcement and notice of proposed adjournment and addendum to the Notice and accompanying explanatory memorandum ("**Addendum**"). The addendum was subsequently amended, to reflect the withdrawal of Zentri from the transaction with the Addendum lodged with the ASX Announcements Platform 14 October 2016.
- 9. The Addendum contemplates changes to the initial consideration (and made changes to the Noveda milestone payment disclosures to correct erroneous wording) and proposes to adjourn the general meeting scheduled on 14 October 2016 to 21 October, to provide shareholders with adequate time to consider the Addendum.

10. At 7.02am (WST) on 13 October 2016, the Company exchanged emails with Noveda confirming that it had agreed with Noveda the terms of the Addendum, with the key amendment being an increase in the Noveda initial consideration from US\$250,000 (payable at the Company's election in cash, shares or a combination thereof) to 15,574,914 Buddy shares.
11. At 7.05am (WST) on 13 October 2016, ASX informed the Company that it had no comment on the Addendum and the Company proceeded to make arrangements to lodge the Addendum on the Company's ASX platform and despatch it to shareholders.
12. On or around 7.40am (WST) on 13 October 2016, the chief executive officer of the Company, Mr David McLauchlan, received notification from a representative of Zentri indicating that Zentri did not wish to proceed with the Zentri Transaction.
13. Having regard to the above, at 8.26 am (WST) on 13 October 2016, the Company entered into a trading halt pending the release of an announcement with regard to an update on the Noveda Acquisition and Zentri Acquisition.
14. At 8.32am (WST) on 13 October 2016, the Company received the Letter from the ASX.
15. At 10.41am (WST) on 13 October 2016, the Company received confirmation by email from a representative of Zentri of the unanimous decision of the board of Zentri to terminate the Zentri Acquisition.

### **Responses to Specific Questions in the Letter**

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?  
  
Having regard to the above, no
2. If the answer to question 1 is "yes":
  - a) Is the entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1A?  
  
Not applicable.
  - b) Can the announcement be made immediately?  
  
Not applicable.
  - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Not applicable.

3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities.

The Company is not aware of any information other than that detailed above.

4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely



**David McLauchlan**  
CEO, Buddy Platform Limited