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PROSPECTUS SYNERGY PLUS LIMITED

TO BE RENAMED VGW GAMING LIMITED

ACN 091 126 082

Corporate Advisors:

indianocean
specialist growth and corporate advisors

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Prospectus

For a public offer of up to 70,000,000 Shares (post-Consolidation) at an issue price of \$0.05 per New Share to raise up to \$3,500,000 (**Public Offer**).

The Public Offer is scheduled to close at 5:00pm (WST) on 9 February 2016 unless extended or withdrawn. Applications must be received before that time to be valid.

This Prospectus also contains:

- an offer of up to 932,183,398 Shares and 95,662,112 Options (post-Consolidation) to the VGW Holdings Vendors in consideration for the acquisition of all of the issued capital in VGW Holdings (**VGW Holdings Offer**). Refer to Section 2.1.2 of this Prospectus for further details of the VGW Holdings Offer;
- an offer of up to 19,000,000 Shares (post-Consolidation) to the Synergy Lenders in consideration for conversion and repayment of the SNR Lenders (**SNR Lender Offer**). Refer to Section 2.1.3 of this Prospectus for further details of the SNR Lender Offer;
- an offer of up to 20,000,000 Shares and 6,000,000 Options (post-Consolidation) to Minimum Risk in consideration for conversion and repayment of the Minimum Risk Loan (**Minimum Risk Offer**). Refer to Section 2.1.4 of this Prospectus for further details of the Minimum Risk Offer;
- an offer of up to 47,350,067 Employee Loan Shares and 96,926,780 Employee Incentive Options (post-Consolidation) to the VGW Holdings employee (**Employee Offer**). Refer to Section 2.1.5 of this Prospectus for further details of the Employee Offer;
- an offer of up to 9,000,000 Options (post-Consolidation) to the Company's incoming Executive Chairman, Mr Nigel Blythe-Tinker (**Chairman Offer**). Refer to Section 2.1.6 of this Prospectus for further details of the Chairman Offer;
- an offer of up to 650,000,000 Performance Shares (post-Consolidation) to Lance East Corporation (**Lance East Offer**). Refer to Section 2.1.7 of this Prospectus for further details of the Lance East Offer; and
- an offer of up to 72,500,000 New Options (post-Consolidation) to Minimum Risk (or its nominee) as part consideration for underwriting the Public Offer (**Underwriter Offer**). Refer to Section 2.1.8 of this Prospectus for further details of the Underwriter Offer.

(collectively, the **Transaction Offers**)

The Transaction Offers are scheduled to close at 5:00pm (WST) on 9 February 2016 unless extended or withdrawn. Application must be received before that time to be valid.

Completion of each of the Offers is conditional upon Shareholders approving, at the General Meeting to be held on 29 January 2016, various resolutions, including the change in nature and scale of activities, consolidation of capital and the issue of the Shares and Options offered by this Prospectus. Please refer to Section 2.2 of this Prospectus for further details.

IMPORTANT INFORMATION

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

All references to Securities in this Prospectus are made on the basis that the 50:1 Consolidation, unless otherwise stated, for which Shareholder approval is being sought at the General Meeting to be held on 29 January 2016, has taken effect.

This is an important document that should be read in its entirety.

If you do not understand it you should consult your professional advisers without delay. The Securities offered by this Prospectus should be considered highly speculative.

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Corporate Directory

DIRECTORS

Domenic Martino
Non-Executive Chairman

Christopher Martino
Non-Executive Director

Philip Silva
Executive Director

PROPOSED DIRECTORS

Nigel Blythe-Tinker
Proposed Executive Chairman

Laurence Escalante
Proposed Managing Director and Chief Executive Officer

Mats Johnson
Proposed Executive Director

Lorenzo Escalante
Proposed Non-Executive Director

COMPANY SECRETARIES

Leanne Ralph
Non-Executive Director

Jackob Tsaban
Non-Executive Director

PROPOSED COMPANY SECRETARY

Rointon Nugara
Company Secretary

ASX CODE

Current: SRN
Proposed: VGW

REGISTERED OFFICE

C/- Ground Floor,
8 St Georges Terrace,
Perth WA 6000

Telephone: +61 2 8263 0515
Facsimile: +61 2 8263 0500

SOLICITORS

Hunt & Humphry
15 Colin Street,
West Perth WA 6005

HopgoodGanim Lawyers
Level 27, 77 St Georges Terrace,
Perth WA 6000

INVESTIGATING ACCOUNTANT

Sothertons L.L.P.
Level 6
468 St. Kilda Road
Melbourne VIC 3004

AUDITOR*

RSM Australia Partners
Ground Floor,
8 St Georges Terrace,
Perth WA 6000

SHARE REGISTRY*

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

Important Notice

This Prospectus is dated 4 January 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

Application will be made to the ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company. No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Securities or the Offers or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia.

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

RISK FACTORS

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to the summary in the Investment Overview Section in Section 1 and Section 5 of this Prospectus.

PRECONDITIONS TO ISSUE

The Offers made under this Prospectus and the issue of Shares, Options and Performance Shares pursuant to this Prospectus is subject to and conditional upon the Preconditions to Issue. If the Preconditions to Issue are not satisfied, no Shares will be allotted pursuant to this Prospectus and the Company will repay all money received from Applicants without interest. Accordingly, where relevant, this Prospectus assumes that the Preconditions to Issue have been satisfied.

EXPOSURE PERIOD

Applications for Securities under this Prospectus will not be processed until after expiry of the Exposure Period pursuant to Chapter 6D of the Corporations Act. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date. If the Exposure Period is extended by ASIC, Applications will not be processed until the expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

PHOTOGRAPHS AND DIAGRAMS

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

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.vgw.co. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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

FORWARD-LOOKING STATEMENTS

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

These statements are based on an assessment of present economic and operating conditions, and on a number of

assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

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

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

NOTE TO APPLICANTS

This Prospectus does not provide investment advice. You should seek your own investment and/or financial advice in relation to the Offer. The Offer contained in this Prospectus does not take into account your investment objectives, financial situation and particular needs. It is important that you read this Prospectus carefully and in full before deciding to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your stockbroker, accountant or other professional financial adviser before deciding to invest.

SPECULATIVE INVESTMENT

The Securities offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 5 for details relating to the key risks applicable to an investment in the Securities.

DISCLAIMER

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the Shares. No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information

or representation not contained in the Prospectus may not be relied on as having been authorised by the Company or the Directors.

PRIVACY

By filling out an Application Form to apply for Shares and Options, you are providing personal information to the Company through the Company's service provider, the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company which it considers may be of interest to you. Please refer to Section 10.17 of this Prospectus for further information regarding Privacy.

CONSOLIDATION

The Offers are subject to and conditional upon the Shareholders approving the Consolidation at the General Meeting. Please refer to the details of the Shareholder Approvals to be obtained at the General Meeting as set out in Section 2.2 of this Prospectus.

Unless stated otherwise, all references to Securities of the Company as set out in this Prospectus are on the basis that the Consolidation (for which approval is being sought at the General Meeting to be held on 29 January 2016) **has** occurred.

NO COOLING OFF PERIOD

Applicants have no cooling off rights in relation to Securities for which they apply. This means that an Applicant is not permitted or entitled to withdraw its Application once submitted, other than in certain specified circumstances as detailed in the Corporations Act.

GLOSSARY

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 12.

CONTACTS

If you require assistance to complete the Application Form, require additional copies of this Prospectus, or have any questions in relation to the Offers you should contact the Share Registry on +61 (0)8 9315 2333 (from within Australia) or +61 (0) 8 9315 2333 (from outside Australia for Australian residents temporarily overseas), or go to the Company's website at <https://www.securitytransfer.com.au/>.

If you are uncertain as to whether the Company is a suitable investment for you, you should seek professional advice from your accountant, stockbroker or other professional financial adviser

Key Offer Information

TIMETABLE*

	Date
Lodge Prospectus with ASIC	4 January 2016
Opening Date of Offers	19 January 2016
General Meeting of Shareholders	29 January 2016
VGW Holdings Scheme Meeting of Shareholders	8 February 2016
Public Offer Closing Date	9 February 2016
Transaction Offers Closing Date	9 February 2016
VGW Holdings Scheme Second Court Hearing	10 February 2016
Securities issued under Prospectus	19 February 2016
Settlement of Acquisition	Around 19 February 2016
VGW Merger Implementation Date	19 February 2016
Re-quotation of Shares on ASX	Around 29 February 2016

* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Dates or close the Offers early without notice.

KEY OFFER DETAILS OF THE OFFERS

Public Offer	Maximum Subscription
Price per Share	\$0.05
Total Shares offered	70,000,000
Total Options offered	–
Amount to be raised (before costs)	\$3,500,000
Transaction Offers	
Shares offered to VGW Holdings Vendors	932,183,398
Options offered to VGW Holdings Vendors	95,662,112
Performance Shares offered to VGW Vendors	650,000,000
Shares offered to VGW Employees	47,350,067
Options offered to VGW Employees	96,926,780
Options offered to proposed Chairman	9,000,000
Options offered to the Underwriter	72,500,000
Shares offered to SNR Lenders	39,000,000
Options offered to SNR Lenders	6,000,000
Summary	
Total Shares on issue after completion of the Offers	1,103,341,622
Total Options on issue after completion of the Offers	280,088,892
Total Performance Shares on issue after completion of the Offers	650,000,000

Chairman's Letter

Dear Investor,

On behalf of the Directors of Synergy Plus Limited (**Synergy** or **Company**), I am pleased to present you with this opportunity to become a Shareholder of the Company.

This Prospectus has been issued by the Company to enable it to raise up to \$3.5 million through the Public Offer of 70,000,000 Shares at an offer price of 5 cents each (**Public Offer**).

The Company was incorporated on 7 January 2000 and was admitted to the Official List of ASX on 6 December 2000. The Company underwent a restructure by way of a Deed of Company Arrangement completing in April 2013. After reviewing a number of new business opportunities, Synergy has entered into an Agreement pursuant to which the Company has agreed to acquire 100% of the issued capital of VGW Holdings Limited (**VGW Holdings**) to be affected by way of two interdependent schemes of arrangement between Synergy and VGW Holdings Securityholders (**Acquisition**). The Board believes the proposed Acquisition offers an exceptional alternative opportunity to the Company's present activities to create shareholder value.

VGW Holdings is an Australian based public company which is a developer and operator of social casino games with sweepstakes cash prize gameplay, which provides for the payout of cash prize winnings from casino games. Having invested some \$14.6 million in private equity funds, VGW Holdings operates a social (or online) casino through its wholly-owned gaming platform, Chumba Casino at www.chumbacasino.com. Over the past 5 years of its operations, VGW Holdings has experienced encouraging growth in sales and users since its first product launch in November 2010 and has over 10,000 paying customers, most of whom are based in the United States and Canada, and is currently operating at a monthly revenue run rate equivalent to over \$40 million per annum.

VGW Holdings aims to become a leading developer and publisher of casino and other related games on digital platforms, specialising in technology based convergence of social casino and real-money gaming offerings.

Importantly, as part of the Acquisition, the expertise of the VGW Holdings Board will be retained with Nigel Blythe-Tinker, Laurence Escalante, Mats Johnson and Lorenzo Escalante to join the Board of the Company upon completion of the Acquisition.

A successful completion of the Acquisition will result in a material change in the nature and scale of the Company's activities, the purpose of this Prospectus is to ensure that the Company is able to re-comply with Chapters 1 and 2 of the ASX Listing Rules and the provide the Company with funding to develop the existing VGW Holdings business and pursue new business opportunities as set out in this Prospectus.

The Company has convened a general meeting of its Shareholders to be held on 29 January 2016 to seek Shareholder approval for, amongst other approvals, the issue of securities to effect the acquisition of VGW Holdings, the change in nature and scale of the Company's activities, and the change of Company name to VGW Gaming Limited.

Subject to the Acquisition completing the Company will own 100% of the share capital in VGW Holdings. Further details of the Agreement are contained in Section 2 of this Prospectus. Following this, the Company will divest its ICT interests and will focus on VGW Holdings business opportunities.

This Prospectus contains detailed information about Synergy, VGW Holdings, the Public Offer, the Acquisition and associated transactions, as well as the risks of investing in the Company, and I strongly encourage you to read this Prospectus carefully and in its entirety before deciding whether to invest in the Company and, where necessary, consult with your professional advisers.

On behalf of the Board of Directors, it is indeed my pleasure to invite you to become a Shareholder in the Company.

Yours sincerely



Domenic Martino
Non-Executive Chairman

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1

Investment Overview



1 Investment Overview

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

1.1 INTRODUCTION

Question	Answer	More information
Who is the Issuer of this Prospectus?	Synergy Plus Limited ABN 31 091 126 082 (the Company or SNR) proposed to be renamed VGW Gaming Limited.	Section 3.1
Who is the Company?	The Company is a public company listed on the official list of ASX (ASX code: SNR) with a historical focus on information and communication technology (ICT) infrastructure, products and services. The Company was incorporated in January 2000 and was admitted to the Official List of the ASX on 6 December 2000. On 17 March 2011, Synergy was placed into voluntary administration and the company's securities were suspended from quotation on ASX. On 16 May 2011 the Company entered into a Deed of Company Arrangement (DOCA) with a view to compromising its outstanding liabilities. The DOCA was completed on 8 April 2013. On 27 October 2015, the Company announced it had entered into a binding terms sheet (Binding Terms Sheet) to acquire 100% of the issued capital in VGW Holdings Limited (ACN147 193 511) (VGW Holdings), an Australian company (Acquisition).	Section 3.1
Who is VGW Holdings?	VGW Holdings is an Australian based public company which operates a social (or online) casino through its wholly-owned gaming platform, Chumba Casino at www.chumbacasino.com and through a Facebook application at apps.facebook.com/chumbacasino/. VGW Holdings plans to be a leading developer and publisher of casino and other related games on digital platforms, specialising in technology based convergence of social casino and cash prize gaming offerings.	Section 3.2

Question	Answer	More information
What does VGW Holdings do?	VGW Holdings has been in operation since November 2010 and has offices in Perth, Sydney and Manila. VGW Holdings has over 10,000 paying players per month, most of whom are based in the United States and Canada (excluding Quebec). Chumba Casino is a social (or online) casino based on virtual currency with embedded sweepstakes cash prize gameplay. The combination of social gaming and cash prize gaming using Sweepstakes Credits is a core part of VGW Holdings business model. Players can readily interchange between Gold Coins (i.e. virtual currency) and Sweepstakes cash prize gameplay. Chumba Casino provides continuously updated player account balances in both Gold Coins and Sweepstakes Credits. VGW Holdings primary marketing channel for Chumba Casino is through the Facebook social media platform which facilitates easy reach and distribution to massive global audiences, offering highly targeted marketing for increased effectiveness. VGW Holdings primary payment platform is PayPal, one of the world's largest payment provider platforms.	Section 3.3

Question	Answer	More information
How will the Acquisition be implemented?	On 4 December 2015, VGW Holdings and Synergy entered into the Merger Implementation Deed under which Synergy and VGW Holdings agreed to merge by way of two interdependent schemes of arrangement, being the Share Scheme and the Option Scheme. Additionally, the Company entered into a Performance Share Transfer Agreement with VGW Holdings single performance shareholder to acquire all the Performance Shares in VGW Holdings in consideration for issuing new performance shares in the Company. The Merger will be achieved by VGW Holdings Securityholders transferring all their shares and options to the Company in exchange for the Company issuing Shares, Performance Shares and Options to the VGW Holdings Vendors in accordance with the terms of the agreements. VGW Holdings Securityholders will be asked to vote and approve the Schemes at the Scheme Meetings to be held on or around 8 February 2016. At the General Meeting to be held on or about 29 January 2016, the Company is seeking shareholder approval for a change in nature and sale of its activities together with the necessary approvals to complete the acquisition of VGW Holdings and undertaking the Offers. Following completion of the Acquisition, the principal activities and assets of the Company will be the current activities and assets of VGW Holdings. Details regarding these activities and assets are contained in this prospectus. The Company proposes to change its name to “VGW Gaming Limited” on Settlement of the Acquisition, which in the Proposed Directors’ opinion will be better suited to the Company’s new strategic direction. Where relevant, this Prospectus assumes that the Acquisition has been completed and all preconditions to completion have been satisfied.	Section 9.1

Question	Answer	More information
How much funding has VGW Holdings received until now?	Since its incorporation, VGW Holdings' has raised \$14.65m in funding.	Section 6
Why are the Offers a conditional offer?	Completion of the Acquisition and the Offer is subject to certain conditions (summarised in Sections 2.2). One of those conditions is the approval of Shareholders of the Company at the General Meeting of Shareholders to be held on 29 January 2016. If Shareholders do not approve all of the relevant resolutions, the Company will be unable to make the Offers and the Company will be unable to complete the Acquisition.	Sections 2.2 and 9.1

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1.2 KEY FEATURES OF THE COMPANY'S BUSINESS MODEL

Question	Answer	More information
What market does the Company Operate in?	VGW Holdings operates in the social games market and more specifically in the social casino games market, principally in the United States and Canada.	Sections 3.3 and 4
How will the Company generate revenue?	VGW Holdings uses the Freemium revenue model, where virtual currency is available for free, but some players choose to purchase more to extend and improve their play experience. This is the same as the majority of the social casino games industry. VGW Holdings primary source of revenue is from the sale of virtual currency called Gold Coins in the Chumba social casino platform. Over 90% of players do not make purchases on Chumba Casino, and enjoy the Gold Coin games and cash prize sweepstakes for free. Gold Coin packages (virtual currency), vary in size from 900,000 coins (US\$5) to 500,000,000 coins (US\$300). These allow players to enjoy Chumba Casino's slot machines for longer periods of time and/or at higher Gold Coin bet-levels, heightening their sense of risk and reward when playing at larger bet-levels. Players seeking a cash prize gaming experience can play using cash prize Sweepstakes Credits, which are redeemable for cash through PayPal, once played in the casino games to determine their cash prizes.	Section 3.3
What are the Company's key costs?	Key costs for VGW Holdings include: — Facebook and PayPal refunds, chargebacks and disputes; — Sweepstakes Cash Payments: cash prizes paid out to eligible Sweepstakes players who have requested a withdrawal of their Sweepstakes winnings; — Payment processing fees: PayPal transaction fees for player purchases; — Facebook Revenue Share: 30% of Gross revenue received through Facebook's Payments system; — Marketing expenses; and — Employee costs including salaries and related costs of all VGW Holdings employees and contractors.	Section 3.3 and 6

Question	Answer	More information
What will be the Company's key business strategies?	VGW Holdings strategy following the completion of the Offers is to: — continue to expand its Social Sweepstakes casino gaming platform throughout the United States and Canada; — expand across other key gaming product lines such as: jackpots, poker and sports; — expand into additional targeted geographical gaming markets (subject to compliance with local laws); — investigate the development of potential strategic partnerships and or potential strategic acquisition opportunities in the social games and gaming sectors, to accelerate growth by integrating VGW Holdings Social Sweepstakes gameplay technology with existing gaming businesses and their player bases; and — leverage the skills and expertise of VGW Holdings highly experienced executive and leadership team.	Section 3.3
What will be the Company's major assets?	The Company's major assets and interests upon Admission will be VGW Holdings online gaming platform, Chumba Casino at www.chumbacasino.com (and Facebook application at apps.facebook.com/chumbacasino/), and its cash reserves.	Sections 3 and 6
Who will be the Company's customers?	The Company's customers are players seeking a social casino gameplay experience. VGW Holdings has 70,000 monthly players on the Chumba Casino platform, with approximately 10,000 of these being players which pay for virtual currency packages in excess of the initial starting balances of Gold Coins and Sweepstakes Credits. Most of the paying players are based in the United States and Canada (excluding Quebec).	Section 3.3
Who will be the Company's competitors?	The company's direct competition is from companies that develop social casino games for social networks. These vary in size and include publicly traded companies such as Zynga Inc., IGT/Gtech SpA, and Caesars Interactive Entertainment.	Section 4
What are the Company's material contracts?	The material contracts of the Company will include its hosting, distribution, marketing and payment facility agreements with Facebook, PayPal and Amazon. These third-party platforms provide a hosting platform, distribution, marketing and payment processing services in relation to VGW Holdings Chumba Casino website. These contractual arrangements are important to VGW Holdings, as Facebook ads refer traffic to the Chumba Casino Facebook application and allow users to make payments through Facebook infrastructure, together with providing a payment gateway for users to deposit funds and withdraw sweepstakes winnings on Chumba Casino's website.	Section 9.2

1.3 KEY HIGHLIGHTS

Key Highlight	Description	More information
A combined gaming offering	The combination of social casino gaming and cash prize gaming using Sweepstakes Credits is a core part of VGW Holdings' business model.	Section 3.3
Market leadership	VGW Holdings is a leading developer and publisher of technology based convergence of social casino and cash prize gaming offerings in the United States and Canadian markets.	Section 3.3
Strong rate of early adoption in the United States	The Social Sweepstakes gaming technology has experienced a strong rate of early adoption in the United States.	Section 3.3
Large United States market opportunity	The dual social and cash prize payout technology is able to simultaneously service both social casino players and those who are seeking a cash prize gaming experience. The United States market is largely unrealised from the perspective of servicing players seeking a cash prize online gaming experience and this presents a strong growth opportunity for VGW Holdings as it seeks to increase its share of the US online gaming market.	Section 3.3
Facebook provides easy reach to a massive audience	VGW Holdings has an established primary marketing channel for Chumba Casino is through the Facebook social media platform, offering highly targeted marketing for increased effectiveness. The Facebook social media platform facilitates easy reach and distribution to a massive global audience of approximately 1.55 billion monthly users.	Section 3.3
Cross-platform distribution capabilities	VGW Holdings derives revenues from its wholly-owned gaming platform through both www.chumbacasino.com; and a Facebook application at apps.facebook.com/chumbacasino/. VGW Holdings is developing cross-platform distribution capabilities to optimise the growth of new distribution channels, such as mobile phones and tablets.	Section 3.3
PayPal based payments system	VGW Holdings primary payment platform is PayPal, one of the world's largest payment provider platforms. VGW Holdings is also actively seeking to develop alternative payments system solutions for improved player experience.	Section 3.3
Existing games portfolio	VGW Holdings Chumba Casino operates a portfolio of 26 slot machines, available for both virtual currency and Sweepstakes cash prize play.	Section 3.3

Key Highlight	Description	More information
New product verticals	VGW Holdings' new product development focus is to optimise player revenues and loyalty by delivering proven, highly engaging gaming products in casino and related verticals of jackpots, table games and sports.	Section 3.3
Future expansion	VGW Holdings primary objective is to secure market share through organic growth and seeking to expand into new product verticals, and geographic markets. VGW Holdings will also investigate potential growth opportunities via key strategic partnerships and or suitable strategic acquisitions.	Section 3.3
Current annualised revenue run rate	The Company is currently operating at a annualised, revenue run rate of over \$40 million per annum (based on the monthly revenue for December 2015 times 12, AUD:USD exchange rate 1:0.72).	Section 3.3

1.4 KEY RISKS

Question	Answer	More information
What are the key risks of investing in the Company?	The business, assets and operations of the Company following the Acquisition are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited. Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of those risks and other risks associated with an investment in the Company are detailed in Section 5. Limited trading history and losses VGW Holdings is an early-stage business with a limited trading history. Since incorporating on 4 November 2010, VGW Holdings activities have principally involved raising funds and spending money to develop the VGW Holdings Products. Like many start-up companies, VGW Holdings has incurred continuing losses since its inception totalling \$9.6 million at 30 June 2015. Given VGW Holding's limited trading history, and given that its business is largely unproven, it is difficult to make an evaluation of VGW Holding's business or its prospects. Accordingly, no assurance can be given that VGW Holding's business and operations will achieve commercial viability through the implementation of its business plan.	Section 5
	Sales and marketing success Following completion of the Acquisition, the Company intends to fully commercialise the VGW Holdings Products by focussing on sales and marketing. By its nature, there is no guarantee that the Company's sales and marketing campaign will be successful and even if it is, there is a risk that the Company will not achieve a commercial return. The Company may not be able to sell products and services to customers at a rate which covers its operating and capital costs, or new technology may overtake and render obsolete the Company's technology.	

Question	Answer	More information
	Protection of intellectual property rights If the Company fails to protect its intellectual property rights adequately, competitors may gain access to its technology which would in turn harm its business. VGW Holdings currently has no granted or pending patents and there can be no guarantee that VGW Holdings will be able to obtain patent protection in the future. If any patents are granted in the future, they may not provide VGW Holdings with any competitive advantages, or may be challenged by third parties. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. In addition, the Company will need to ensure it does not infringe any other third party intellectual property rights as it continues to develop its product. 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 “VGW” brand or the VGW Holdings Products 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.	

Question	Answer	More information
	Competition and new technologies The industry in which the Company will be involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. There is no assurance that VGW Holdings or the Company will succeed in the strategy of developing products that are effective or economic. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could overtake the advancements made by the VGW Holdings Products. Additionally, the Company and VGW Holdings may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. Such cases could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's and VGW Holdings potential future business, operating results and financial position. Reliance on key personnel The emergence and development of VGW Holdings business has been in large part due to the talent, effort, experience and leadership of its management team, including its Chief Executive Officer, Laurence Escalante. The responsibility of overseeing the day-to-day operations and the strategic management of the Company and VGW Holdings depends substantially on senior management and its key personnel. VGW Holdings is also substantially dependent on the continued service of its existing development personnel because of the complexity of its services and technologies. Faults with products/services Because the Company's product is complex, it may have errors or defects that users identify after they begin using it, which could harm the Company's reputation and business, internet-based services frequently contain undetected errors when first introduced or when new versions or enhancements are released. VGW Holdings has on occasion found defects in its product and new errors in its existing or future developed products and services may be detected in the future. If that occurs, the Company could lose future sales or customers.	

Question	Answer	More information
	Regulatory environment VGW Holdings' operations are subject to applicable laws and regulations in the jurisdiction in which it operates. Users, competitors, members of the general public or regulators could allege breaches of legislation in the relevant jurisdictions (for example, if an advertisement was considered to be misleading or deceptive). This could result in remedial action or litigation, which could potentially lead to the Company being required to pay compensation or a fine or cease business altogether. The Company takes legal advice on each of the jurisdictions in which it operates but there can be no guarantee that the legal advice will always be valid or will remain valid in the event of any change to the regulatory environment. In the event that the advice is incorrect or no longer applicable then the Company may have to cease operations until such time as it is satisfied that its operations are legal in the relevant jurisdiction. The Company's operations may become subject to regulatory requirements, such as prohibition, licensing and reporting obligations, which would increase the costs and resources associated with regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon the Company's profitability. In addition, if regulators took the view that the Company had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant damage to the Company's reputation and consequently impact on its revenue, particularly if the operations of the Company were deemed to be illegal in any jurisdiction. Subject to the opinions of the Directors and based upon the advice of its legal advisors, the Company may offer its products, and any future developed products, throughout the world. Regulatory changes could see the Company being required to hold a licence in some of these jurisdictions or otherwise comply with local regulations. This could preclude the Company from offering certain services in these jurisdictions until such a licence has been obtained, or may require the Company to comply with a range of regulatory requirements. Any such increase in the costs and resources associated with the regulatory compliance in these jurisdictions could impact upon the Company's revenues, operations and profitability.	

Question	Answer	More information
	Insurance coverage The Company faces various risks in connection with its business and may lack adequate insurance coverage or may not currently have the necessary insurance coverage. VGW Holdings currently maintains workers compensation and management liability insurance (including corporate, employment practices and statutory liability) in certain jurisdictions however VGW Holdings does not currently maintain professional indemnity, product liability, business interruption or third party liability insurance in any jurisdictions. The Company will need to review its insurance requirements after completion of the Acquisition and obtain relevant insurances covering each jurisdiction it operates in as required. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, its profitability may be adversely affected. Dependence on the internet Expanding sales of the VGW Holdings Products and other future developed products depends on the continued acceptance of the internet as a communications and commerce platform for individuals and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service. The performance of the internet and its acceptance as a business tool have been harmed by “viruses,” “worms” and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a widespread communications medium and commercial platform, the demand for the Company’s products would be significantly reduced, which would harm its business.	

Question	Answer	More information
	Hacker attacks VGW Holdings currently relies upon the availability of its website to provide services to customers and attract new customers. Hackers could render the website unavailable through a disrupted denial of service or other disruptive attacks. Although VGW Holdings has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the website could lead to a loss of revenues for the Company after completion of the Acquisition. Further, it could hinder the Company's abilities to retain existing customers or attract new customers, which would have a material adverse impact on the Company's growth and performance. Attracting customers to the website The Company's revenues will be affected by its ability to attract customers to the VGW Holdings website. Various factors can affect the level of web traffic arriving at the VGW Holdings website, including marketing and promotion, brand recognition and search engine traffic. A decline in traffic to the VGW Holdings website could lead to a decline in the Company's ability to attract customers, which in turn may affect the Company's profitability. Customer service risk Customers may need to engage with the VGW Holdings customer service personnel in certain circumstances, such as if they have a question about its products or if there is a dispute between a customer and the Company. The Company will continuously need to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact on the Company's profitability.	

Question	Answer	More information
	Re-Quotation of Shares on ASX The acquisition of VGW Holdings constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX. The Company's securities are currently suspended from quotation. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules. In the event the Company does not receive conditional approval for re-quotation of its securities on ASX, the Acquisition will not be implemented. 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.	

Question	Answer	More information
	Future capital requirements The funds raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed the Company's estimates or revenues do not meet estimates, to support its ongoing activities and operations, including the need to develop new products or enhance the VGW Holdings Products, enhance its operating infrastructure and to take advantage of opportunities for acquisitions, joint ventures or other business and technology opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required. Accordingly, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangement or other means to secure additional funds. Failure to obtain sufficient financing for the Company's and VGW Holdings activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes which would likely adversely effect the business and financial condition of the Company and consequently its performance. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company or VGW Holdings and might involve substantial dilution to Shareholders. Systems and controls The Company's systems and controls to restrict access to its products may not be adequate. The Company will rely on technological systems and controls to block customers from certain jurisdictions accessing their services. These systems and controls are intended to ensure that the Company does not accept money from players located in those jurisdictions where the business of the Company may not comply with local laws or regulation, and where it has made a decision not to offer its products and services. These systems and controls could fail or otherwise be found to be inadequate, either currently or as a result of future technological developments. This may result in violations of applicable laws or regulations. Any claims in respect of such violations could have cost, resource and reputational implications, as well as implications on the ability of the Company to operate in those jurisdictions and so have a material adverse effect on the Company's operations, financial performance and prospects.	

Question	Answer	More information
	Supplier and legal risk Part of the business model of the Company will be depend on third-party suppliers such as payment processing, telecommunications, advertising, technology, banking and other service providers. The willingness of such providers to provide their services to the Company may be affected by their own assessment of the legality of their provision of services to the Company, or of the online gaming sector, and by political or other pressure brought to bear on them. Adverse changes in law or regulation or enforcement policies in any jurisdiction may make the provision of key services to the Company unlawful or problematic in such jurisdictions. To the extent that third-party suppliers are unwilling or unable to provide services to the Company, this may have an adverse impact on the Company's business and profitability. The introduction of legislation or regulations restricting financial transactions with online gaming operators, or other prohibitions or restrictions on the use of credit cards and other banking instruments for online gaming transactions may restrict the Company's ability to accept payment from its customers. These restrictions may be imposed as a result of concerns related to fraud, payment processing, money laundering or other issues related to the provision of online gaming services. Payment processing companies may from time-to-time reject payments made to the Company by its customers. Should such restrictions and rejections become more prevalent, or any other restriction on payment processing be introduced, gaming activity by the Company's customers could be adversely affected, which in turn could have a material adverse effect on the Company's operations, financial performance and prospects. The introduction of legislation or regulations requiring internet service providers in any jurisdiction to block access to the Company's websites and products may restrict the ability of customers to access its products. Such restrictions, should they be imposed, could have a material adverse effect on the Company's operations, financial performance and prospects	

Question	Answer	More information
	Negative publicity Negative publicity about underage gambling, gambling addiction, fraud (including money laundering) or corruption in sport (including collusion and match-fixing), even if not directly or indirectly connected with the Company or its products may adversely impact the Company's reputation and the willingness of the public to participate in gaming or a particular form of gaming. As a result, the number of potential customers available to the Company could be adversely affected. The occurrence of any of these events could materially affect the operations, financial performance and prospects of the Company. Fraud and collusion Online transactions may be subject to sophisticated schemes or collusion to defraud (including to increase gaming winnings), launder money or other illegal activities, and there is a risk that the Company's products may be used for those purposes either by its customers or its employees. While the Company has implemented controls and procedures to detect and guard against fraudulent play and other collusion between customers, money laundering and other fraudulent activities and cyber-attacks, including distributed denial of service attacks, the Company could lose the confidence of its customers and its reputation could be damaged if these controls and procedures are not effective in all cases, or are circumvented or if the Company fails to implement new controls and procedures or to counter new money laundering, collusion and fraud techniques. The Company monitors collusion and bots and regularly closes accounts and blocks access to offenders. If collusion, bots and other forms of fraud are not detected, the affected customers may experience losses. This could lead to players becoming dissatisfied with the Company's products. Moreover, failure of the Company to protect itself and its customers from fraudulent activity, either by players or employees, could result in reputational damage to the Company and could materially adversely affect its operations, financial performance and prospects. In addition, failure to adequately monitor and prevent money laundering and other fraudulent activity could result in civil or criminal liability for the Company.	

Question	Answer	More information
	Distribution platforms The Company will use third-party platforms, such as Facebook, to distribute its products. The Company will be subject to standard terms and conditions for application developers which govern the promotion, distribution and operation of games and other applications on these platforms. If the Company violates, or if a platform provider believes that the Company has violated, its terms and conditions the particular platform provider may discontinue or limit the Company's access to the platform, which would adversely affect the Company's business. The Company's business could also be adversely affected if the third-party platform providers discontinue or limit the Company's access to their platforms, if their platforms decline in popularity, if they modify their current discovery mechanisms, communication channels available to developers, respective terms of service or other policies, including fees, or change how the personal information of players is made available to developers or develop their own competitive offerings. Payment processing The provision of convenient, trusted, fast, competitive and effective payment processing services to the Company's customers and potential customers will be an important part of the Company's business. If there is any deterioration in the quality of the payment processing services provided to the Company's customers or any interruption to those services or if such services are only available at an increased cost to the Company or its customers or such services are terminated and no timely and comparable replacement services are found, the Company's customers and potential customers may be deterred from using the VGW Holdings Products. Any of these occurrences may have a material adverse effect on the Company's operations, financial performance and prospects.	

Question	Answer	More information
	Contractual Risk The business of VGW Holdings has a significant dependence on its counterparties and their ability to meet their contractual obligations pursuant to the agreements entered into with VGW Holdings. In particular, VGW Holdings relies on the continuation of the hosting, distribution, marketing and payment processing services contracts with Facebook, PayPal and Amazon. The ability of the Company and VGW Holdings to achieve their stated objectives will depend upon the performance of counterparties to each agreements, of their respective obligations under those agreements. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company or VGW Holdings (as the case may be) to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The Company has no current reason to believe that any of the parties which it or VGW Holdings has contracted with will not meet and satisfy their obligations under their respective agreements. Foreign Operations and Compliance with Law The Company and VGW Holdings do, and will, market and sell products in foreign jurisdictions and therefore will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally and these will include, but not be limited to; changes in the regulatory environment; trade barriers or the imposition of taxes; difficulties with staffing and/or managing any foreign operations; issues or restriction on the free transfer of funds; technology export or import restrictions; and delays in dealing across borders caused by customers or governmental agencies.	

Question	Answer	More information
	Claims by third parties that the Company has infringed their proprietary rights Because patent applications are maintained in secrecy until the application is published, the Company may be unaware of third party patents that may be infringed by the VGW Holdings Products. In addition, identification of third party patent rights that may be relevant to the Company's products and technology is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. Any claims of patent infringement asserted by third parties would be time consuming and could likely: result in costly litigation; divert the time and attention of the Company's technical personnel and management; cause development delays; prevent or delay the Company from implementing its business plan until the asserted patent expires or is held finally invalid or not infringed in a court of law; require the Company to develop non-infringing products; or require the Company to enter into royalty or licensing agreements. Although no third party has asserted a claim of patent infringement against VGW Holdings' Products, others may hold proprietary rights that could prevent the Company's products from being marketed. Any patent-related legal action against the Company claiming damages and seeking to enjoin commercial activities relating to the Company's products could subject the Company to potential liability for damages and require the Company to obtain a license to continue to manufacture or market those products. The Company cannot predict whether the Company would prevail in any such actions or that any license required under any of these patents would be made available on commercially acceptable terms, if at all. In addition, the Company cannot be sure that the Company could re-design its VGW Holdings Products to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent the Company from implementing its business plan, which could harm its business, financial condition and operating results.	

Question	Answer	More information
	Dilution Risk The Company currently has 740,407,849 Shares on issue (on a pre-Consolidation basis), if Resolution 2 is approved at the General Meeting, the Company's shares will be consolidated on a one for fifty basis into approximately 14,808,157 shares (subject to rounding of fractional entitlements). The Company will issue a further 39,000,000 Shares (on a post-Consolidation basis) on conversion of liabilities if Resolutions 7 and 17 are approved at the General Meeting. On completion of the Acquisition, the Company proposes to issue the relevant number of New Shares and New Options under the Acquisition and issue a minimum of a further 70,000,000 New Shares (on a post-Consolidation basis) under the Public Offer. Assuming no exercise of New Options, the existing Shareholder will retain approximately 1.3% of the issued capital of the Company, with the VGW Holdings Vendors holding 88.8% and investors under the Public Offer holding 6.3% of the issued capital of the Company respectively. The remaining 3.5% will be held by the SNR Lenders and Minimum Risk. If all Options and Performance Shares are exercised (and provided that no other Shares are issued), the interests of existing Shareholders in the Company will reduce to 0.73% on a post-Offers basis, assuming minimum subscription under the Public Offer. Liquidity risk The Company currently has 740,407,849 Shares on issue (on a pre-Consolidation basis), if Resolution 2 is approved at the General Meeting, the Company's shares will be consolidated on a one for fifty basis into approximately 14,808,157 shares (subject to rounding of fractional entitlements). On Completion, the Company will issue a further 39,000,000 Shares and 6,000,000 Options (on a post-Consolidation basis) on conversion of liabilities if Resolutions 7 and 17 are approved at the General Meeting, up to 979,533,465 Shares and 201,588,892 Options under the Acquisition and 72,500,000 Options to the underwriter (on a post-Consolidation basis). A portion of the shares on issue will be subject to escrow restrictions in accordance with Chapter 9 of the ASX. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be tradable freely for a period of time.	

Question	Answer	More information
	Forecasts The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or VGW Holdings business or whether any revenues or profitability will eventuate. The business of the Company and VGW Holdings are dependent upon a number of factors and many of these factors are outside the control of the Company. Consequently the Company, the Directors and the Proposed Directors do not make any forecast or representation in relation to the Company or VGW Holdings future financial position or performance.	

1.5 FINANCIAL INFORMATION

Question	Answer	More information								
What key financial information do you need to know about the Company's financial position, performance and prospects?	Following the change in the nature of its activities and completion of the Acquisition, the Company will be focused on developing the VGW Holdings business. The Company's current operations are focused on ICT services and products. Therefore, the Company's past operations and financial historical performance will not be of significant relevance to future activities. Set out below is a selected summary of the Company's Historical Pro-forma Consolidated Statement of Financial Position as at 30 June 2015: <table><tr><th>Following Completion</th><th>Maximum Subscriptions \$'000</th></tr><tr><td>Cash</td><td>7,116</td></tr><tr><td>Net tangible assets</td><td>6,695</td></tr><tr><td>Net Assets</td><td>51,809</td></tr></table> As detailed in Section 6.9, the Company's Historical Pro-forma Consolidated Statement of Financial Position includes a number of adjustments as if they occurred on 30 June 2015, including but not limited to closure of the capital raising and costs of the Offers; and adjustments for the acquisition of VGW Holdings. The financial information detailed in Section 6 and the Investigating Accountant's Report detailed in Section 7, is based on various best estimate assumptions. These assumptions should be read in conjunction with the risk factors set out in Section 5.	Following Completion	Maximum Subscriptions \$'000	Cash	7,116	Net tangible assets	6,695	Net Assets	51,809	Section 6 and Section 7
Following Completion	Maximum Subscriptions \$'000									
Cash	7,116									
Net tangible assets	6,695									
Net Assets	51,809									
How has the Company been performing?	The historical financial information of the Company and VGW Holdings as at 30 June 2013, 30 June 2015 and 30 June 2015 are set out in Section 6 of the Prospectus. The reviewed pro forma statement of financial position for the Company as at 30 June 2015 is set out in Section 6.9 of the Prospectus.	Section 6								
How does the Company expect to fund its operations?	The initial funding for the Company's future activities following completion of the Acquisition will be generated from the Public Offer pursuant to this Prospectus and existing cash reserves. The Company may need to raise further capital in the future to continue to develop the business of VGW Holdings, and such amounts may be raised by further equity raisings, or the Company may consider other forms of debt or quasi-debt funding if required.	Sections 2.4 and 6								

Question	Answer	More information
What are the company's forecast prospects?	After careful consideration, as the financial performance of the Company in any period will be influenced by various factors that are outside the control of the Directors and which the Directors consider cannot, at this time, be predicted with a high level of confidence, the Directors have concluded that it is not appropriate to provide any forecast financial information in relation to the Company.	Sections 6 and 10.13

1.6 EXPERIENCE AND BACKGROUND OF THE DIRECTORS AND SENIOR MANAGEMENT

Question	Answer	More information
Who will be on the board of Directors?	At Completion, the Board of Directors will include:	Section 8.1
	Mr Nigel Blythe-Tinker (Executive Chairman & CLO) Extensive United Kingdom and international corporate experience spanning over 30 years and covering all forms of merger and acquisition, divestments, corporate finance, restructuring, AIM and FTSE 100 floatations, corporate governance and incentive schemes. Significant past roles include member of the Executive Management Committee as well as Group Company Secretary and Head of Legal for William Hill plc, Non-Executive Chairman of Gaming VC SA and Non-executive Chairman of Pentasia Limited. He holds a Bachelor of Law Degree (LLB), various business qualifications and is a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) in the United Kingdom.	
	Mr Laurence Escalante (Managing Director & CEO) A gaming and technology entrepreneur and VGW Holdings founder. More than 11 years' experience in angel investment. Founder and entrepreneur in the games industry having founding VGW Holdings in 2010, founding White Knight Games in 2004, and was a founder and angel investor in Anino Mobile. He has previous experience as a technical specialist in investment advisory, superannuation, taxation and financial planning gained over a period of 10 years. He has studied Economics and Actuarial Studies at Macquarie University.	

Question	Answer	More information
	Mr Mats Johnson (Executive Director & CMO) An accomplished technology and online gaming leader with significant experience in establishing and growing online businesses globally, global marketing strategies, digital marketing, both acquisition and retention, and in-depth experience in successfully building and managing online brands globally. Over the last 15 years, he has lead the growth of several well-known online gaming companies including as General Manager at Centrebet, Director at Coral Eurobet, Chief Executive Officer at Playsafe and Chief Marketing Officer at Expekt. He also has extensive mergers and acquisitions experience having been actively involved in six successful exits of online gaming companies, including the £2.18 billion sale of Coral Eurobet to Gala Group.	
	Mr Lorenzo Escalante (Non-Executive Director) Highly experienced business intelligence specialist and IT professional with some 20 years experience in big data analytics for major Australian corporations. He has provided specialist business intelligence services to Woodside, BHP Billiton, Commonwealth Bank of Australia, and has been employed by OnePath (ANZ), AAPT and Landcorp.	
Who will be the leadership team of the Company and what is their expertise?	Mr Nigel Blythe-Tinker (Chief Legal Officer) As above. Mr Laurence Escalante (Chief Executive Officer) As above. Mr Mats Johnson (Chief Marketing Officer) As above.	Section 8.2

Question	Answer	More information
	Mr Rointon Nugara (Chief Financial Officer and Company Secretary) More than 26 years of finance and accounting experience. He started his career with Arthur Young (later Ernst & Young) and then joined Sterling Winthrop Pharmaceuticals as an accountant. He then spent 7 years at Singtel Optus, Australia's second largest telecommunications company, in various positions, culminating in the role of Commercial Manager in the Optus Business division. He has also served as Planning & Analysis Manager at Foxtel. Acted as Chief Financial Officer at Two Way Limited for 7 years and as the Company Secretary for 6 years.	
	Mr Kevin Brown (Chief Operating Officer) Experienced operations director, program manager and digital specialist, with an extensive background in ecommerce, project management, product development and digital marketing optimisation. He was the founder, CEO and MD of gaming company BidRivals Australasia, where he later oversaw the global parent's buyout of BidRivals Australasia. His clients have included RAC, Nearmap (ASX: NEA), WA Business News and BGC. He was the Operations Manager at digital optimisation specialist Memetrics, where he was engaged as a manager and consulting ecommerce specialist to large, multinational corporations including eBay, American Express, Telstra, Westpac and Crown Casino.	

1.7 SIGNIFICANT INTERESTS OF KEY SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Question	Answer	More information																				
Who will be the substantial Shareholders of the Company?	Based on the current shareholders of VGW Holdings and the Company, the substantial shareholders of the Company at Completion are expected to be as follows: <table><tr><th>Shareholder</th><th>Shares</th><th>%</th></tr><tr><td>Lance East Corporation</td><td>440,000,000</td><td>39.9</td></tr></table>	Shareholder	Shares	%	Lance East Corporation	440,000,000	39.9	Section 10.10														
Shareholder	Shares	%																				
Lance East Corporation	440,000,000	39.9																				
At Completion, what will be the Directors' security holdings in the Company?	Directors interests upon completion of the Acquisition are set out below: <table><tr><th>Director</th><th>Shares</th><th>Options</th><th>Performance Shares</th></tr><tr><td>Nigel Blythe-Tinker</td><td>12,200,000</td><td>20,000,000</td><td>Nil</td></tr><tr><td>Laurence Escalante</td><td>440,000,000</td><td>30,986,160</td><td>650,000,000</td></tr><tr><td>Mats Johnson</td><td>Nil</td><td>9,720,300</td><td>Nil</td></tr><tr><td>Lorenzo Escalante</td><td>2,333,333</td><td>1,095,000</td><td>Nil</td></tr></table>	Director	Shares	Options	Performance Shares	Nigel Blythe-Tinker	12,200,000	20,000,000	Nil	Laurence Escalante	440,000,000	30,986,160	650,000,000	Mats Johnson	Nil	9,720,300	Nil	Lorenzo Escalante	2,333,333	1,095,000	Nil	Sections 8.3 and 8.4
Director	Shares	Options	Performance Shares																			
Nigel Blythe-Tinker	12,200,000	20,000,000	Nil																			
Laurence Escalante	440,000,000	30,986,160	650,000,000																			
Mats Johnson	Nil	9,720,300	Nil																			
Lorenzo Escalante	2,333,333	1,095,000	Nil																			
What escrow restrictions apply to the key Shareholder's Shares?	At the date of this Prospectus, the Company does not have any securities held in escrow. Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, certain securities on issue prior to the Offers and certain securities issued as part of the Offers (including the Consideration Securities) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement to Official Quotation or date of issue. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner. The Company will announce to the ASX full details (quantity and duration) of the securities required to be held in escrow prior to the Shares commencing trading on ASX.	Sections 2.1 and 2.12																				

Question	Answer	More information												
What important contracts with related parties is the Company a party to?	The Company has entered into agreements to acquire the entire issued share capital of VGW Holdings Limited. The consideration for the Acquisition consists of the issue of Shares, Options and Performance Shares to the Vendors (being the various securityholders of VGW Holdings) and additionally to VGW Holdings Employees. It is noted that Mr Nigel Blythe-Tinker, Mr Laurence Escalante, Mr Mats Johnson and Mr Lorenzo Escalante and or their related parties are each either Vendors or eligible VGW Holdings employees. Accordingly, each of these Directors (or entities with whom they are associated) will be receiving a proportion of the consideration payable by the Company in respect to the Acquisition and/or pursuant to the Acquisition Offers. The Company will be entering into employment agreements with Mr Nigel Blythe-Tinker, Mr Laurence Escalante and Mr Mats Johnson. The Company has established an Employee Share and Option Plan of which the Directors are eligible to participate under.	Sections 8.4 and 9												
Post Completion, what significant benefits and interests are payable to Directors and other persons connected with the Company or the Offer?	At completion of the Acquisition, the current Directors will step down and following Admission, Proposed Directors will receive or will be entitled to receive (on an accruals basis) the following remuneration per annum: <table><tr><th>Director</th><th>Directors Remunerations¹</th></tr><tr><td>Proposed Directors</td><td></td></tr><tr><td>Nigel Blythe-Tinker</td><td>260,000</td></tr><tr><td>Laurence Escalante</td><td>280,000</td></tr><tr><td>Mats Johnson</td><td>240,000</td></tr><tr><td>Lorenzo Escalante</td><td>50,000</td></tr></table> Notes: ¹ These amounts represent the individuals base remuneration and does not include details of bonus entitlements.	Director	Directors Remunerations ¹	Proposed Directors		Nigel Blythe-Tinker	260,000	Laurence Escalante	280,000	Mats Johnson	240,000	Lorenzo Escalante	50,000	Sections 8.3 and 9.2
Director	Directors Remunerations ¹													
Proposed Directors														
Nigel Blythe-Tinker	260,000													
Laurence Escalante	280,000													
Mats Johnson	240,000													
Lorenzo Escalante	50,000													

1.8 THE OFFERS

Question	Answer	More information
What is the Public Offer?	The Offer is a public offering of up to 70 million new fully paid ordinary Shares in the Company at an Offer Price of \$0.05 per Share to raise a total of up to \$3.5 million. The Public Offer is open to retail and sophisticated investors in Australia and New Zealand and is fully underwritten.	Section 2.1.1
What are the Transaction Offers?	The Transaction Offers are made to the VGW Holdings Vendors, the SNR Lenders, Minimum Risk, the VGW Holdings Employees, Mr Blythe-Tinker, Lance East Corporation and the Underwriter. You should not complete an Application Form in relation to the Transaction Offers unless specifically directed to do so by the Company.	Sections 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6, 2.1.7 and 2.1.8
What is the purpose of the Public Offer?	The purpose of the Public Offer is: — To fund the ongoing immediate working capital needs of the Company; — To raise primary capital in order to strengthen the Company's balance sheet and provide financial flexibility to pursue its identified growth opportunities and objections as set out in this Prospectus; — To provide a liquid market for shares and an opportunity for others to invest in the Company; — To provide the Company with the benefits of an increased profile that arises from being a listed public company; — To provide the Company with access to capital markets to improve capital management flexibility; and — To meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules. The Company intends to apply funds raised from the Public Offer, together with existing cash reserves of the Company post-Acquisition, over the first two years following reinstatement of the Company to quotation on the official list of ASX in the manner set out in the table in Section 2.4.	Sections 2.1 and 2.3
What are the purposes of the Transaction Offers?	The purposes of the Transaction Offers are to facilitate the completion of the Acquisition and to remove the need for an additional disclosure document to be issued upon the sale of any Shares, Options or Performance Shares (or any Shares issued upon conversion of the Options or Performance Shares) that are issued under the Transaction Offers.	Sections 2.1 and 2.3

Question	Answer	More information																						
What are the conditions of the Offers?	Completion of each of the Offers is conditional upon the Company's Shareholders and VGW Holdings Securityholders approving the respective resolutions in order to complete the Acquisition; the Company receiving conditional approval for the re-quotation of the Company's Shares by the ASX and the Company completing the Public Offer. Please refer to section 2.2 for further details about shareholder approvals.	Section 2.2																						
How will the proceeds of the Offer be used?	The proceeds of the Offer together with existing cash reserves will be used to: (a) fund marketing campaigns for player acquisition and accelerated revenue growth and run the business as described in detail at section 3.3; (b) fund the development of new product initiatives, including Social Sweepstakes Poker and live dealer casino; (c) provide working capital of the Company; and (d) fund the costs of the Acquisition and the Offers.	Section 2.4																						
What will be the capital structure of the Company on completion of the Offer?	The capital structure of the Company following completion of the Offers (assuming full subscription) is summarised below¹: <table><tr><th>Shares²</th><th>Number (Maximum Subscription – \$3,500,000)</th></tr><tr><td colspan="2">Pre 1:50 Consolidation</td></tr><tr><td>Currently on issue</td><td>740,407,849</td></tr><tr><td colspan="2">Post 1:50 Consolidation</td></tr><tr><td>Currently on issue</td><td>14,808,157</td></tr><tr><td>Issued pursuant to the Public Offer</td><td>70,000,000</td></tr><tr><td>Issued pursuant to VGW Holdings Offer</td><td>932,183,398</td></tr><tr><td>Issued pursuant to the SNR Lender Offer</td><td>19,000,000</td></tr><tr><td>Issued pursuant to the Minimum Risk Offer</td><td>20,000,000</td></tr><tr><td>Issued pursuant to the Employee Offer⁵</td><td>47,350,067</td></tr><tr><td>Total (post – Consolidation basis)</td><td>1,103,341,622</td></tr></table>	Shares ²	Number (Maximum Subscription – \$3,500,000)	Pre 1:50 Consolidation		Currently on issue	740,407,849	Post 1:50 Consolidation		Currently on issue	14,808,157	Issued pursuant to the Public Offer	70,000,000	Issued pursuant to VGW Holdings Offer	932,183,398	Issued pursuant to the SNR Lender Offer	19,000,000	Issued pursuant to the Minimum Risk Offer	20,000,000	Issued pursuant to the Employee Offer ⁵	47,350,067	Total (post – Consolidation basis)	1,103,341,622	Sections 2.5 and 10
Shares ²	Number (Maximum Subscription – \$3,500,000)																							
Pre 1:50 Consolidation																								
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Issued pursuant to the Employee Offer ⁵	47,350,067																							
Total (post – Consolidation basis)	1,103,341,622																							

Question	Answer	More information																																								
	<table><tr><th>Options³</th><th>Number (Maximum Subscription – \$3,500,000)</th></tr><tr><td colspan="2">Pre 1:50 Consolidation</td></tr><tr><td>Currently on issue</td><td>Nil</td></tr><tr><td colspan="2">Post 1:50 Consolidation</td></tr><tr><td>Currently on issue</td><td>Nil</td></tr><tr><td>Issued pursuant to the Public Offer</td><td>Nil</td></tr><tr><td>Issued pursuant to VGW Holdings Offer</td><td>95,662,112</td></tr><tr><td>Issued pursuant to the Minimum Risk Offer</td><td>6,000,000</td></tr><tr><td>Issued pursuant to the Employee Offer</td><td>96,926,780</td></tr><tr><td>Issued pursuant to the Chairman Offer</td><td>9,000,000</td></tr><tr><td>Issued pursuant to the Underwriter Offer</td><td>72,500,000</td></tr><tr><td>Total (post – Consolidation basis)</td><td>280,088,892</td></tr></table> <table><tr><th>Performance Shares⁴</th><th>Number (Maximum Subscription – \$3,500,000)</th></tr><tr><td colspan="2">Pre 1:50 Consolidation</td></tr><tr><td>Currently on issue</td><td>Nil</td></tr><tr><td colspan="2">Post 1:50 Consolidation</td></tr><tr><td>Currently on issue</td><td>Nil</td></tr><tr><td>Issued pursuant to the Public Offer</td><td>Nil</td></tr><tr><td>Issued pursuant to the Lance East Offer</td><td>650,000,000</td></tr><tr><td>Total (post – Consolidation basis)</td><td>650,000,000</td></tr></table> <i>Notes</i> 1 Refer to Section 2.5 of this Prospectus for further details. 2 The rights attaching to the Shares are summarised in Section 10.2 of this Prospectus. 3 Each Option will be unquoted. The terms and conditions of the Options are summarised in Sections 10.3 and 10.4 of this Prospectus. 4 The terms and conditions of the Performance Shares are summarised in Section 10.5 of this Prospectus. 5 Please refer to Section 10.6 for details regarding the VGW Holdings Employee Shares.	Options ³	Number (Maximum Subscription – \$3,500,000)	Pre 1:50 Consolidation		Currently on issue	Nil	Post 1:50 Consolidation		Currently on issue	Nil	Issued pursuant to the Public Offer	Nil	Issued pursuant to VGW Holdings Offer	95,662,112	Issued pursuant to the Minimum Risk Offer	6,000,000	Issued pursuant to the Employee Offer	96,926,780	Issued pursuant to the Chairman Offer	9,000,000	Issued pursuant to the Underwriter Offer	72,500,000	Total (post – Consolidation basis)	280,088,892	Performance Shares ⁴	Number (Maximum Subscription – \$3,500,000)	Pre 1:50 Consolidation		Currently on issue	Nil	Post 1:50 Consolidation		Currently on issue	Nil	Issued pursuant to the Public Offer	Nil	Issued pursuant to the Lance East Offer	650,000,000	Total (post – Consolidation basis)	650,000,000	
Options ³	Number (Maximum Subscription – \$3,500,000)																																									
Pre 1:50 Consolidation																																										
Currently on issue	Nil																																									
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Performance Shares ⁴	Number (Maximum Subscription – \$3,500,000)																																									
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Currently on issue	Nil																																									
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Issued pursuant to the Lance East Offer	650,000,000																																									
Total (post – Consolidation basis)	650,000,000																																									

Question	Answer	More information
Will the Shares be listed?	Within seven days of the date of this Prospectus, the Company will make an application to the ASX for re-admission to the Official List of ASX and Official Quotation of the Shares. Completion of the Offer is conditional on the ASX approving this Application. If approval is not given within three months after such Application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 2.8
Is the Offer underwritten?	The Offer is underwritten by Minimum Risk Pty Ltd.	Section 9.1.8
Who can participate in the Offer?	The Offer is open to Australian and New Zealand residents and institutions.	Section 2.9
How do I apply for Shares?	By submitting the valid Application Form attached to, or accompanying, this Prospectus in accordance with the instructions set out on the Application Form. To the extent permissible by law, an Application by an Applicant under the Offer is irrevocable.	Section 2.6
What is the minimum Application under the Offer?	Applicants must apply for a minimum of 40,000 Shares representing a minimum investment of \$2,000.00. Applicants applying for additional Shares must apply for Shares in multiples of 2,000 Shares (representing a further investment of \$100.00).	Section 2.1.1
What is the allocation policy?	All decisions regarding the allocation of Securities under the Offers will be made by the Company. The Company reserves the right, in its absolute discretion, to allot the Securities applied for under any Application under the Offer in full or in the event of an over subscription, to scale back any Application, to allot any lesser number or to decline any Application. The Company may in its absolute discretion give preference to certain investors in accepting Applications under the Offer. Where possible, the Company intends to provide existing Shareholders of the Company a preference to apply for the Public Offer taking into account the register and ASX requirements. Allocation of the Transaction Offers are guaranteed subject to receiving necessary Shareholder approvals.	Section 2.7

Question	Answer	More information
Is there any brokerage, commission or stamp duty payable by the Applicants?	No brokerage, commission or stamp duty is payable by Applicants on shares, performance shares or options allotted under the Offers.	Section 2.11
What are the tax implications of making an investment in the Company?	The taxation implications of investing in the Company will depend on an investor's individual circumstances. Applicants should obtain their own tax advice prior to making an investment.	Sections 10.14
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue of Shares, Performance Shares and Options to successful Applicants. No Shares, Performance Shares or Options will be issued until the Preconditions to Issue are satisfied. If the Offers does not proceed, the Share Registry, your Broker or the Company will refund Application Monies. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offers.	Section 2.10
Will I receive dividends?	The Company does not currently have a dividend policy. The board will make a determination in its discretion in relation to the payment of any future dividends, depending on the Company's performance. The ability to pay a dividend will also depend upon a number of other factors including the success of the VGW Holdings Products, the Company's overall performance and financial position and the risk factors set out in Section 5.	Section 10.15
How can further information be obtained?	If you require assistance or additional copies of this Prospectus, please contact the Share Registry. For advice on the Offer, you should speak to your stockbroker, accountant or other professional financial adviser.	Corporate Directory
Contact details	For contact details, refer to the Corporate Directory.	Corporate Directory

For personal use only

2

Details of the Offers



2 Details of the Offers

2.1 THE OFFERS

2.1.1 Public Offer

Pursuant to this Prospectus, the Company invites applications for up to 70,000,000 Shares at an issue price of \$0.05 per Share, to raise up to \$3,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. A summary of the rights and liabilities attaching to Shares is set out in Section 10.2 of this Prospectus.

The Company is seeking Shareholder approval at the General Meeting for a consolidation of its capital on a 50:1 basis (see Section 2.2 of this Prospectus) (**Consolidation**). Assuming that approval is given, all Shares issued pursuant to the Public Offer will be issued on a post-Consolidation basis.

(a) Minimum subscription

The Public Offer is subject to a minimum subscription of 70,000,000 Shares at an issue price of \$0.05 per New Share to raise \$3,500,000 (**Minimum Subscription**).

If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

(b) Oversubscriptions

No oversubscriptions will be accepted by the Company.

(c) Underwritten

The Offer is underwritten by Minimum Risk, an entity related to the Company's Director, Mr Christopher Martino. Please refer to section 9.1.8 of this Prospectus for further details on the Underwriting.

(d) Minimum application amount

Applications under the Public Offer must be for a minimum of 40,000 Shares and thereafter in multiples of 2,000 Shares and payment for the Shares must be made in full at the issue price of \$0.05 per Share.

(e) Purpose of Public Offer

The purpose of the Public Offer is:

- To fund the ongoing immediate working capital needs of the Company;
- To raise primary capital in order to strengthen the Company's balance sheet and provide financial flexibility to pursue its identified growth opportunities and objections as set out in this Prospectus;
- provide a liquid market for shares and an opportunity for others to invest in the Company;
- provide the Company with the benefits of an increased profile that arises from being a listed public company; and
- provide the Company with access to capital markets to improve capital management flexibility; and
- To meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules.

2.1.2 VGW Holdings Offer

On 4 December 2015, VGW Holdings and Synergy entered into the Merger Implementation Deed under which Synergy and VGW Holdings agreed to merge by way of two interdependent schemes of arrangement which will result in Synergy acquiring 100% of the issued capital in VGW Holdings.

The Merger will be achieved by VGW Holdings Shareholders and VGW Optionholders transferring all their VGW Holdings Shares and VGW Holdings Options to Synergy in exchange for Synergy issuing Synergy Shares and Synergy Options to the VGW Holdings Shareholders and VGW Holdings Optionholders under the Schemes. VGW Holdings Shareholders and VGW Holdings Optionholders will be asked to vote and approve the Schemes at the Scheme Meetings anticipated to be held on 8 February 2016.

In exchange for the Company acquiring 100% of the issued share capital in VGW Holdings, the Company will issue by way of consideration on a post-Consolidation basis, the following to the VGW

Vendors (in proportion to their existing holdings in VGW Holdings):

- (a) 932,183,398 New Shares;
- (b) 95,662,112 New Options,
- (c) 650,000,000 Performance Shares.

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

Accordingly, the Company is offering VGW Vendors (or their nominees), under the VGW Holdings Offer in this Prospectus, the right to subscribe for Consideration Securities.

The material terms of the Merger Implementation Agreement, Binding Terms Sheet and Performance Share Transfer Agreement are set out in Section 9.1 of this Prospectus.

Only the VGW Holdings Vendors (or their nominees) may accept the VGW Holdings Offer. A personalised Application Form in relation to the VGW Holdings Offer will be issued to each VGW Holdings Vendor together with a copy of this Prospectus.

The Consideration Securities will be subject to any escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules.

The purpose of the VGW Holdings Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Consideration Securities that are issued under the VGW Holdings Offer.

2.1.3 SNR Lender Offer

The Company has a number of creditors who have agreed to convert amounts outstanding to Shares (**SNR Lenders**). The terms of these agreements are not deemed material for the purposes of this Prospectus except to state that a total of 19,000,000 Shares will be issued to the SNR Lenders in satisfaction of the debts owed.

Only the SNR Lenders (or their nominees) may accept the SNR Lender Offer. A personalised Application Form in relation to the SNR Lender Offer will be issued to each SNR Lender together with a copy of this Prospectus.

The purpose of the SNR Lender Offer is to remove the need for an additional disclosure document to be

issued upon the sale of any Shares that are issued under the SNR Lender Offer.

2.1.4 Minimum Risk Offer

The Company owes an amount of \$1,180,504 plus interest (\$776,523 at 30 June 2015) to Minimum Risk and as part of the Acquisition has agreed to convert the debt owed to it into Shares and Options on terms approved by Shareholders at the General Meeting. The terms of these agreements are not deemed material for the purposes of this Prospectus except to state that a total of 20,000,000 Shares and 6,000,000 Options will be issued to Minimum Risk in satisfaction of the debts owed.

Only Minimum Risk may accept the Minimum Risk Offer. A personalised Application Form in relation to the Minimum Risk Offer will be issued to Minimum Risk together with a copy of this Prospectus.

The purpose of the Minimum Risk Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued under the Minimum Risk Offer.

Prospective investors should also note that Minimum Risk is the Underwriter in relation to the Public Offer.

2.1.5 Employee Offer

At the General Meeting Shareholders will be asked to approve the adoption of an Employee Share Option Plan (**ESOP**), a summary of the terms of the ESOP is set out at section 10.6 of this Prospectus. As part of the Acquisition the Company has agreed to replace the shares in VGW held by certain employees of VGW (**VGW Employees**) with Shares and Employee Incentive Options issued under the ESOP. Please refer to sections 10.4 and 10.6 of this Prospectus for the terms of the Incentive Options and employee share and their vesting criteria.

Under the Employee Offer, VGW Employees are invited to apply for up to 47,350,067 Shares and up to 96,926,780 Employee Incentive Options.

Only VGW Employees may accept the Employee Offer. A personalised Application Form in relation to the Employee Offer will be issued to relevant VGW Employees together with a copy of this Prospectus.

The purpose of the Employee Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Shares that are issued under the Employee Offer.

2.1.6 Chairman Offer

At the General Meeting Shareholders will be asked to approve the issue of 9,000,000 Options to the incoming Chairman, Mr Nigel Blythe-Tinker, on approval the issue of the Options will constitute the Chairman Offer under this Prospectus.

The terms of the Options offered under the Chairman Offer are summarised at section 10.3 of this Prospectus.

Only Nigel Blythe-Tinker may apply under the Chairman Offer. A personalised Application Form in relation to the Chairman Offer will be issued to Mr Blythe-Tinker together with a copy of this Prospectus.

All Options issued under the Chairman Offer will be subject to any escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules.

2.1.7 Lance East Offer

This Prospectus also includes the offer of 650,000,000 Performance Shares to Lance East as consideration for the cancellation of Performance Shares held by Lance East in VGW Holdings. The Performance Share are the subject of the Performance Shares Transfer Agreement as set out in section 9.1.2 of this Prospectus.

The rights and liabilities, including any vesting criteria, attaching to the Performance Rights are described at section 10.5 of this Prospectus. If the Performance Rights convert into ordinary Shares upon the relevant Milestones being achieved, then the resultant Shares will rank equally in all respects with the existing Shares of the Company.

Only Lance East may apply under the Lance East Offer. A personalised Application Form in relation to the Lance East Offer will be issued to Lance East together with a copy of this Prospectus.

2.1.8 Underwriter Offer

The Company has entered into a underwriting agreement with Minimum Risk pursuant to which the Company has appointed Minimum Risk to act as underwriter in relation to the Public Offer (**Underwriting Agreement**).

The material terms of the Underwriting Agreement are summarised in 9.1.8 of this Prospectus.

The terms of the Options offered under the Underwriter Offer are summarised at section 10.3 of this Prospectus.

Only Minimum Risk (or its nominee) may accept the Underwriter Offer. A personalised Application Form in relation to the Underwriter Offer will be issued to Minimum Risk together with a copy of this Prospectus.

All Options issued under the Underwriter Offer will be subject to any escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules.

The purpose of the Underwriter Offer is to remove the need for an additional disclosure document to be issued upon the sale of any securities that are issued under the Underwriter Offer.

2.2 CONDITIONAL OFFERS

Completion of each of the Offers is conditional upon Shareholders approving a change in nature and scale of activities of the Company, the Consolidation, the issue of Securities offered under the Offers at the General Meeting scheduled to be held on 29 January 2016.

The business of the General Meeting will consider resolutions in relation to:

- (a) a change in the nature and scale of the Company's activities;
- (b) the Consolidation;
- (c) the capital raising (which is the subject of the Public Offer);
- (d) issue of Consideration Securities in consideration of the Acquisition;
- (e) issue of Underwriter Options to Minimum Risk;
- (f) change of Company name;
- (g) issue of Shares and Options to lenders; and
- (h) issue of incentive Shares and Options to Employees.

A copy of the Notice of Meeting is available upon request.

Completion of the Offers are also subject to:

- (i) the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules;
- (ii) the Company raising the Minimum Subscription; and
- (iii) the Company receiving conditional approval for re-quotation of the Company's Shares on the ASX.

In the event that the above conditions are not satisfied, the Offers will not proceed and no Securities will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received (without interest).

2.3 PURPOSE OF THE OFFER

The primary purpose of the Public Offer under this Prospectus is to enable the Company to complete the acquisition of VGW Holdings.

The Company is aiming to apply the funds raised under the Public Offer in the manner detailed in Section 2.4. The Board believes that the funds raised from the Public Offer, combined with existing funds will provide the Company with sufficient working capital at anticipated expenditure levels to achieve the objectives as shown in the table in that Section.

This Prospectus has also been issued to:

- (a) meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules;
- (b) facilitate the acquisition of VGW Holdings;
- (c) to raise \$3,500,000 in funds;
- (d) to remove the need for an additional disclosure document to be issued upon the sale of any Shares, Performance Shares and Options that are issued under the Acquisition Offers to, and/or the exercise of any such Options or Performance Shares, by retail investors; and
- (e) progress the development of the VGW Holdings Products and the current business and operations of VGW Holdings.

2.4 USE OF FUNDS

The funds raised under the Prospectus together with the company's existing cash reserves are intended to be used for the following purposes:

- (a) to fund marketing campaigns for player acquisition and accelerated revenue growth and run the business as described in detail at section 3.3;
- (b) to fund the development of new product initiatives, including Social Sweepstakes Poker and live dealer casino;
- (c) to fund the costs of the Offers and the Acquisition; and
- (d) to provide working capital of the Company.

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the next two years following re-admission of the Company to the Official List of ASX (for the purpose of satisfying ASX's requirements for re-listing following a significant change to the nature and scale of the Company's activities) as follows:

Funds available	Full Subscription (\$) (\$3,500,000)	Percentage of Funds
Existing cash reserves ¹	3,124,379	47.16%
Funds raised from the Public Offer	3,500,000	52.84%
Total	6,624,379	100%
Allocation of funds		
Marketing	4,000,000	60.38%
New Product Development	1,000,000	15.10%
General working capital and ongoing costs	1,624,379	24.52%
Total	6,624,379	100%

Notes

- ¹ Existing combined cash reserves as at 23 December 2015.

The Directors are of the opinion that, following completion of the Offers together with the existing cash reserves, that the Company will have sufficient working capital to carry out its stated objectives.

It is noted that the Company may use and expend its cash reserves more quickly than contemplated. The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, programs and budgets are dependent on results and demand for the company's products and intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

2.5 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offers (assuming full subscription) is summarised below:

Issue	Shares ¹	Options	Performance Shares ²
Pre 1:50 Consolidation			
Existing securities on issue	740,407,849	–	–
Post 1:50 Consolidation			
Existing securities on issue	14,808,157	–	–
Issued pursuant to the Public Offer	70,000,000	–	–
Issued pursuant to VGW Holdings Offer	932,183,398 ³	95,662,112 ⁴	–
Issued Pursuant to the Lance East Corporation Offer	–	–	650,000,000
Issued pursuant to the SNR Lender Offer	19,000,000	–	–
Issued pursuant to the Minimum Risk Offer	20,000,000	6,000,000 ⁵	–
Issued pursuant to the Chairman Offer	–	9,000,000 ⁶	–
Issued pursuant to the Underwriter Offer	–	72,500,000 ⁷	–
Issued pursuant to the Employee Offer ⁸	47,350,067	96,926,780	–
Total (post-consolidation basis)	1,103,341,622	280,088,892	650,000,000

Notes

- The rights attaching to the Shares are summarised in Section 10.2 of this Prospectus.
- The rights attaching to the Performance Shares are summarised in Section 10.5 of this Prospectus.
- VGW Holdings currently has 942,035,022 Shares and 95,662,112 Options on issue. This number assumes:
 - plus 10,833,333 VGW Holdings Shares to be issued to VGW Holdings employees and contractors on 1 January 2016;
 - less 47,350,067 VGW Holdings Plan Shares to be bought back and cancelled on the Schemes becoming Effective;
 - plus 12,382,269 VGW Holdings Shares to be issued to Akru Jessy Capital and Otsana Capital on the Schemes becoming Effective;
 - plus 14,282,841 VGW Holdings Shares to be issued to VGW Holdings Convertible Noteholders on the Schemes becoming Effective.
- Each Option will be unquoted and is exercisable at \$0.05 each on or before 14 August 2017. The terms and conditions of the Options are summarised in Section 10.3 of this Prospectus.
- Each Option will be unquoted and is exercisable at \$0.05 each on or before 3 years from the date of issue. The terms and conditions of the Options are summarised in Section 10.3 of this Prospectus.
- Each Option will be unquoted and is exercisable at \$0.05 each on or before 5 years from the date of issue. The terms and conditions of the Options are summarised in Section 10.3 of this Prospectus.
- Each Option will be unquoted. 36,250,000 are exercisable at \$0.05 and 36,250,000 are exercisable at \$0.06 each, on or before 3 years from the date of issue. The terms and conditions of the Options are summarised in Section 10.3 of this Prospectus.
- The Company has agreed to issue VGW Holdings Employee's a total of 47,350,067 Shares (no proposed director participation) and 96,926,780 Options (including offers to Mr Nigel Blythe-Tinker, Mr Laurence Escalante, Mr Mats Johnson and Mr Lorenzo Escalante, see section 8.3 for details) pursuant to the Company's Employee Share Option Plan. If issued, the Shares and Options will vest upon the later of satisfying specified time and performance vesting conditions. Of these Options, 27,000,000 Vesting Employee Incentive Options will vest upon issue whereas 69,926,780 are subject to the vesting terms detailed in Section 10.4. Further details are set out in Sections 10.3 and 10.4. Each Option will be unquoted and is exercisable at \$0.05 each on or before 5 years from the date of issue. The terms and conditions of the Options are summarised in Sections 10.3 and 10.4 of this Prospectus.

2.6 APPLICATIONS

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

Completed Application Forms and accompanying cheques, made payable to **"Synergy Plus Limited"** and crossed **"Not Negotiable"**, must be mailed or delivered to the address set out on the Application Form by no later than the **5:00pm (AEST) on the relevant Closing Date**.

The Public Offer Closing Date is currently scheduled to occur on 9 February 2016.

The Transaction Offers Closing Date is currently scheduled to occur on 9 February 2016.

Applications must be accompanied by payment in full in Australian currency.

The Company reserves the right to close the Offers early.

2.7 ISSUE OF SECURITIES AND ALLOCATION POLICY

2.7.1 General

Subject to the Minimum Subscription being reached and satisfaction of each of the conditions to the Offers (refer to Section 2.2 of this Prospectus), the issue of Securities offered by this Prospectus will take place as soon as practicable after the respective Closing Dates.

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

2.7.2 Public Offer

The Directors will determine the recipients of the issued Shares under the Public Offer in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Securities than the number applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Public Offer Closing Date.

Where possible, the Company intends to provide existing Shareholders of the Company a preference to apply for the Public Offer taking into account the Company's register structure and ASX requirements.

There is no guaranteed allocation of Shares under the Public Offer. The Company's decision on the number of Shares to be allocated to an applicant will be final.

2.7.3 Transaction Offers

Each of the VGW Holdings Offer, the SNR Lender Offer, the Minimum Risk Offer, the Employee Offer, the Chairman Offer, the Lance East Offer and the Underwriter Offer are specific offers made to VGW Holdings Vendors, to the SNR Lenders, to Minimum Risk, the VGW Holdings Employees, Mr Nigel Blythe-Tinker, to Lance East Corporation and the Underwriter respectively. As such, Shares, Performance Shares and Options under those Offers will be allocated and issued to those parties (or their nominees) only.

Subject to receiving necessary Shareholder approvals to the issue of Securities under those Offers at the General Meeting, allocation under the Transaction Offers is guaranteed.

2.8 QUOTATION OF SECURITIES

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 2.2 of this Prospectus). As such, the Shares may not be able to be traded for some time after the close of the Offers.

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

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

2.9 APPLICANTS OUTSIDE AUSTRALIA & NEW ZEALAND

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

No action has been taken to register or qualify the securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed in order to accept any of the Offers.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

Securities may not be offered or sold in any country outside Australia except to the extent permitted below.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act). The Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act

2.10 WITHDRAWAL OF OFFERS

The Offers may be withdrawn at any time. In this event, the Company will return all application monies (without interest) within 28 days of giving notice of withdrawal.

2.11 COMMISSIONS PAYABLE

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

2.12 RESTRICTED SECURITIES

Chapter 9 of the Listing Rules prohibits holders of Restricted Securities from disposing of those securities or an interest in those securities, or agreeing to dispose of those securities or an interest in those securities, for the relevant restriction periods. The holder is also prohibited from granting a security interest over those securities.

Subject to the Company re-complying with Chapters 1 & 2 of the ASX Listing Rules and completing the Offers, the Company understands that certain Securities on issue prior to Admission (including some of the Consideration Securities) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation or date of issue (as applicable).

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of Securities required to be held in escrow prior to the Shares commencing trading on ASX.

None of the Shares issued pursuant to the Public Offer are expected to be restricted securities.

3 **Company Overview Upon Completion of Acquisition**



3 Company Overview Upon Completion of Acquisition

3.1 COMPANY HISTORY

Synergy Plus Limited (**Synergy** or the **Company**) is a public company listed on the official list of ASX (ASX code: SNR) with a historical focus on information and communication technology (ICT) infrastructure, products and services. The Company was incorporated in January 2000 and was admitted to the Official List of the ASX on 6 December 2000.

On 17 March 2011, Synergy was placed into voluntary administration and the company's securities were suspended from quotation on ASX. On 16 May 2011 the Company entered into a Deed of Company Arrangement (DOCA) with a view to compromising its outstanding liabilities. The DOCA was completed on 8 April 2013, at which time all of the unsecured liabilities of the company as at 17 March 2011 were expunged.

Since completing the DOCA, Synergy has continued to trade through its 60% subsidiary, AirData Pty Ltd. The principal activity of the Synergy group is the provision of ICT infrastructure solutions within Australia.

On 27 October 2015, the Company announced it had entered into a binding terms sheet (**Binding Terms Sheet**) to acquire 100% of the issued capital in VGW Holdings, an Australian company. On 4 December 2015, VGW Holdings and the Company entered into the Merger Implementation Deed pursuant to which the Company and VGW Holdings have agreed to merge through the implementation of the Schemes. Pursuant to the agreements, the Company has agreed to dispose of its 60% interest in Airdata.

VGW Holdings develops and operates proprietary technology in real-money gaming, via its social casino games.

Accordingly, the General Meeting will seek approval from Shareholders for a change in nature and scale of the activities of the Company.

3.2 OVERVIEW OF VGW HOLDINGS

VGW Holdings is an Australian based public company which operates a social (or online) casino through its wholly-owned gaming platform, Chumba Casino at www.chumbacasino.com and through a Facebook application at apps.facebook.com/chumbacasino/.

VGW Holdings has been in operation since November 2010 and has offices in Perth, Sydney and Manila.

VGW Holdings has one subsidiary, Virtual Gaming Worlds Inc., a non-trading company which is 100% owned by VGW Holdings.

3.3 VGW HOLDINGS BUSINESS

(a) Chumba Casino

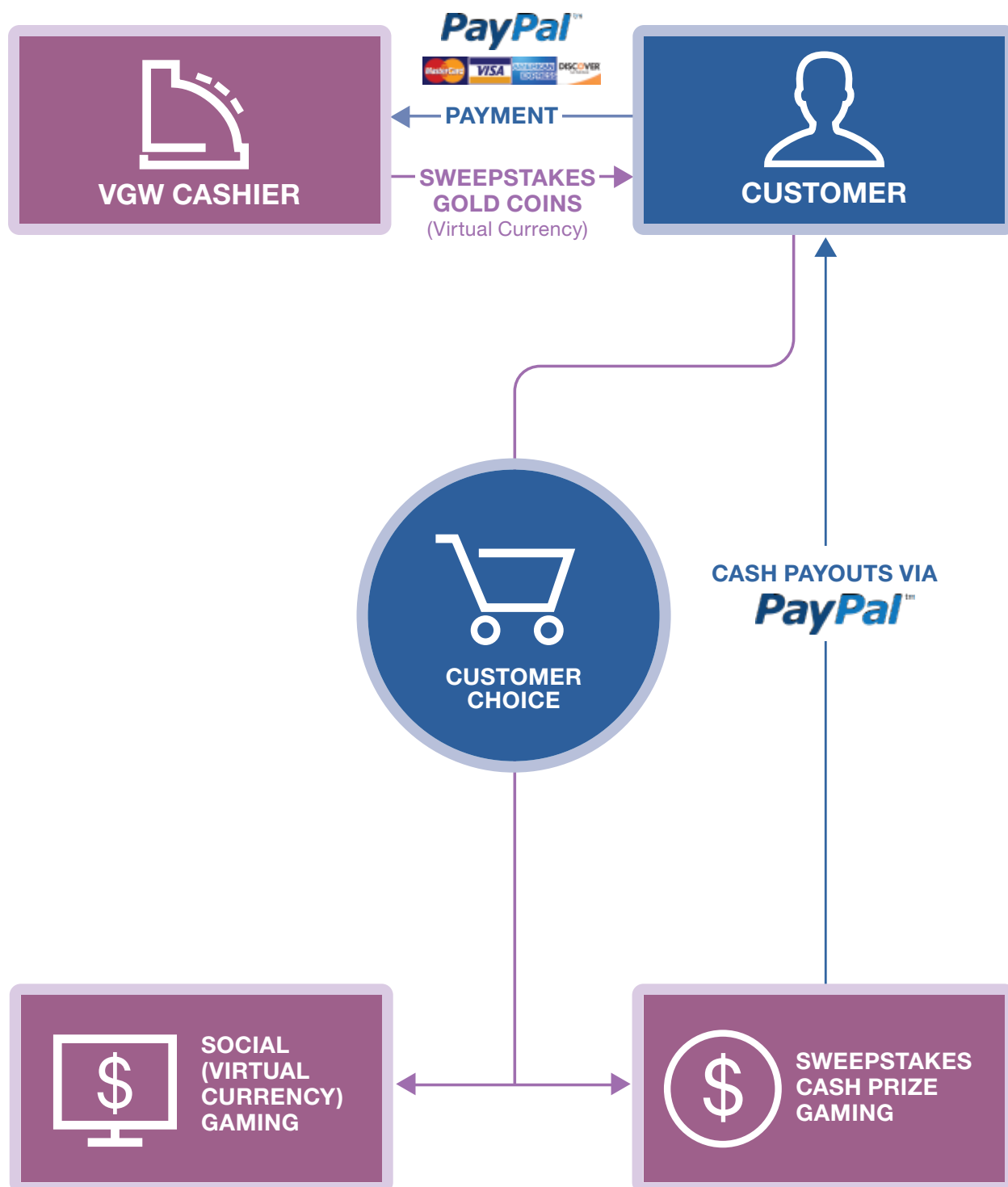
VGW Holdings has been in operation for 5 years and has over 10,000 paying players per month, most of whom are based in the United States and Canada (excluding Quebec).

VGW Holdings derives the majority of revenues from its wholly-owned gaming platform at www.chumbacasino.com. Chumba Casino is a social (or online) casino based on virtual currency with embedded sweepstakes cash prize gameplay.

Players in the US and Canada (excluding Quebec) can play Chumba Casino's portfolio of 26 slot machine games using either:

- Gold Coins: an entirely virtual currency that is non-redeemable and is purchased to play social casino games; or
- Sweepstakes Credits: awarded to players for free, including upon the purchase of Gold Coins. Sweepstakes winnings are redeemable for US\$ currency, with prizes paid out via PayPal. Players can also receive Sweepstakes Credits for free, without purchasing Gold Coins, in a number of ways including mail-ins, giveaways and other promotions.

Players can readily interchange between Gold Coins (i.e. virtual currency) and Sweepstakes cash prize



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gameplay. Chumba Casino provides continuously updated player account balances in both Gold Coins and Sweepstakes Credits.

At present, VGW Holdings sweepstakes gameplay technology is only available in the US and Canada (excluding Quebec) whilst its gold coin (or virtual currency) gameplay technology is available throughout the world. VGW Holdings intends to expand its sweepstakes gameplay technology into other gaming markets, subject to receipt of legal opinions confirming compliance with local laws.

VGW Holdings primary marketing channel for Chumba Casino is through the Facebook social media platform which facilitates easy reach and distribution to massive global audiences, offering highly targeted marketing for increased effectiveness. VGW Holdings primary payment platform is PayPal, one of the world's largest payment provider platforms.

VGW Holdings plans to be a leading developer and publisher of casino and other related games on digital platforms, specialising in technology based convergence of social casino and real-money gaming offerings.

VGW Holdings strategy following completion of the Acquisition is to:

- continue to expand its Social Sweepstakes casino gaming platform throughout the United States and to expand across other key gaming product lines including: jackpots, poker and sports;
- expand into major Asian, United Kingdom, European, Latin American and African gaming markets;
- pursue strategic acquisitions in the social games and gaming sectors, to accelerate growth by integrating VGW Holdings Social Sweepstakes gameplay technology with existing gaming businesses and their player bases; and
- leverage the skills and expertise of VGW Holdings highly experienced executive and leadership team.

At present, VGW Holdings sweepstakes gaming platform is only available in the US and Canada (excluding Quebec). Prior to entering into new jurisdictions, VGW Holdings assesses Chumba Casino's compliance with the relevant local law. Where considered appropriate, VGW Holdings

obtains legal advice from suitably qualified advisors as to Chumba Casino's compliance with the laws of that jurisdiction and acts in accordance with the advice provided.

In addition, Chumba Casino is distributed through Facebook and has its payments processed by PayPal. Facebook and PayPal have conducted their own due diligence in relation to Chumba Casino to ensure compliance with local laws in jurisdictions in which they operate.

(b) Virtual currency and Sweepstakes Credits

Chumba Casino utilises a virtual currency known as Gold Coins, which can be purchased with a minimum initial purchase of US\$1. This entitles a player to 35,000,000 Gold Coins and 6,000 Sweepstakes Credits with a value of US\$60, as a first-time purchase bonus.

The Gold Coins facilitate gameplay on a virtual currency only basis. The Gold Coins are non-cash out enabled and cannot be redeemed for cash or cash equivalents. An important implication of the Gold Coins not being redeemable for cash is that Gold Coin purchases and gameplay generally does not constitute gambling, even when used to play casino games, and can be offered to players in the majority of countries worldwide.

VGW Holdings offers a cash prize sweepstakes within Chumba Casino, where the currency is given away to play and win Sweepstakes Credits for free and when players purchase Gold Coins with real money. The Sweepstakes Credits are a promotional tool to sell additional virtual currency. This is otherwise referred to as a 'trade promotion lottery' in Australia and a 'game of chance' or 'sweepstakes' in the United States.

Sweepstakes Credits are generally awarded on a 1-for-1 basis, with a denomination of US\$0.01 for each Sweepstakes Credit. For example, a US\$10 purchase of 900,000 Gold Coins would also entitle the player to 1,000 Sweepstakes Cash Credits with a denomination of US\$10. Sweepstakes Credits are redeemable for cash through PayPal, once used to play the casino games to determine their cash prizes. Sweepstakes gameplay facilitates a cash prize gaming experience in markets where online gambling may be prohibited.

The low minimum initial purchase of US\$1, entitling the player to 35,000,000 Gold Coins and 6,000 Sweepstakes Credits, is aimed at lowering the barriers to making a purchase and experiencing Chumba Casino's unique cash prize sweepstakes offering.

(c) Revenue Model

VGW Holdings employs a freemium revenue model on a comparable basis to the majority of operators in the social and online games industry.

Freemium is a pricing strategy by which a product or service (typically a digital offering or application such as software, media, games or web services) is provided free of charge, but money (i.e. a premium) is charged for proprietary features, functionality or virtual goods.

Chumba Casino sells Gold Coin packages (virtual currency), varying in size from 900,000 coins (US\$5) to 500,000,000 coins (US\$300). These allow players to enjoy Chumba Casino's slot machines for longer periods of time and/or at higher Gold Coin bet-levels, heightening their sense of risk and reward when playing at larger bet-levels.

Chumba Casino offers starting balances of 2,000,000 Gold Coins and 200 Sweepstakes Credits for free and makes this available to all players. Over 90% of players do not make purchases on Chumba Casino and enjoy the games and cash prize Sweepstakes for free, as is the case with the majority of other social casino games.

The freemium business model has increased the revenue potential of social casino games by lowering upfront barriers to gameplay and facilitating micro-payments throughout the players' life cycles.

The average cost of this entertainment experience is comparable to other forms of consumer entertainment. For example, VGW Holdings unique paying players make average monthly purchases of approximately US\$90 per month. This could be considered a manageable expense relative to other forms of entertainment including land based casino gambling, movies, magazine subscriptions or cable television.

The revenue model for Chumba Casino is described below.

Accounting	Line items	Comments
Gross revenue:	Player purchases of virtual currency	Players also receive Sweepstakes Credits as entries in the Chumba Casino Sweepstakes.
Less:	Refunds and chargebacks / disputes	Facebook and PayPal refunds, chargebacks and disputes.
Equals	Net Revenue	
Less:	Sweepstakes Cash Payments	Cash prizes paid out to eligible Sweepstakes players who have requested a withdrawal of their Sweepstakes winnings.
	Payment processing fees	PayPal transaction fees for player purchases.
	Facebook Revenue Share	30% of Gross revenue received through Facebook's Payments system.
Equals	Gross Margin	This averages approximately 40-45% of Gross Revenues.

(d) Player Characteristics

Chumba Casino players can be divided into the following groups:

- non-spenders, who do not make any purchases;
- spending players, who spend less than US\$1,000;
- large spending players, who spend over US\$1,000; and
- VIPs, who spend over US\$10,000.

VGW Holdings top-tier of social gambling customers or VIPs are worth around 70 times as much as an average paying user. Only between 5-10% of the 70,000 monthly players on Chumba Casino pay for virtual currency packages. Average annual player spend is comparable to average levels for the real-money casino industry.

The concentration and fluctuations in Chumba Casino's revenues are affected by VIPs in a similar way to high-rollers in the real-money casino industry.

(e) Combined offerings

The combination of social gaming and cash prize gaming using Sweepstakes Credits is a core part of VGW Holdings business model.

VGW Holdings Social Sweepstakes gaming model overcomes regulatory, distribution and payment system constraints associated with real-money online gaming in certain jurisdictions to provide a cash prize gaming offering with materially improved per user unit economics relative to other social gaming offerings.

This innovation has been a product of:

- VGW Holdings proprietary sweepstakes gaming platform;
- VGW Holdings operational experience in simultaneously handling virtual currency and real money players;
- VGW Holdings expertise in understanding global sweepstakes and gaming laws; and
- VGW Holdings use of Facebook and PayPal for its distribution and payment services.

(f) Sweepstakes and anti-gambling laws

VGW Holdings Chumba Casino Sweepstakes is a compliant sweepstakes promotion in both the United States and Canada (excluding Quebec).

The United States and many other jurisdictions prohibit private non-governmental entities from conducting lotteries or internet gambling operation.

A lottery is generally defined as any game in which the elements of prize, chance and consideration are present. Gambling is generally defined as staking or risking something of value on the outcome of any event that is determined at least in part by chance. In both cases, three discrete elements are present: prize, chance and consideration.

VGW Holdings Sweepstakes have both the elements of prize and chance. The cash prizes offered through the Chumba Casino have pecuniary value and chance is involved as winners of the prizes are determined at random by a computer algorithm.

Where a promotion contains the elements of prize and chance, its legality generally turns on whether consideration, or something of value required to be paid by the entrant, is also present. If a purchase or other direct payment of property or money is required to participate in the promotion, consideration exists and the promotion is an illegal lottery or gambling transaction. It is generally accepted that the availability of a free method of participation that places all entrants on equal footing avoids the problem of consideration in a promotion, in the United States and Canada. In addition it is important that individuals who spend money are spending money on a legitimate product or service and not just solely for the chance to receive entries (i.e. Sweepstakes Credits). Chumba Casino's sale of its virtual currency, Gold Coins, has existed from Chumba Casino's creation and has been a viable source of revenue before the Sweepstakes Credits were offered.

VGW Holdings Chumba Casino Sweepstakes have been structured so that the element of consideration has been removed. Players have the option of receiving Gold Coins for free. If an individual does not want to experience any of the games with Gold Coins and therefore does not wish to purchase Gold Coins they are still able to receive Sweepstakes Credits for free, without any consideration. In addition, all individuals who enter a Sweepstakes are treated equally, regardless of whether a person receives the Sweepstakes Credits for free or receives the Sweepstakes Credits in connection with the purchase of Gold Coins. In the United States the

concept of treating all groups of entrants equally is generally known as ‘the rule of equal dignity’.

VGW Holdings has obtained US and Canadian legal opinions confirming this position. VGW Holdings compliance with applicable anti-gambling legislation in the US and Canada (excluding Quebec) has also been provided to Facebook and PayPal, which VGW Holdings uses for marketing and payments processing services and Vantiv, the NASDAQ listed payment processor.

(g) Facebook

VGW Holdings uses Facebook as its primary channel for the distribution and marketing of Chumba Casino. Facebook is the world’s largest social network, with circa 1.55 billion monthly users. It provides a place for connection through the sharing of photos, videos and text updates and provides the social platform for the majority of the social gaming industry.

VGW Holdings primary acquisition tools are Facebook ads that refer traffic to the Chumba Casino Facebook application. VGW Holdings operates hundreds of player acquisition, activation and engagement campaigns every month through the Facebook platform, running marketing campaigns in a highly granular and data centric basis. Facebook provides dozens of data points, covering demographics, interest targeting and player spend activity that are helpful to VGW Holdings in creating highly targeted and optimised marketing campaigns.

Facebook also processes payments for the Chumba Casino Play application. Facebook receives a fee of 30% when users make purchases using this payments infrastructure. This is only relevant for applications inside Facebook’s canvas on its domain, and excludes VGW Holdings platform at www.chumbacasino.com, where the majority of VGW Holdings revenues are derived.

(h) PayPal

VGW Holdings uses PayPal as the primary channel to processes its cash prize payout transactions.

PayPal is the world’s premier online payments platform, processing around 12.5 million payments per day. PayPal has approximately 170 million active customer accounts, with an open and secure

payments system where people can securely transact with each other online, in stores and on mobile devices. PayPal facilitates money transfers without the sharing of financial information and provides VGW Holdings players with the flexibility to pay using their PayPal account, bank accounts, and credit cards.

United States legislation, and in particular the *Unlawful Internet Gaming Enforcement Act 2006* (US), makes it illegal for payment providers to process payments in connection with the provision of online gambling services. VGW Holdings payment system suppliers (Facebook, Paypal and Vantiv, the NASDAQ listed payment processor, have reviewed VGW Holdings Chumba Casino Sweepstakes.

The existing PayPal and Facebook based payments systems used by VGW Holdings are a reliable payments solution.

VGW Holdings is also actively seeking to develop alternative payments system solutions for improved player experience, via a leading third-party payments system operator, in the medium-term, and the potential development and/or ownership of a proprietary payment system in the longer term.

(i) Scalable infrastructure

VGW Holdings products are built on a cloud computing infrastructure. VGW Holdings uses a combination of off-the-shelf and custom software running on substantial computing capability powered by Amazon Web Services, the leader in social game systems and cloud hosting. The expected growth in VGW Holdings player base and the level of engagement and sharing by users will lead to an increase in VGW Holdings computing needs. VGW Holdings aims to provide its products rapidly and reliably to all of its users through the use of robust, scalable services.

(j) Existing games portfolio

VGW Holdings Chumba Casino operates a portfolio of 26 slot machines, available for both virtual currency and Sweepstakes cash prize play. The Chumba Casino portfolio includes a variety of games with differing:

- (i) art styles, appealing to a variety of demographic groups, from the casual player to the more sophisticated real-money slots player;
- (ii) maths model volatility, varying from low intensity, frequent win games with relatively low feature wins, to high volatility games where feature wins can trigger extremely large payouts that are favoured by real money gamblers; and
- (iii) feature game characteristics, varying from simplistic free spin multiplier features, to complex multi option feature games that provide a mixture of player experiences.

Chumba Casino's slots portfolio has been developed by a team of highly experienced game designers and developers, each with years of experience in the slot machine game development industry with market leaders such as Aristocrat, IGT and Bally.

(k) New product verticals under development

VGW Holdings new product development focus is to optimise player revenues and loyalty by developing proven, highly engaging gaming products in casino and related verticals of jackpots, table games and sports.

(i) Jackpots

VGW Holdings is currently developing the capability to introduce jackpots to its slots portfolio with very large virtual currency and Sweepstakes cash prize pools. These will take the form of both insured and progressive jackpots.

The use of prize insurance by VGW Holdings will protect VGW Holdings from the incidence of a large sweepstakes jackpot being won earlier than expected. VGW Holdings expects the insured jackpot prize pool to start at US\$1 million. Proven game mechanics and jackpot popularity may lead to the prize pool extending to significantly higher amounts, all covered by insurance to mitigate the financial risk and provide the legitimate opportunity for VGW Holdings players to play for large jackpots.

VGW Holdings is also developing features within its games whereby jackpots continue to accumulate, based on the collective amount entered from players in the progressive jackpot games.

These are common jackpot designs seen in land-based slot machines, which are being replicated in the cloud.

VGW Holdings jackpot products with insurance would enable a larger jackpot pool than any land-based casino slot game. This would provide players with an improved game experience and/or better odds of triggering a jackpot.

(ii) Blackjack, Roulette, Poker and Baccarat

VGW Holdings is also developing inside Chumba Casino a suite of casino table games, such as Blackjack, Roulette, Poker and Baccarat, for use on a virtual-currency and Sweepstakes cash prize basis. This will provide a more authentic casino gaming experience for those players seeking table games, as well as slot machine gameplay.

VGW Holdings, in partnership with a specialist real-money poker supplier, has already developed a Social Sweepstakes poker product. This would be able to offer cash prize winnings in each pot or tournament, versus no winnings with social poker.

VGW Holdings expects that its Social Sweepstakes Poker will gain market share from the incumbent social poker operators due to the added dimension of cash prize gameplay that is not currently offered by its competitors.

VGW Holdings Social Sweepstakes Poker has been provided to Facebook for distribution on its platform, with a similar level of due diligence to that already undertaken in respect of Chumba Casino.

(iii) Sports

VGW Holdings also plans to offer virtual currency and sweepstakes based sports

products for desktop and mobile devices. The launch of these products is planned for 2016.

The rise of Daily Fantasy Sports across the United States, with approximately 40 million players per annum, is demonstrative of the large market for real money sports gaming products. VGW Holdings is in the process of designing a unique sweepstakes product offering that is not only compliant with anti-gambling laws, but is also mindful of the cultural sensitivities to sports betting. This product may incorporate elements of Daily Fantasy Sports proven to have mass-market appeal, with the added element of both virtual currency and sweepstakes gameplay.

(l) Social gaming features

As noted in Section 3.3g) VGW Holdings uses Facebook as the primary channel for the distribution and marketing of Chumba Casino. Facebook provides unique social gameplay features that enhances VGW Holdings ability to continually engage and communicate with its player base.

Chumba Casino's games are being developed to directly leverage the unique characteristics of gameplay on social media platforms including:

- social interaction and competition with friends;
- options to invite friends to play;
- sharing achievements with other players; and
- shared notification of gameplay progress.

(m) Cross-platform distribution

VGW Holdings is developing cross-platform distribution capabilities to optimise the growth of new distribution channels, such as mobile phones and tablets.

This added distribution capability will allow players to play wherever they are: on desktops, laptops, tablets or Apple's iOS or Google's Android mobile devices. It will also facilitate players switching between devices and platforms and continuing their gameplay wherever they left off.

These cross-platform capabilities are expected to be widely adopted by VGW Holdings audience and increase engagement and retention. The deployment

of VGW Holdings proprietary mobile gaming platform is the first key milestone towards having a full cross-platform offering and is expected to occur in 2016.

(n) Big Data analytics

The Chumba Casino platform has been developed with significant analytic capabilities, as data-points around gameplay, purchase activity, cashouts, retention and engagement are measured in real-time. This capability provides powerful data to help optimise its casino game portfolio. The analytics also provide a powerful base for customer relationship management, with detailed insights into the player base to optimise player retention and engagement.

VGW Holdings processes and analyses a significant amount of data shared by its users, developers, and marketers and endeavours to provide a personalized experience to various player groups. It invests extensively in developing analytics, large-scale data management and software performance for this purpose.

(o) Globalised support services

VGW Holdings provides support services to Chumba Casino players on a 24 hours-a-day and 7 days-a-week basis. Support service specialists and managers are employed in Manila with rolling shifts. The team in Manila can be readily scaled with Chumba Casino's expansion.

VGW Holdings globalised approach to support services has enabled lower fixed overheads and keeps the overall cost base low relative to the quality of the service provided. Manila is also the geographical centre of licensed real-money online gaming in Asia, and there is a large pool of foreign expats as well as trained and experienced local staff members employed in the real-money gaming industry. VGW Holdings expects to continue drawing upon this pool of knowledge and talent in the region, particularly when expanding into Asia.

(p) Future expansion

VGW Holdings is an industry pioneer in innovation across social casino, sweepstakes casino and real-money online play, having developed this technology across multiple product iterations.

It will continue to expand on its knowledge and experience in this area, creating unique opportunities across product verticals such as table games, poker and jackpots whilst expanding the business internationally. This will be achieved by continuing to build on the technology and operational capabilities created over the last 5 years.

VGW Holdings primary objective is to secure market share through organic growth and expanding into new product verticals, supplemented through future acquisitions.

(q) United States

Notwithstanding the enactment of the *Unlawful Internet Gaming Enforcement Act 2006* (US), the United States remains one of the world's largest online gaming markets. The Social Sweepstakes gaming technology has experienced a strong rate of early adoption in the United States. The dual social and cash prize payout technology is able to simultaneously service both social casino players and those who are seeking a cash prize gaming experience.

The United States market is largely unrealised from the perspective of servicing players seeking a cash prize online gaming experience and this should continue to underpin strong growth in VGW Holdings share of the US online gaming market. Prospective investors should further consider the independent report commissioned by VGW Holdings which is included in this Prospectus at Section 4.

(r) International

VGW Holdings Social Sweepstakes gaming technology has significance on a global scale and can be deployed across a number of international jurisdictions, subject to compliance with local laws. VGW Holdings international growth will focus on unregulated and to-be-regulated markets to more effectively grow market share. Asia, Latin America and Africa are regarded as potential high-growth regions, with Europe a mature real money online gambling region that is also expected to offer opportunities with respect to Social Sweepstakes gaming.

As noted in Section 3.3(b), VGW Holdings sweepstakes gaming technology is only available in the US and Canada (excluding Quebec). VGW Holdings expansion into markets beyond the US and Canada (excluding Quebec) will be dependant, in each case, upon VGW Holdings obtaining legal opinions confirming that VGW Holdings sweepstakes gaming technology is compliant with local laws. The Company will not expand into any market where the operations of the Company is deemed to be illegal.

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4 Independent Industry Report



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AUSTRALIAN SECURITIES EXCHANGE (ASX) LISTING

US Gaming Industry – Independent Market Report

January 2016

Prepared for: Virtual Gaming Worlds

Prepared by: H2 Gambling Capital

EXECUTIVE SUMMARY

This report has been prepared by H2 Gambling Capital (H2) – the leading authority regarding market intelligence on the global gambling industry. It provides an independent assessment of the current US gaming market to sit within the prospectus documentation relating to the intended listing of Virtual Gaming Worlds (VGW) on the Australian Stock Exchange (ASX) during early 2016. As standard, H2 reports in EUR€ (as the most widely-used currency in the sector) and primarily utilises the ‘gross win’ metric to value the gambling sector.

The report’s findings lead us to conclude that in all 3 segments of real money gaming, social casino and internet sweepstakes, the US market remains strong, with considerable further growth still to come over the next 5 years to the end of the decade. The following numbers in particular sum up the potential:

Global vs US Gaming Market Growth 2014-2020 Overall Summary

	Global GGR			US		
	2014 (€bn)	2020 (€bn)	CAGR	2014 (€bn)	2020 (€bn)	CAGR
Land-based Gaming	332.0	357.0	1.2%	104.8	117.1	1.9%
Real Money Online Gaming	32.0	52.0	8.4%	2.5	6.7	17.9%
Social Casino Gaming	2.6	4.1	7.8%	0.8	2.0	16.0%
Sweepstakes Gaming	N/A	N/A	N/A	11.1	17.3	7.7%

Source: H2 Gambling Capital, 2015

The following conclusions are drawn:

- 1 Global real money gaming growth is on a **steady upwards trajectory**.
- 2 **The US**, despite significant prohibition, remains **by far the largest gaming market in the world**.
- 3 Global gaming gross win reached **€364.0bn** in 2014 and will continue to grow at a **2.0% CAGR** from **2015 to 2020** to reach **€409.3bn** by the end of the decade.
- 4 The real money online gaming sector reached **€32.0bn** global gross win in 2014, growing at **8x the rate of its land-based equivalent** over the last 10 years, with no signs of this trend slowing down.
- 5 **750 million** people play social games worldwide, the majority (**24.5%**) aged over **46+ years**.
- 6 In the US, there are over **200 million players**, with 50% of social networking users and 34% of internet users playing social games.
- 7 **'Social casino'** is by far **the most popular form** of social gaming in the world.
- 8 Global social casino revenues were **€2.64bn** in 2014, and by 2019, will reach **€4.14bn GGR**, at a **CAGR of 7.8%**.
- 9 The US represents **the largest social casino market in the world**, with **€0.85bn** or **32%** of the global market in 2014.
- 10 Growth is expected to rise at a **CAGR of 16.0%**, so that by 2019, the US will have **over 50%** of the world's social casino market (**€2.07bn**).
- 11 **'Sweepstakes'** are a unique concept and not classed as gaming within the sector because they are **free to enter**.
- 12 If analysed against the potential value of the US real money online gaming if regulated, the actual market value for the sweepstakes gaming model could be as much as **\$12.2bn** today, or **\$82bn** over a 5-year period.
- 13 **Internet Sweepstakes Cafes** have evolved and proliferated across the US over the last 10 years, but are **equally as applicable** across many of the world's Top 30 gaming nations.
- 14 **Internet Sweepstakes Cafes** are reported to have turned over **\$10bn (€9.4bn)** in 2015, with **over 5,000** now operating in **12 states**.

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PURPOSE OF THIS REPORT

This is a stand-alone specialist report commissioned to sit within the prospectus documentation relating to the intended listing of Virtual Gaming Worlds (VGW) on the Australian Stock Exchange (ASX) during early 2016. It has been prepared by H2 Gambling Capital (H2) – the leading authority regarding market intelligence on the global gaming industry – to offer an independent assessment of the current US (United States) gaming market, and so inform the company's listing process.

VGW has been operational since 2010, primarily within the US, as the premier developer and operator of convergent social gaming platforms and games that can be accessed via the Facebook channel.

Its principal current offer is a social casino game that now also features cash prize sweepstakes gameplay.

H2 CREDENTIALS

H2 is widely recognised as the leading authority regarding independent market intelligence on the global gambling industry. Together its team has been researching and tracking the value of the sector in real time since 2000.

The intelligence generated by H2's unique industry forecasting model has become by far the most quoted source regarding the sector amongst corporates, banks, analysts, governments, regulators and the trade media. The practice has worked with nearly 500 clients globally over the past 15 years and is regularly used as part of IPO floatations, the due diligence processes associated with major investment decisions, financial transactions, litigation, and also for government policy formulation in the sector. In the media, the company regularly provides data and information to many leading outlets including the BBC, Reuters, Bloomberg, *The Economist*, *The Financial Times*, *The New York Times* and *The Wall Street Journal*.

The H2 databank itself covers approximately 120 world markets, with over 2m data points and 1,450 postings per year, and 5-year projections out to 2020. Forecasts are for land-based, interactive and mobile channels and cover both onshore and offshore numbers. As a result, the vast majority of the sector's current Tier 1 operators/suppliers; its regulators; and many of the world's leading banks/financial institutions currently take out the H2 Subscription. In parallel, the H2 Premium advisory service offers access to the more dedicated time of the H2 team and its network of senior associates located all over the world, and this service is regularly used today as part of government policy formulation in the sector.

As standard, H2 reports in EUR€ (as the most widely-used currency in the sector) and primarily utilises the 'gross win' metric (i.e. turnover less prizes, but including any bonuses played) rather than the turnover/sales measure to value the gambling sector. This is due to the fact that across different product verticals, geographies and market channels payout rates are all different. Therefore, gross win provides a much more consistent measure for comparison across the sector. Furthermore, it also provides a much better reflection of operators' top line revenue as opposed to turnover, which can include the same money that has been recycled a number of times in many of the product verticals. The above said, it is not always possible to calculate gross win numbers within the newer, virtual money (or 'social') gaming sector, given the differing business model in operation to that seen within traditional real money gaming.

Finally, it should be noted that in order to be included in H2's analysis, any activity must be licensed either in the same jurisdiction as the player is located ('white market') or in a different market ('grey market'). We do not cover any activity that is completely unregulated or illegal ('black market').

Note: The unique H2 model collates and compiles data via key primary sources that include:

- Actual published primary/secondary market and organisation data;
- Knowledge/assessment of the supply side by product vertical;
- H2's own in house tracking of activity;
- Generic information pooled under NDA;
- Regular contact with private organisations/investors, including subscriber feedback;
- Knowledge/opinion of third parties – including providers and other industry analysts.

Market forecasts are then based on a number of key secondary drivers including:

- Maturity of product;
- Expected product development;
- GDP/broadband/mobile growth;
- Benchmark markets;
- Incorporating the impact of past and expected legislation.

H2 DISCLAIMER

Whilst great care has been taken in the preparation of this publication H2 Gambling Capital accepts no liability for the accuracy or completeness of all data and information provided, and no warranty is given as to its correctness or forecast estimates herein.

SECTION 1: US REAL MONEY GAMING MARKET

Global real money gaming growth is on a steady upwards trajectory.

The US, despite significant prohibition, remains by far the biggest gaming market in the world.

Global gaming gross win reached €363.0bn in 2014 and will continue to grow at a 2.0% CAGR from 2015 to 2020 to reach €409.3bn by the end of the decade.

The real money online gaming sector reached €32.0bn global gross win in 2014, growing at 8x the rate of its land-based equivalent over the last 10 years, with no signs of this trend slowing down.

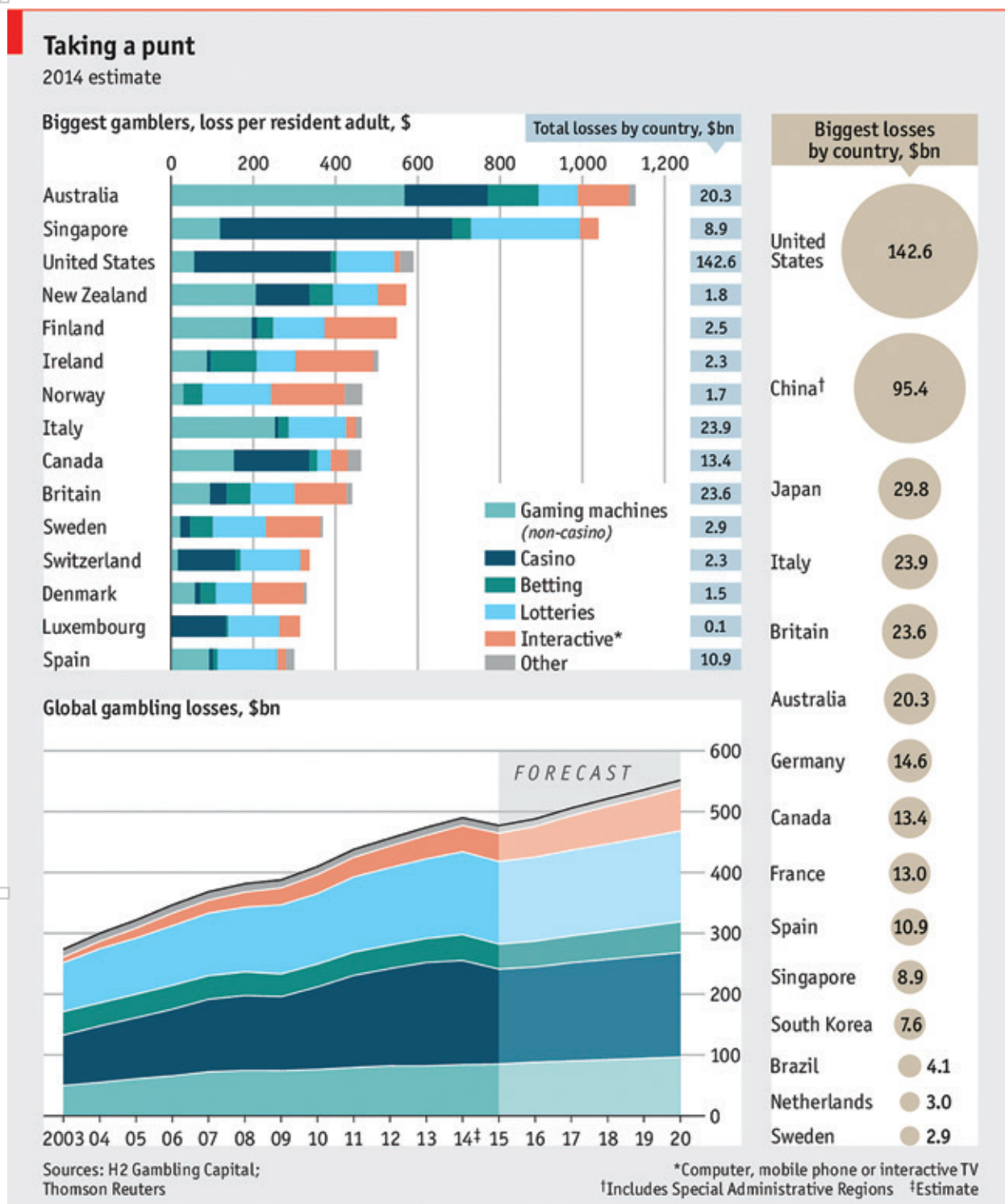
DEFINITION

- 1 'Real Money Gaming' in the context of the gaming industry commonly refers to a competitive activity in which three specific outcomes take place: (1) paid-in consideration (meaning entrants pay to compete); (2) the award of a cash prize, and (3) an outcome determined on the basis of chance. The latter point is particularly important in gaming regulation as many regulators choose to legislate on the predominance of whether a game is chance-based or skill-based (i.e. achieved through a player's skill or ability).
- 2 The basic difference:
 - 'Games of skill' require a physical or mental ability and a learned capacity to carry out a result. They commonly include the use of strategy or tactic, physical coordination or strength, technical expertise, and/or knowledge; and
 - 'Games of chance' are games with an outcome strongly influenced by random chance or uncertainty. They commonly include dice, playing cards or numbered balls drawn from an automated source.
- 3 In the US, the above definition is particularly relevant as the vast majority of states currently prohibit gaming (both land-based and online) that is considered to be chance-based. The most commonly used test at state-level to evaluate whether a game is skill- or chance-based is the 'predominance test' which evaluates games on a continuum, based on pure skill on the one end and pure chance on the other. A game is classified a game of chance if it falls predominantly closer to the chance end of the continuum. In some states, the 'material element test' is also used as a secondary measure to then ask the question whether chance plays a material role in determining a game's outcome. In these cases, skill may well predominate but if ultimately, chance plays the material role in determining the game's outcome then the game is classified chance-based, and hence a gaming activity.
- 4 The above is an important start point in determining the legality of any game in the US market, and in forecasting the size of the US real money gaming market.

MARKET SIZE – GLOBAL VS. US

5 We have recently finalised all our figures for 2014 from estimates to actuals and presented our Annual H2 Market Overview within The Economist, so it is timely to begin by reproducing this info graphic here (see Fig 1):

Fig 1: Annual H2 Market Overview 2015 in The Economist



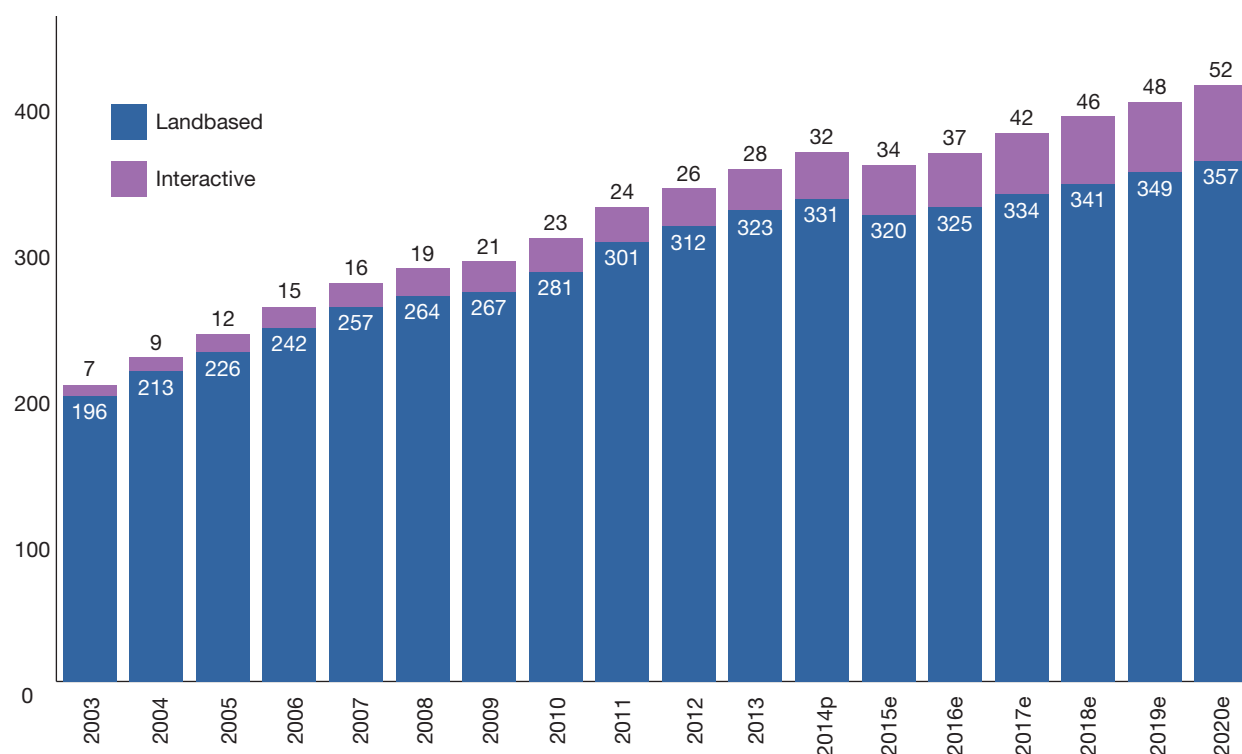
Source: H2 Gambling Capital, 2015

6 The headlines:

- Global real money gaming growth has been relatively stable and on a steady upwards trajectory;
- 2015 is expected to be the first year that overall performance will have declined, with a forecast 2.6% decline in 2016;
- This is primarily due to the slowdown in the Chinese economy and the heavy crackdown on alleged high-roller money laundering within the casinos of Macau;
- Of the world's nations, Australians still gamble the most, based on spend per resident adult;
- Finland, Ireland and Norway are the most 'tech savvy' nations – with online gaming rates particularly strong at c35%;
- China has risen up the global gaming league table from 10th to 2nd place over the last decade; and
- The US, despite significant prohibition (principally on online real money gaming), remains by far the largest gaming market in the world.

7 H2's analysis indicates that global gaming gross win reached €363.0bn in 2014, up 3.4% on the prior year and at a CAGR of 4.2% over the six year period from 2008 to 2014 (see Fig 2). Despite a modest decline in 2015, we expect the total size of the global sector to continue to grow at a CAGR of 2.0% over the five-year period from 2015 to 2020, taking its total gross win to €409.3bn by the end of the decade.

Fig 2: Global Gaming Market Gross Win (€bn)



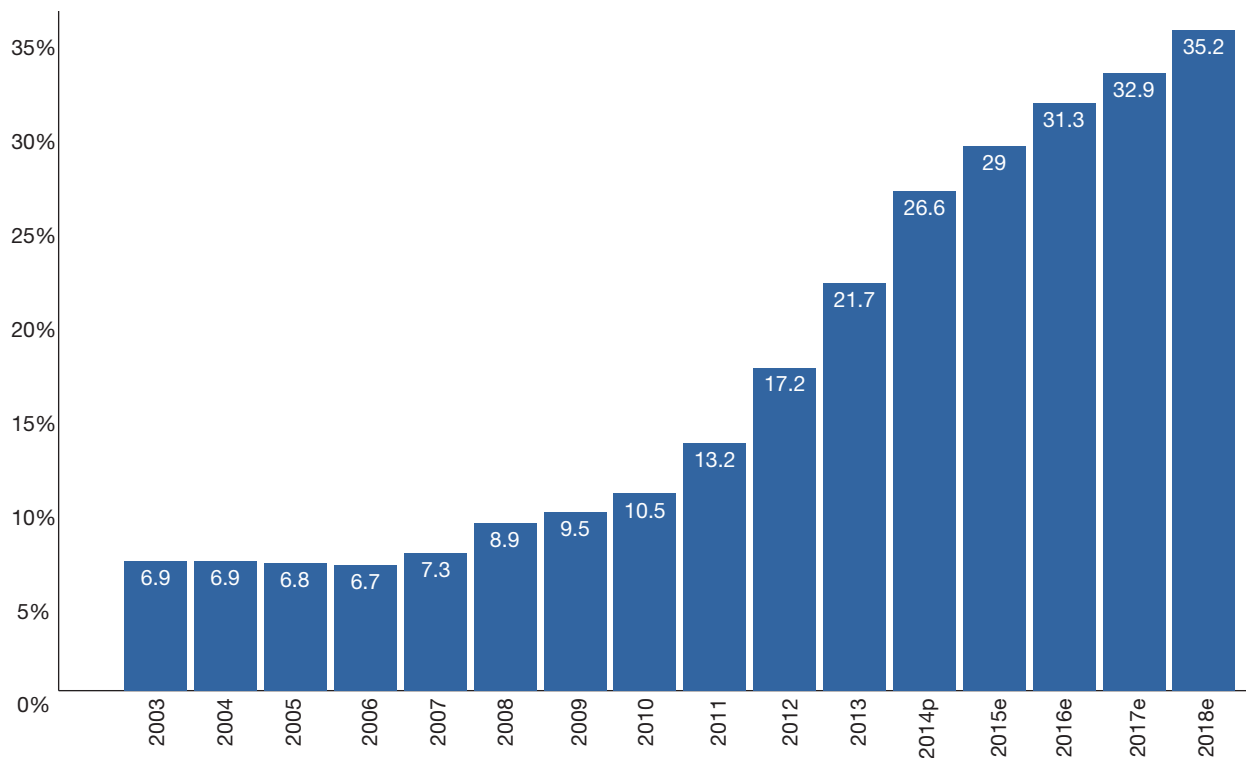
Source: H2 Gambling Capital, 2015

8 The global real money online gaming segment has developed from €12.3bn of gross win or 5.3% of the total market in 2005, to be expected to reach €32.0bn, or 9.8% in the current year. This implies that the online segment of the industry – although still small in relative terms - has grown at 8x the rate of the land-based sector over this period, with no signs of this trend slowing down.

9 Consumers have embraced technology throughout their lives with the gaming sector being no different. In parallel to this, operators have been able to utilise technology to provide more sophisticated product propositions, such as mobile gaming and in-play betting that are now much more compelling to today's consumer.

- 10 The relative lack of development in terms of the overall market size of land-based gaming has contributed to additional demand for online gaming platforms.
- 11 The transactional, 'on-the-go' nature of the experience has meant that online platforms in general, and more recently mobile platforms specifically, continue to be well received by the modern-day player, including the younger adult demographic.
- 12 With the number of active smartphones and tablets reaching 2 billion in 2015, the use of mobile in the sector is set to double over the six-year period 2012 (17.2%) to 2018 (35.2%) (see Fig 3):

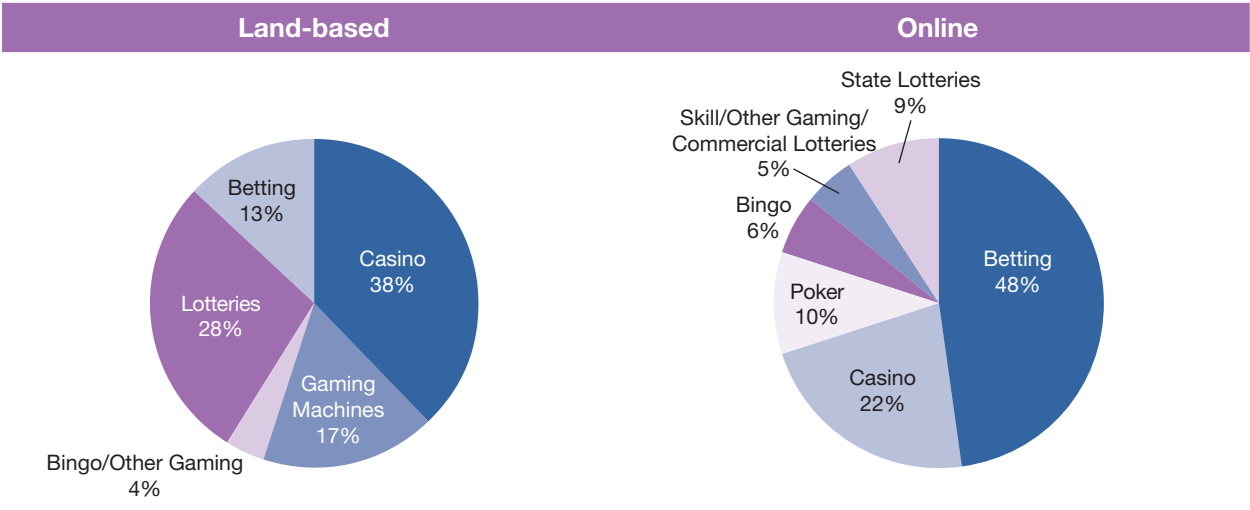
Fig 3: Percentage of Global Interactive Gaming Gross Win Mobile



Source: H2 Gambling Capital, 2015

13 In terms of split by major product verticals, the land-based global gaming market is dominated by casino (€127.7bn) and lotteries (€100.6bn). In online however, betting is the fastest growing market segment within all gaming worldwide, and now dominates at nearly half of all online gaming (€15.2bn or 48%) (see Fig 4):

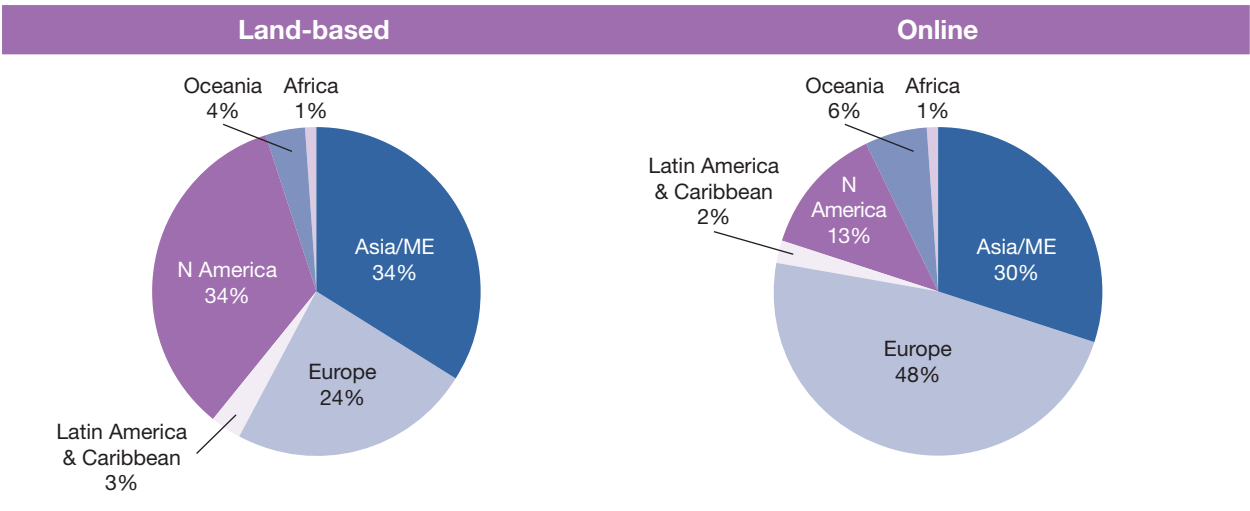
Fig 4: Global Gaming Gross Win by Major Product Vertical 2014



Source: H2 Gambling Capital, 2015

14 Europe remains the dominant real money online gaming market on a regional basis (48%), and has the most regulated and diverse gaming market in the world, particularly in betting and lotteries (see Fig 5). The low ranking of North America at 13% is evidence of the impact of the broad prohibition of real money online gaming in the US market.

Fig 5: Global Gaming Online Gross Win by Region 2014



Source: H2 Gambling Capital, 2015

- 15 The emergence of the sizeable 'grey' or 'offshore' real money online market over the last 15 years, where the player plays online with an operator that is not licensed in the country within which s/he is located. Largely because of the slow pace of regulatory change in responding to this consumer shift worldwide, this growth has been considerable, with grey markets profiting from over 60% of all global online gaming at their peak.
- 16 There has been a movement away from the majority of online activity taking place in offshore grey sites, to the establishment of properly regulated onshore white markets where players are fully protected and the operators pay tax. In 2008, less than 40% of global online gaming gross win was conducted under a scenario where the operator was fully licensed in the same jurisdiction as the player. The size of online white markets surpassed that of the grey markets for the first time in 2014, and it is expected that by 2020 over 62% of the value of the global online gaming market will be within 'white markets'.
- 17 The United States dominates the overall gaming market, globally, and the land-based real money gaming. It is also the 4th largest real money online gaming market (of the world's top 30 countries (see Fig 6)):

Fig 6: H2 Top 30 Gaming Nations 2014

All Gaming (Player Location) 2014			Online Only (Player Location) 2014			Land-based Only 2014		
Nation	Gross Win (€bn)	% of Global Total	Nation	Gross Win (€bn)	% of Global Total	Nation	Gross Win (€bn)	% of Global Total
1 US	107.28	29.7%	1 UK	4.98	16.6%	1 US	104.76	31.6%
2 China	71.32	19.7%	2 China	3.60	12.0%	2 China	67.72	20.5%
3 Japan	22.86	6.3%	3 Japan	3.29	11.0%	3 Japan	19.56	5.9%
4 Italy	18.03	5.0%	4 US	2.52	8.4%	4 Italy	17.10	5.2%
5 UK	17.11	4.7%	5 Australia	1.39	4.6%	5 Australia	12.55	3.8%
6 Australia	13.93	3.9%	6 France	1.23	4.1%	6 UK	12.13	3.7%
7 Germany	10.99	3.0%	7 Germany	1.18	3.9%	7 Germany	9.81	3.0%
8 France	9.70	2.7%	8 Italy	0.93	3.1%	8 Canada	8.60	2.6%
9 Canada	9.42	2.6%	9 Canada	0.83	2.8%	9 France	8.47	2.6%
10 Spain	8.22	2.3%	10 Sweden	0.78	2.6%	10 Spain	7.63	2.3%
11 Singapore	6.37	1.8%	11 Ireland	0.65	2.2%	11 Singapore	6.10	1.8%
12 South Korea	5.38	1.5%	12 Finland	0.59	2.0%	12 South Korea	4.86	1.5%
13 Brazil	2.42	0.7%	13 Spain	0.59	2.0%	13 Brazil	2.27	0.7%
14 Netherlands	2.25	0.6%	14 South Korea	0.52	1.7%	14 Argentina	1.99	0.6%
15 Sweden	2.20	0.6%	15 Norway	0.48	1.6%	15 Netherlands	1.98	0.6%
16 Argentina	2.10	0.6%	16 Denmark	0.42	1.4%	16 Peru	1.68	0.5%
17 Finland	1.87	0.5%	17 Russia	0.31	1.0%	17 Greece	1.59	0.5%
18 Greece	1.78	0.5%	18 Netherlands	0.28	0.9%	18 Turkey	1.52	0.5%
19 Peru	1.72	0.5%	19 Singapore	0.27	0.9%	19 Switzerland	1.52	0.5%
20 Turkey	1.72	0.5%	20 Austria	0.25	0.8%	20 South Africa	1.52	0.5%
21 Ireland	1.68	0.5%	21 Israel	0.23	0.8%	21 Malaysia	1.51	0.5%
22 Malaysia	1.68	0.5%	22 Philippines	0.23	0.8%	22 Taiwan	1.47	0.4%
23 South Africa	1.64	0.5%	23 Belgium	0.22	0.7%	23 Sweden	1.41	0.4%

All Gaming (Player Location) 2014			Online Only (Player Location) 2014			Land-based Only 2014		
Nation	Gross Win (€bn)	% of Global Total	Nation	Gross Win (€bn)	% of Global Total	Nation	Gross Win (€bn)	% of Global Total
24 Switzerland	1.62	0.4%	24 Czech Rep	0.21	0.7%	24 Thailand	1.31	0.4%
25 Taiwan	1.56	0.4%	25 Turkey	0.20	0.7%	25 Finland	1.28	0.4%
26 Russia	1.47	0.4%	26 Greece	0.19	0.6%	26 Belgium	1.21	0.4%
27 Belgium	1.43	0.4%	27 Malaysia	0.16	0.5%	27 Portugal	1.17	0.4%
28 Thailand	1.35	0.4%	28 Mexico	0.16	0.5%	28 Russia	1.16	0.3%
29 Philippines	1.33	0.4%	29 New Zealand	0.16	0.5%	29 New Zealand	1.12	0.3%
30 Czech Rep	1.29	0.4%	30 Brazil	0.15	0.5%	30 Philippines	1.10	0.3%
<i>Rest of the World</i>	<i>31.25</i>	<i>8.2%</i>	<i>Rest of the World</i>	<i>4.79</i>	<i>10.1%</i>	<i>Rest of the World</i>	<i>25.10</i>	<i>7.6%</i>
Global Total	363.0	100.0%	Global Total	31.8	100.0%	Global Total	331.20	100.0%

Source: H2 Gambling Capital, 2015

18 The US market is dominated by land based with only 2.4% of all real money gaming taking place online in 2014. Expressed in local US\$, total gaming was \$119.76bn in 2014 and is expected to reach \$135.07bn by 2020 (see Fig 7):

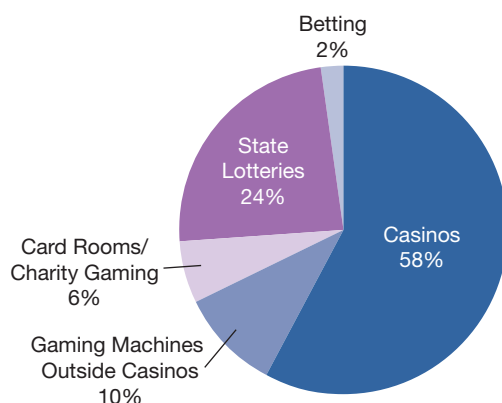
Fig 7: United States Player Total Gambling Gross Win (US\$bn)

US\$bn	2010	2011	2012	2013	2014	2015e	2016e	2017e	2018e	2019e	2020e
Total Onshore Gambling	105.97	109.24	112.58	113.90	117.66	119.80	120.26	124.93	127.86	130.52	133.43
Offshore Online	3.80	2.47	2.32	2.25	2.10	2.03	1.96	1.79	1.71	1.67	1.64
% Online	3.8%	2.6%	2.4%	2.3%	2.4%	2.4%	2.4%	4.1%	4.8%	5.2%	5.8%
YoY % Growth	2.1%	1.8%	2.9%	1.1%	3.1%	1.7%	0.3%	3.7%	2.2%	2.0%	2.2%
	109.77	111.71	114.90	116.15	119.76	121.83	122.22	126.73	129.57	132.19	135.07

Source: H2 Gambling Capital, 2015

19 The current market share is heavily skewed in favour of the commercial casino vertical at 58%, reflecting the strong gaming culture in the US (see Fig 8):

Fig 8: United States Land-based Product Vertical Share 2014



Source: H2 Gambling Capital, 2015

20 Other headline US \$ figures for the United States real money gaming market:

- Americans spent \$2.1bn on unregulated offshore online gaming in 2014 (12% of the global market);
- New Jersey dominates the online gaming market with 90% of total revenue;
- The total online gaming win in New Jersey for 2014 was \$123m, 4.5% of the total state win (\$2.7bn);
- Total online gaming revenue in Nevada for 2014 was \$8.1m, 8.1% of the total win (\$100.5m).
- Total online gaming revenue in Delaware for 2014 was \$2.1m – split \$1m tables, \$0.5m lottery, \$0.6m poker.

- 21 The type and level of regulation of online gaming varies significantly across the key gaming markets in the world. Key issues in the regulation of markets can include the level and type of taxes to be imposed on operators, licensing fees and structures, operator eligibility to participate in the market and equally player eligibility to play. This has manifested through certain markets which have been more fully opened-up, others that have been developed but remain closed and limited to a local monopoly, with another cohort placing restrictions on who may, or may not, enter the market and restrictions on local and foreign players.
- 22 Europe: still remains the most regulated region for online gaming activities. A total of 13 countries have issued licenses for online gaming, and a further 18 countries are reviewing their current regimes. The level of taxation is a key issue however, and in the UK, the new 15% POCT (Point of Consumption Tax) introduced in December 2014 is having some effect in re-directing less established operators elsewhere.
- 23 North America: the US 'grey' market is large and the focus remains on the 4th US state after Delaware, Nevada and New Jersey have passed laws to permit and regulate online gaming activities. The professional sports leagues have recently joined the lobby to force the pace of change in sports betting, with the NBA openly calling for proper consideration of the topic, and the NFL, MLB and NHL all partnering with new fantasy sports operators.
- 24 Asia: the trend in 2015 has been towards blanket prohibitions on large black (and grey) market operations, particularly in Singapore and Macau. Asia has been subject to the anti-corruption and anti-money laundering crackdown and the current offshore focus is shifting to the Philippines, South Korea, and even Russia. The regulation of real money online gaming markets is a longer term prospect for the region. Governments in region are expected to support the further development of the respective land-based sectors before opening-up and regulating online gaming. China has become the most progressive global market in accepting commerce via mobile, and Japan has been actively considering a more liberal approach to its wagering market. India has also begun to consider the real possibility of properly regulated sports betting however progress is slow, and there are also current barriers to direct foreign investment.
- 25 Latin America: Mexico would appear to be the most advanced in its plans to regulate online gaming, to control offshore competition and generate revenue from licence fees and taxation. A total of 7 major Latin American countries are currently reviewing their respective online gaming legislation.
- 26 Africa: gaming is gaining momentum, though mainly driven by a growth in land-based operations, as well as in sports betting, in Kenya, Nigeria, Tanzania and Uganda. African markets are generally underdeveloped (with the exception being South Africa, which regulates online sports betting with some licenses available for private operators). Notably the level of mobile penetration is increasing across the continent.

US MARKET OVERVIEW

- 27 The US market, although the largest, is characterised by its unique regulatory setting. Land-based commercial gaming is lawful at the federal level but varies state-by-state. It is legal and regulated in 24 states: Nevada, South Dakota, Colorado, New Mexico, Kansas, Oklahoma, Iowa, Missouri, Illinois, Michigan, Indiana, Ohio, West Virginia, Louisiana, Mississippi, Florida, Pennsylvania, New York, Maryland, Delaware, New Jersey, Rhode Island, Massachusetts and Maine.
- 28 There is no federal law as such that places a blanket ban on online gaming. The prohibition on the use of interstate wire communication facilities (i.e. telephone and internet) to facilitate gambling under the Wire Act 1961 only applies to sports wagering, as confirmed by the Department of Justice on the 23 December 2011. The use of credit cards or other financial instruments for the purpose of unlawful internet gaming is prohibited under the Unlawful Internet Gambling Enforcement Act (UIGEA) of 2006. This law effectively blocks payments from financial institutions to online gambling sites.
- 29 The law defines unlawful internet gambling as:
- “placing, receiving or transmitting a bet, by means of the Internet, but only if that bet is unlawful under any other federal or state law applicable in the place where the bet is initiated, received or otherwise made.”*
(UIGEA 2006)
- 30 Online gaming laws also vary at the state level. There are currently three states that have legalised online gaming:
- Nevada – April 2013 (poker);
 - New Jersey – November 2013 (casino games and poker);
 - Delaware – November 2013 (table games, video lottery and poker).
- A further four states are currently actively considering legalising online gaming:
- New York
 - Pennsylvania
 - Illinois
 - California
- While nine states have expressly prohibited it:
- Washington DC
 - Utah
 - Washington
 - Oregon
 - Montana
 - South Dakota
 - Illinois
 - Indiana
 - Louisiana
- 31 US regulatory focus has recently been on the emergence of Daily Fantasy Sports (DFS), following their dramatic increase in popularity. Daily fantasy sports currently operate lawfully under the 2006 internet gambling act, which specifically exempts them from prohibition. While the concept has changed from a season long ‘draft’ to the daily version currently played, operators maintain the game still meets the key criteria by which UIGEA distinguished fantasy sports from sports betting – i.e. it is a ‘game of skill’,

not 'chance'. In October 2015, the Fantasy Sports Trade Association announced the creation of a new independent authority to develop and implement a self-regulatory framework for DFS. The Fantasy Sports Control Agency will work with member companies, sports leagues and state lawmakers to develop a system of standards that will govern the industry.

- 32 In November 2015, the American Gaming Association continued its effort to oppose illegal gaming as a whole by issuing a set of recommendations to inform a shift in the lawmakers' approach to sports betting. The Association also announced it would build a broad coalition including law enforcement, regulators, gaming leaders, legislators and professional sports leagues. The aim of the coalition will be to determine if a rational alternative to current sports betting prohibition exists in 2016.

US MARKET EMERGING TRENDS

H2 has identified 8 key current trends for the US real money gaming sector:

US Real Money Gaming – 8 Key Trends 2015

- Fast pace of technology: new innovations, driven by ever more specialist and smaller, fleet-of-foot technology suppliers entering the sector;
- Personalisation and social: a customised experience increasingly dictating the future, with real time tracking of consumer behaviour and data learning capability defining the way consumers are offered a real money gaming services, which are increasingly integrating with, and through, existing social networks;
- Mobile driven omni-channel service: mobile use doubling over the next 5 years, but also the same consistent service being offered across all devices as a consumer interacts with - mobile, tablet, PC, TV, watch, in-stadium console, gaming machine etc;
- Convergence and cross-selling across verticals: the boundaries between land-based gaming and other forms of gaming becoming increasingly blurred, with many commercial casinos now incorporating other gaming products to provide a full range of gaming options to the customer;
- Sports betting: becoming the essential component for future US online business growth, represented by access to more and more live sport, and also the continued emergence of daily fantasy sports and to a lesser extent, eSports;
- Operator domination: the large operators expanding in-sector JV partnerships and/or M&A activity;
- Regulatory catch-up: more and more US state regulators are beginning to play catch up, and moving towards fully licensed land-based and online markets; and
- Growing up responsibly: with the development and maturation of the sector, regulators are increasingly seeking higher standards of responsible gaming.

SECTION 2: US SOCIAL CASINO GAMING

750 million people play social games worldwide, the majority (24.5%) aged over 46+ years.

In the US, there are over 200 million players, with 50% of social networking users and 34% of internet users playing social games.

'Social casino' is by far the most popular form of social gaming in the world.

Global social casino revenues were €2.64bn in 2014, and by 2019, will reach €4.14bn GGR, at a CAGR of 7.8%.

The US represents the largest social casino market in the world, with €0.85bn or 32% of the global market in 2014.

Growth is expected to rise at a CAGR of 16.0%, so that by 2019, the US will have over 50% of the world's social casino market (€2.07bn).

DEFINITION

- 34 Social games are played online with virtual, not real, money and are typically offered via a social network such as Facebook. The newly formed International Social Games Association (ISGA) defines 'social gaming' as "a recreational activity characterized by organized play, competition, two or more players (or player versus a device), criteria for determining the winner, and agreed-upon rules that is played using digital technology. These games are distinct from gambling games, and do not have any financial or monetary payout."¹
- 35 'Social Casino Gaming' is by far the most popular form of social gaming. It developed principally with the launch of online social networks during the early 2000s when several real money players expressed a desire to want to play against each other instead of the 'house'. It is defined by the fact that all winnings are in virtual goods that cannot be converted to real money.
- 36 Social casino games are based on a traditional casino format, with virtual currency paid out as prizes in games such as slots, roulette, craps and blackjack. The ISGA definition of social casino is "a subset of social gaming that partially-simulates games played inside a casino or in a gambling context, but without the risk or reward of gambling."²
- 37 In regulatory terms, social casino games are not considered gambling as they do not involve all three legislative elements of – consideration, cash prize and chance. The important distinction being that players generally do not receive cash prizes or prizes of significant marketable value.
- 38 In a 2014 ISGA survey, US respondents indicated a strong ability to differentiate between social casino gaming and real money online gambling, indicating a high level of awareness amongst consumers in being able to separate the risks of one from the other when it comes to associated issues around problem gambling (see Fig 9):

¹ ISG report: A New Industry's Profile, p4: <http://www.i-sga.org/research/>

² ISG report: A New Industry's Profile, p22: <http://www.i-sga.org/research/>

Fig 9: ISGA US Social Gaming Player Survey 2014

Question	Agree (7) or Disagree (1)
I know the difference between digital social games and real money online gaming	5.95
I know the difference between digital social games and real money online gaming	5.70

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

39 Social casino games are generally offered on a free to 'Freemium' basis, where a product or service (typically a digital offering or application such as software, media, games or web services) is provided free of charge, but money (i.e. a premium) is charged for proprietary features, functionality or virtual goods.

MARKET SIZE – GLOBAL V US

40 The social casino gaming market has exploded over the last decade in comparison to the real money segments. Gameplay and consumption patterns have dramatically changed over the last five years and H2 now expects further changes with the rapid growth of mobile platforms and in particular, emerging wearable platforms. Facebook leads the social gaming market, but other non-Facebook social gaming platforms are also growing and beginning to represent another considerable portion of the market (e.g. the App Store, local social networks, and multi-player social game networks).

41 H2 believes the social casino gaming market will continue to grow, in part due to increasing affordability of mobile devices (smartphones and tablets), plus the growing penetration of wi-fi and broadband internet access across the globe, which has also contributed to the significant growth of the social gaming sector overall.

42 The figures below (see Fig 10) represent our most reliable estimate of the current and forecast size of the social casino market, based on H2's analysis of all known reporting:

Fig 10: Social Casino – Overall Market Figures Global v US 2014-2019 (€bn)

Global Gross Gaming Revenue (GGR) 2014	€2.64bn (€1.22 web, €1.42 mobile).
US Gross Gaming Revenue (GGR) 2014	€0.85bn (€0.57 web, €0.28 mobile) (32% of global)
Global Market Forecast 2015 – 2019	7.8% CAGR growth, with total GGR reaching €4.14bn by 2019.
US Market Forecast 2015 – 2019	16.0% CAGR growth, with total GGR reaching €2.07bn by 2019 (50% of global).

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

43 Global revenues for social casino reached €2.64bn in 2014. According to Eilers Research, the social casino market grew 2% year-on-year in Q2 of 2015 alone.³ By 2019, revenues are predicted to reach €4.14bn, representing a CAGR of 7.8%. In 2014, mobile accounted for 61% of all social casino revenue.⁴

44 North American social casino revenues in particular reached €1.34bn in 2014. This represents c50% of the global total (see Fig 11):

Fig 11: Global Social Casino Market by Region 2014

	Revenue (€bn)	%
North America	1.335	49.7%
Europe	0.552	21.7%
Asia	0.442	20.3%
Latin America	0.062	2.3%
Rest of the World	0.253	6.0%
Total	2.644	100%

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

45 The US represents the largest market in the world for social casino, with €0.85bn or 32% of the global total in 2014 (see Fig 12). H2 expects this growth to rise at a CAGR of 16.0%, so that by 2019, the US will have over 50% of the world's social casino market. This growth (from a third to half of the sector over 5 years) can be partially explained by the continued prohibition of real money online gaming within the US, but also the increasing attractiveness within the US of the online community, playing against friends, and within an individual's social network, rather than against the house.

Fig 12: Social Casino GGR Global v US 2011-2014 (€bn)

	Global	US	US as %
2011	1.60	0.56	35.0%
2012	1.88	0.66	35.1%
2013	2.26	0.75	33.2%
2014	2.64	0.85	32.2%

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

³ iGB NA Issue 21 Social Casino Q2 update.

⁴ <http://incomeaccessnetwork.com/social-casino-industry-quick-summary-2014/>

US MARKET OVERVIEW

- 46 Social casino gaming was pioneered in the United States with YoY increases approaching 8%. Over the next 5 years, growth rates will still be significant within the sector, although the annual pace of change will slow down as the sector increasingly matures.
- 47 Of the estimated 184.9m players in the US, 61.2m (33%) play at least one social casino title.⁵ The typical social casino player in the US is male and aged in his early thirties, although there are large differences according to the sub-genre. Women prefer slots games (60.4% female) while men prefer poker games (71% male) (see Fig 13). Less than 1% of social casino players are under 18.

Fig 13: US Social Casino Demographics 2012

Genre	Casino	Poker	Slots	Average
Male	44.1%	71.0%	39.6%	51.6%
Female	55.9%	29.0%	60.4%	48.4%
Average Age	37.8	27.3	40.9	35

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

- 48 Social network ads are the most common way players hear about new casino titles. 46% of players start playing on PC then continue on mobile; 28% start playing on mobile and continue on PC; 27% start playing on PC and mobile versions at the same time. 63% of players watch TV while playing social casino.
- 49 Players in the US play an average of 5.6 titles in the genre. DoubleU Casino is considered the most challenging game by players (58% agree or strongly agree that the game is too challenging) while Big Fish Casino is considered the least challenging (43% disagree or strongly disagree that the game is too challenging). 35% of players quit games because of excessive ads or pop-ups.
- 50 In terms of customer acquisition and retention, 46% of social casino players in the US, spent money on casino games in the last 6 months, and on average a conversion rate between 2% and 3.5% is being reported depending on the genre.
- 51 Casino-style games can be more engaging due to the inherent random outcomes, and therefore do not carry the same requirement for changes and updates to maintain engagement with users. Hit driven, casual games may gain popularity for a period of time but also lose their attractiveness over time as consumers either conquer or tire of the game's features.
- 52 A key objective of the investment in R&D in perfecting mathematical models and algorithms to time jackpots and payouts, is to maximize the level of engagement with users.
- 53 In the US, slot games are a highly monetized genre of social gaming with the average revenue per user, being more than twice as much as the average for all social (casino and non-casino) games (see Fig 14):

⁵ <http://www.newzoo.com/insights/us-social-casino-market-key-insights-free-report/>

Fig 14: US Social Gaming ARPU 2012

	Slots	Overall Social Gaming	Mobile Gaming
APRU	€73.74	€36.26	€9.57

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

- 54 Social casino games could provide a “back-door” entry-point into the market for operators to pre-emptively, acquire new customers, ahead of regulation of online gaming in the United States.
- 55 In terms of the operators, seven publishers share over 60% of the worldwide market, and seven of the top nine operators in 2014 were US-based (see Fig 15):

Fig 15: Top Performing Social Casino Operators Worldwide 2014 (US-based operators highlighted below)

	2014	GGR 2014 (€m)	Market Share
1	Caesars Interactive Entertainment (CIE)	554.4	21%
2	Zynga	264.0	10%
3	IGT (DoubleDown Interactive)	258.7	9.8%
4	Big Fish Games	163.7	6.2%
5	GSN	155.8	5.9%
6	Scientific Games	139.9	5.3%
7	Product Madness	105.8	4%
8	Tencent	105.5	4%
9	Boyaa	97.7	3.7%
10	Other	794.6	30.1%

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

56 The top US-based operators profiled:

1 Caesars Interactive Entertainment (CIE)

USA

Companies: Playtika, Buffalo Studios and Pacific Interactive.

Titles: Slotomania, House of Fun, Caesar Slots, Bingo Blitz, World Series of Poker.

- Represents 21% of the market, over twice as much as its nearest competitor, IGT.
- Experienced 13.5% quarter-on-quarter growth in Q2 2015.
- Acquired Playtika for €84.6m in 2011.
- Acquired EA Montreal Studio (World Series of Poker) for undisclosed sum in 2013.
- Acquired Pacific Interactive for €90.3m in 2014.
- World Series of Poker set to overtake Zynga Poker as highest grossing social poker game in 2015, in part due to the release of branded titles such as Manchester United Social Poker.

2 Zynga

USA

Companies: Spooky Cool Labs, Rising Tide Games (announced 2015).

Titles: Hit it Rich!, Wizard of Oz Slots, Zynga Poker Texas HoldEm Poker, Black Diamond Casino.

- Surpassed IGT as second biggest brand in Q2 2015.
- Withdrew bid for gaming license in Nevada in 2013, focusing instead on social casino gaming.
- Acquired Spooky Cool Labs in 2013 (value undisclosed).
- Growth fuelled by focus on slots games: Wizard of Oz slots and Hit it Rich Slots bookings increased 274% from 2014 to 2015.
- Zynga Poker accounted for 61% of social poker revenue in 2014 but audience has dropped by 44% and is set to be overtaken by World Series of Poker in 2015.
- Announced planned acquisition of Rising Tide in September 2015.

3 IGT

USA

Companies: DoubleDown Interactive.

Titles: DoubleDown Casino.

- IGT is the world leader in slot machine manufacturing and lottery.
- DoubleDown Interactive acquired by IGT for €470.2m in 2012.
- IGT acquired GTECH in 2014 for €6bn.
- DoubleDown Casino represented 11% of the market in 2014 and is the most popular and highest-earning social casino title.
- DoubleDown reported revenues of €64.7m in Q1 2015.
- DoubleDown Casino has 1.9m DAU (daily average users), rising 11% from 2014.
- Experienced fall in revenue and profits from land-based gaming in Q1 2015 but saw 23% increase in revenue from social gaming.
- IGT continuing to expand licensing agreements to launch slots with well-known brands, for example TMZ Video Slots (Warner Brothers), House of Cards Power, Money Video Slots and House of Cards Welcome to Washington Video Slots (Netflix), The Dark Knight™ Trilogy Video Slots: Super Heroes and Villains, Breaking Bad™ Video Slots, The Ellen DeGeneres Show™ Have a Little Fun Today Video Slots, James Cameron's AVATAR™ The Sacred Bond Video Slots.

4 Big Fish Games

USA

Titles: Big Fish Casino.

Experienced 107% growth in 2014.

- Acquired by Churchill Downs in December 2014 for \$885m.
- Reported 31% year-on-year increase in casino bookings for Q2 2015, with \$104.5m in net revenues.
- Big Fish Games cited as largest growth catalyst for Churchill Downs in 2015.

5 GSN

USA

Companies: Bash Gaming, Idle Games.

Titles: Bingo Bash, Bingo Blitz, GSN Casino, Slots Bash, GSN Grand Casino, Fresh Deck Poker, Slots of Fun, Wheel of Fortune Slots, Deal or No Deal Slots.

- Acquired Bash Gaming in 2014 for an estimated €150.5m.
- Acquired Idle Games in 2015 for an estimated €9.4m.

6 Scientific Games

USA

Companies: Bally Technologies, Williams Interactive, Dragonplay.

Titles: Jackpot Party Casino, Hot Shots (Facebook only), Quick Hit Slots (Google Play store only), Gold Fish Casino Slots, Dragonplay Slots, Dragonplay Poker, Star Trek Slots.

- Has launched a number of new titles in 2015, including Hot Shots and Quick Hit Slots.

7 Product Madness

USA

Titles: Heart of Vegas, Jackport Dreams, Clash of Slots.

Acquired by Aristocrat in 2012 for undisclosed sum.

- One of the fastest growing brands due to strong success of Heart of Vegas.
- Heart of Vegas ranked no. 1 grossing app in Australia across all categories.

57 Interestingly, 5 out of the top 10 largest social casino gaming operators now come from the real money gaming industry (as a result of the M&A activity listed above).

58 In terms of the games the operators offer, social casino dominates the market, with 4 out of the top 5 selling social games worldwide being social casino titles (see Fig 16):

Fig 16: Top 5 Selling Social Games Worldwide 2015

Rank	Title	Operator
1	DoubleDown Casino	DoubleDown Interactive (IGT)
2	Slotomania	Playtika
3	Candy Crush Saga	King
4	Texas Hold'Em Poker	Zynga
5	Heart of Vegas	Product Madness

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

59 In the US, the top social casino titles differ slightly (see Fig 17). Hit it Rich! is the game with the best conversion rate (i.e. highest share of players who spend money) and Big Fish Casino is the title most likely to be played along with other titles.

Fig 17: Top US Social Casino Games by GGR 2014

Rank	Title	Operator	Monthly Active Users (MAU in Millions)
1	DoubleDown Casino	DoubleDown Interactive	6.1
2	Big Fish Casino	Big Fish Games	1.7
3	House of Fun!	Pacific-Interactive Ltd	1.6
4	GSN Casino	GSN	1.6
5	Heart of Vegas	Product Madness	1.5
6	Hit it Rich!	Zynga	0.8
7	Slotomania	Playtika	0.5

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

60 Social casino games today also represent 40% of the Top 20 iOS titles in the US, with 8 featuring in the most recent list.

- 61 Four out of the top ten grossing iPad games in the US are social casino and bingo games: DoubleDown (DoubleDown Interactive), Big Fish Casino (Big Fish Games), GSN Casino (GSN) and Bingo Bash (GSN).
- 62 In terms of revenue sources, the major operators benefited more significantly from Apple App when compared to Google Play (see Fig 18).

Fig 18: Operator Social Casino Revenue Split Between Apple App and Google Play

Operator	% Revenue from Apple App	% Revenue from Google Play
Big Fish Games	84%	16%
DoubleDown Interactive (IGT)	75%	25%
Zynga	75%	25%
Bash Gaming (GSN)	69%	31%
Playtika (CIE)	68%	32%
Buffalo Studios (CIE)	57%	43%
Williams Interactive (Scientific Games)	57%	43%

Source: H2 Gambling Capital, 2015 (H2 collated analysis incorporating all known existing sources referenced in the Appendix)

US MARKET EMERGING TRENDS

- 63 As social gaming continues to outperform real money gaming, the difference between the products and the ensuing appeal to very different audiences, becomes more apparent. Real money gaming is based on the thrill of gambling, the other on 'me time' and entertainment. As a result, it is clear that social players increasingly optimise their gameplay for time (as opposed to cash), and the key motivation for spending real money being to buy more time in the game.
- 64 The US market remains incredibly strong, and shows no sign of a slow-down even if real money online gaming is regulated and made available in more US States (note: there has been no significant drop-off in social gaming players within Delaware, Nevada and New Jersey). As a result, H2 has identified, using its experience and expertise in the industry, 13 key market trends during 2015 of note:

US Social Casino Gaming – 13 Key Trends 2015

- Strong brands: the strong performance of social casino brands, and the (up until now) undervaluing of those brands by the market;
- From one to two mobiles: the shift from desktop to mobile, and the affordability of mobile (two handheld devices per person becoming common place);
- Slots popularity: the growth of slots as a sub-genre;
- The big getting bigger: the continued dominance of a small number of operators/publishers;
- Single-game apps: the popularity of single-game apps on mobile over all-in-one casino games (players enjoying shorter, on-the-go sessions and therefore favouring slots games);
- The rise and fall of poker: revenue from social poker predicted to fall as players gravitate toward poker games included within casino-style apps;
- Customer retention: converting non-paying users seen as crucial to success, with brands expected to focus on more on retention in years to come;

- For personal use only
- Skills pays the bills: potential integration of skill into social casino games to mirror the success of fantasy sports betting and the millennial generation's focus on skill gaming (this is seen as a way to appeal to the male demographic and expand beyond core of female players);
 - Live dealers: games may start to use live dealers in poker games to entertain players;
 - Brand muscle: increasing importance of brand-name recognition and licensing in the sector – e.g. the IGT expansion of branded titles;
 - From land-based to social: the possible opening up of licensing land-based slot games to third-party brands operating in the digital market (by major equipment suppliers);
 - From social to land-based: conversely, potential for social casino brands to be adapted to real land-based gaming;
 - Google taking notice: Google beginning to support ads for social casino games as part of a limited beta program from March 2015 (up until then, Google had restricted the promotion of any online and offline gaming-related content).

SECTION 3: US INTERNET SWEEPSTAKES GAMING

'Sweepstakes' are a unique concept and not classed as gambling within the sector because they are free to enter.

If assessed against the potential value of the US real money online gaming if regulated, the actual market value for the sweepstakes model could be as much as \$12.2bn today, or \$82bn over a 5-year period.

Internet Sweepstakes Cafes provide a land-based example that has evolved and proliferated across the US over the last 10 years, but are equally as applicable across many of the world's Top 30 gaming nations.

Internet Sweepstakes Cafes are reported as turning over \$10bn (€9.4bn) annually in 2015, with over 5,000 now operating in 12 states.

DEFINITION

- 65 'Sweepstakes' are a particular form of gaming in which all stakes in the game are offered at no charge to the participants, and its associated prizes are divided up amongst its winners. They are a unique concept within the sector as they are not classed legally as gambling or lotteries. They are instead considered a free to enter promotion in which a cash prize is awarded to its participants, even though this is won on the basis of chance, not skill.⁶
- 66 Sweepstakes are globally used as a form of trade promotion, but they have gained particular traction in the US recently, and are now considered a real market opportunity, as well as an innovative way of combining land-based and online gaming. Under US gambling law, if the sweepstakes participant can play a game for free (i.e. with no paid-in consideration), then it does not matter if the outcome is determined more by chance than skill, prizes can still be won. No-purchase-necessary sweepstakes have been common in the US since at least 1954, when the US Supreme Court ruled that the television game show *Name That Tune* was not a lottery, given contestants at home could enter by sending in a postcard. Sweepstakes do not involve 'consideration' because the player does not pay to enter, rather their entry is supplementary to a related purchase.
- 67 Over the last 10 years, 'Internet Sweepstakes Cafes' have evolved and proliferated across the US. They operate as internet cafes that offer their customers entrance into a sweepstakes draw upon the purchase of a product, often internet time or telephone call minutes. The participant can find out whether they have won the pre-determined draw by a simple reveal but many choose to do so through a programme that simulates a slot machine or poker game. This may even include an online element, but neither the presentation nor their interaction affects the outcome of the draw.
- 68 Increasingly sweepstakes gaming has emerged out of these cafes, with consumer products allowing 'free' entrance into games in which cash prizes can be won in return.

MARKET SIZE – GLOBAL V US

- 69 There is far less reported data on Internet Sweepstakes Gaming (Internet Sweepstakes Gaming or ISG) than any other form of gaming.
- 70 Sweepstakes are an established form of trade promotion in many of the more developed international economies, and while the US market has demonstrated the highest rate of adoption of the internet sweepstakes cafe business model, it is equally applicable across the majority of the world's top 30 gaming nations (see Fig 6 earlier).

⁶ <http://www.sweepstakeslaw.com/internet-sweepstakes.html>

US Potential Activity

- 71 There is a significant opportunity for Internet Sweepstakes Gaming in the United States market. The size of the market opportunity could be estimated based on the total size of the US online real money gaming market (particularly casino, poker and lottery) if it was fully regulated and licensed across the US, as this, in comparative terms, ultimately represents the market (estimated below in US\$) within which the internet sweepstakes cafe model presently operates.
- 72 Only \$2.82bn (or 2.4%) of all US real money gaming was online in 2014. Although this number positions the United States as the 4th largest online gaming market in the world, H2 is confident that it does not represent anywhere near the present potential for onshore regulated online gaming in the US at this time. This is because the 3 states currently legalised (Delaware, Nevada and New Jersey) have all operated under significant open market constraints – including a lack of a critical mass of other states in the market (liquidity); limited acceptance of payment credit cards, and key restrictions on advertising (the lifeline of the online operator).
- 73 In considering both this and the ‘potential’ US activity nationwide, H2 believes it is conservative to focus on the 24 states in which land-based gaming is legal and regulated, namely: Nevada, South Dakota, Colorado, New Mexico, Kansas, Oklahoma, Iowa, Missouri, Illinois, Michigan, Indiana, Ohio, West Virginia, Louisiana, Mississippi, Florida, Pennsylvania, New York, Maryland, Delaware, New Jersey, Rhode Island, Massachusetts and Maine.
- 74 H2’s has estimated the size of the market opportunity for Internet Sweepstakes Gaming in the US based on its estimate of the size of the online real money casino and poker gaming market, increasing to \$9.3bn gross win within 1 year and reaching \$14.4bn within 5 years, with a total of c\$60bn over the first 5 years. For lottery, it would result in an additional \$2.9bn within year 1, rising to \$4.6bn by year 5, with a first 5 year total of c\$22bn. H2 estimates a total US online real money gaming market size of \$12.2bn today, \$19.0bn in 2020 and a total amount of \$82bn over the full five year period.
- 75 As it is difficult, to predict legislative movement at a US Federal level over the next 5 years, it is reasonable to develop a more realistic ‘base case’ estimate of the market size, somewhere in the realm of about half of the above estimates. H2 estimates this ‘base case’ could be achieved if just 8-10 key states, including the addition of the four states actively considering online regulation currently (i.e. California, Illinois, New York and Pennsylvania), which would get the estimation to c50% of the potential value. However this would be predicated on all 3 of the above issues being addressed, including the ability to pool liquidity and operate across states but be locally licensed (as is the case currently with US horse race betting).

US Current Activity

- 76 In terms of current US market size, the American Gaming Association has estimated that there are presently 5,000 internet sweepstakes cafes operating in 12 states across the US.⁷ Internet sweepstakes cafes are estimated to turnover \$10bn (€9.4bn) annually in 2015⁸.

7 ASA ‘Internet sweepstakes cafes: unregulated storefront gambling in the neighborhood’ - <https://www.americangaming.org/research/white-papers/internet-sweepstakes-cafes> and <http://www.latimes.com/local/lanow/la-me-ln-sweepstakes-games-20150625-story.html>

8 ASA ‘Internet sweepstakes cafes: unregulated storefront gambling in the neighborhood’ - <https://www.americangaming.org/rese-arch/white-papers/internet-sweepstakes-cafes> and <http://www.latimes.com/local/lanow/la-me-ln-sweepstakes-games-20150625-story.html>

US MARKET OVERVIEW

77 In terms of regulation, US sweepstakes is governed at the federal level by:

- The Deceptive Mail Prevention and Enforcement Act (commonly known as the 'sweepstakes law') which applies to sweepstakes made available and promoted through direct mail. The Act is not relevant to online sweepstakes; and
- The Federal Trade Commission regulates sweepstakes by imposing certain conditions on sweepstakes rules, generally governing the information that must be disclosed to participants. The Commission also protects consumers from prize and sweepstakes scams.

78 Sweepstakes are also subject to regulation at the state level, including those that restrict them in regulated industries, those that require registration with the regulator and those that require certain information to be disclosed to participants. Appendix 2 provides a comprehensive but not exhaustive list of state by state laws currently relating to the offering of sweepstakes for reference purposes.

79 Internet sweepstakes generally specify the jurisdictions in which the draw is valid and a blank statement 'void where prohibited by law' to ensure compliance with the relevant jurisdiction.

80 The developing regulatory approach to Internet Sweepstakes Gaming and Internet Sweepstakes Cafes within the US, and the estimated market size and current level of activity, reflect the considerable commercial need for Sweepstakes Gaming at this time. The Sweepstakes Gaming segment is a source of significant gaming revenue in the US market and it is expected grow strongly with the emergence of Internet Sweepstakes Gaming.

INTERNATIONAL MARKET OPPORTUNITY

81 Internet Sweepstakes Cafes have evolved and proliferated across the US over the last 10 years.

82 Sweepstakes are widespread trade promotion marketing techniques used across many of the world's Top 30 gaming nations.

83 Internet Sweepstakes Gaming may be equally applicable as a business model, subject to local legal compliance, across major international gaming markets.

SUMMARY AND CONCLUSIONS

84 We conclude that in all 3 segments: real money gaming; social casino and internet sweepstakes – the US market remains strongly positioned, with considerable further growth over the next 5 years to the end of the decade.

85 We draw the following conclusions:

- 1 *Global real money gaming growth is on a steady upwards trajectory.*
- 2 *The US, despite significant prohibition, remains by far the largest gaming market in the world.*
- 3 *Global gaming gross win reached €364.0bn in 2014 and will continue to grow at a 2.0% CAGR from 2015 to 2020 to reach €409.3bn by the end of the decade.*
- 4 *The real money online gaming sector reached €32.0bn global gross win in 2014, growing at 8x the rate of its land-based equivalent over the last 10 years, with no signs of this trend slowing down.*
- 5 *750 million people play social games worldwide, the majority (24.5%) aged over 46+ years.*
- 6 *In the US, there are over 200 million players, with 50% of social networking users and 34% of internet users playing social games.*
- 7 *'Social casino' is by far the most popular form of social gaming in the world.*
- 8 *Global social casino revenues were €2.64bn in 2014, and by 2019, will reach €4.14bn GGR, at a CAGR of 7.8%.*
- 9 *The US represents the largest social casino market in the world, with €0.85bn or 32% of the global market in 2014.*
- 10 *Growth is expected to rise at a CAGR of 16.0%, so that by 2019, the US will have over 50% of the world's social casino market (€2.07bn).*
- 11 *'Sweepstakes' are a unique concept and not classed as gaming within the sector because they are free to enter.*
- 12 *If analysed against the potential value of the US real money online gaming if regulated, the actual market value for the sweepstakes gaming model could be as much as \$12.2bn today, or \$82bn over a 5-year period.*
- 13 *Internet Sweepstakes Cafes have evolved and proliferated across the US over the last 10 years, but are equally as applicable across many of the world's Top 30 gaming nations.*
- 14 *Internet Sweepstakes Cafes are reported to have turned over \$10bn (€9.4bn) in 2015, with over 5,000 now operating in 12 states.*

APPENDICES

1. Data Sources

Sections 1 & 2

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Section 3

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- Alabama: Sweepstakes Solicitations – Ala. Code §§ 8-19D-1 to 8-19D-1 (2006).
- Arkansas: Prize Promotion Act – Ark. Code. Ann. §4-102-101 to 4-102-109 (2006).
- California: Prize Notification – Cal. Bus. & Prof. Code § 17537 (2006); Solicitation materials containing sweepstakes entries - Cal. Bus. & Prof. Code § 17539.15 (2006); Unlawful advertising; conditional offer of prizes or gifts – Cal. Bus. & Prof. Code §§ 17537 – 17537.1 (2006).
- Colorado: Sweepstakes and Contests – Colo. Rev. Stat. §§ 6-1-802 to 6-1-804 (2006).
- Connecticut: Sweepstakes – Conn. Gen. Stat. §§ 42-295 to 42-300 (2006).
- Florida: Game Promotion Registration Law – Fla. Stat. Ann. § 849.094 (2006).
- Georgia: Fair Business Practices Act – Ga. Code Ann. §§ 10-1-392 to 10-1-393 (2006).
- Hawaii: Offers of gifts or prizes; unlawful – Haw. Rev. Stat. § 481B-1.6 (2006).
- Illinois: Prizes and Gifts Act – Ill. Comp. Stat. Ch. 815 §§ 525/1 – 525/35 (2006); Offers of free prizes, gifts or gratuities; disclosure of conditions – Ill. Comp. Stat. Ch. 815 § 505/2P (2006).

- Indiana: Promotional Gifts and Contests – Ind. Code Ann. §§ 24-8-1-1 to 24-8-6-3 (2006).
- Iowa: Prize Promotions – Iowa Code §§ 714B.1 – 714B.10 (2006).
- Kansas: Prize Notification – Kan. Stat. Ann. § 50-692 (2006).
- Kentucky: Use of mailed document purporting to inform of winning a prize – §365.055 (2006).
- Louisiana: Promotional Contests – La. Rev. Stat. Ann. §§ 51:1721 – 51:1725 (2006).
- Maryland: Offers of conditional prizes; exceptions – Md. Code Ann. Com. Law I § 13-305 (2006).
- Michigan: Lotteries – Mich. Comp. Laws § 750.372a (2006).
- Minnesota: Prize notices and solicitations – Minn. Stat. § 325F.755 (2006).
- Nevada: Sales Promotions – Nev. Rev. Stat. §§ 598.131 – 598.139 (2006).
- New Hampshire: Prizes and Gift Act – N.H. Rev. Stat. Ann. §§ 358-O:1 to 358-O:10 (2006).
- New Jersey: Notification to person that he has won prize and requiring him to perform act – N.J. Stat. Ann. § 56:8-2.3 (2006).
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- New York: Game Registration Law – § 369-e (2006); Prize Award Schemes – § 369-ee (2006).
- North Carolina: Prize Presentation Law – N.C. Gen. Stat. §§ 75-32 to 75-34 (2006).
- North Dakota: Contest Prize Notices – N.D. Cent. Code §§ 53-11-01 to 53-11-05 (2006).
- Ohio: Prizes – Ohio Admin Code § 109:4-3-06 (2006).
- Oklahoma: Consumers Disclosure of Prizes and Gifts Act – Okla. Stat. tit 21 §§ 996.1 – 996.3 (2006).
- Oregon: Contest, Sweepstakes and Prize Notification Rules – §§137-020-0410 to 137-020-0460 (2006).
- Rhode Island: Prizes and Gifts Act – R.I. Gen. Laws §§ 42-61.1-1 to 42-61.1-9 (2006); Games of Chance Registration Act – R.I. Gen. Laws §§ 11-50-1 to 11-50-8 (2006).
- South Carolina: Prize and Gift – S.C. Code Ann. §§ 37-15-20 to 37-15-100 (2006).
- South Dakota: Sweepstakes Prizes – S.D. Codified Laws §§ 37-32-1 to 37-32-18 (2006).
- Tennessee: Promotions or inducements to sell goods, services or other products – Tenn. Code Ann. § 47-18-120 (2006); Prizes – Tenn. Code Ann. § 47-18-124 (2006).
- Texas: Contests and Gift Giveaways – Tex. Bus. & Com. Code Ann. §§ 40.001 – 40.005 (2006).
- Utah: Prize Notices Regulation Act – Utah Code Ann. §§ 13-28-1 to 13-28-9 (2006).
- Vermont: Contests and Sweepstakes – Vt. Stat. Ann. tit. 13 § 2143b (2006).
- Virginia: Prizes and Gifts Act – Va. Code Ann. §§ 59.1-415 to 59.1-423 (2006).
- Washington: Promotional Advertising of Prizes – Wash. Rev. Code §§ 19.170.010 to 19.170.900 (2006).
- West Virginia: Prizes and Gifts Act – W. Va. Code §§ 46A-6D-1 to 46A-6D-10 (2006).
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5 Risk Factors



5 Risk Factors

5.1 INTRODUCTION

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

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

This Section 5 does not take into account the specific investment objectives, financial situation, taxation position or particular needs of potential investors. Additional risks and uncertainties not currently known to the Company and its Directors may also have an adverse effect on the Company's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks factors which the Company is exposed.

5.2 COMPANY SPECIFIC

Risks relating to the Change in Nature and Scale of Activities

(a) Limited trading history

With the exception of the Company's subsidiary, Air-Data Pty Ltd (which will be sold by Synergy on or before completion of the Acquisition), Synergy has not traded since its securities were suspended from quotation on 17 March 2011.

VGW Holdings is a company with a limited trading history. Since incorporating on 4 November 2010, VGW Holdings activities have principally involved raising money (primarily by issuing convertible notes and securities to investors) and spending money

to develop the VGW Holdings Products. Like many start-up companies, VGW Holdings has incurred losses since its inception. The cumulative losses up to 30 June 2015 are approximately \$9,655,775.

Given VGW Holdings limited trading history, and given that its business is largely unproven, it is difficult to make an evaluation of VGW Holdings business or its prospects. Accordingly, no assurance can be given that VGW Holdings business and operations will achieve commercial viability through the implementation of its business plan.

(b) Sales and marketing success

Following completion of the Acquisition, the Company intends to fully commercialise the VGW Holdings Products by focussing on sales and marketing. By its nature, there is no guarantee that the Company's sales and marketing campaign will be successful. In the event that it is not, the Company may encounter difficulty in promoting the VGW Holdings Products and creating market awareness of the "VGW" brand. This would likely have an adverse impact on the Company's sales and profitability.

Even if the Company does successfully commercialise the VGW Holdings Products, there is a risk the Company will not achieve a commercial return. The Company may not be able to sell products and services to customers at a rate which covers its operating and capital costs, or new technology may overtake the Company's technology.

(c) Protection of intellectual property rights

If the Company fails to protect its intellectual property rights adequately, competitors may gain access to its technology which would in turn harm its business. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which its products are available. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

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 "VGW" 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.

(d) Competition and new technologies

The industry in which the Company will be involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. There is no assurance that VGW Holdings or the Company will succeed in the strategy of developing products that are effective or economic. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business. For instance, new technologies could overtake the advancements made by the VGW Holdings Products. Additionally, the Company and VGW Holdings may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. Such cases could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's and VGW Holdings potential future business, operating results and financial position.

(e) Reliance on key personnel

The emergence and development of VGW Holdings business has been in large part due to the talent, effort, experience and leadership of its management team, including its Chief Executive Officer, Laurence Escalante. The responsibility of overseeing the day-to-day operations and the strategic management of the Company and VGW Holdings depends substantially on senior management and its key personnel. VGW is also substantially dependent on the continued service of its existing development personnel because of the

complexity of its services and technologies. There is no assurance that the Company will be able to retain the services of such persons and there can be no assurance given that there will be no detrimental impact on the Company and VGW Holdings if one or more of these employees cease their employment or if one or more of the Proposed Directors leaves the Board.

(f) Faults with products/services

The Company's product is complex, it may have errors or defects that users identify after they begin using it, which could harm the Company's reputation and business, internet-based services frequently contain undetected errors when first introduced or when new versions or enhancements are released. VGW Holdings has on occasions found defects in its product and new errors in its existing or future developed products and services may be detected in the future. If that occurs, the Company could lose future sales or customers.

(g) Regulatory environment

VGW's operations are subject to applicable laws and regulations in the jurisdiction in which it operates. Users, competitors, members of the general public or regulators could allege breaches of legislation in the relevant jurisdictions (for example, if an advertisement was considered to be misleading or deceptive). This could result in remedial action or litigation, which could potentially lead to the Company being required to pay compensation or a fine or cease business altogether. The Company takes legal advice on each of the jurisdictions in which it operates but there can be no guarantee that the legal advice will always be valid or will remain valid in the event of any change to the regulatory environment. In the event that the advice is incorrect or no longer applicable then the Company may have to cease operations until such time as it is satisfied that its operations are legal in the relevant jurisdiction.

The Company's operations may become subject to regulatory requirements, such as prohibition, licensing and reporting obligations, which would increase the costs and resources associated with regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon the Company's profitability. In addition, if regulators took the view that

the Company had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant damage to the Company's reputation and consequently impact on its revenue, particularly if the operations of the Company were deemed to be illegal in any jurisdiction.

Subject to the opinions of the Directors and based upon the advice of its legal advisors, the Company may offer its products, and any future developed products, throughout the world. Regulatory changes could see the Company being required to hold a licence in some of these jurisdictions or otherwise comply with local regulations. This could preclude the Company from offering certain services in these jurisdictions until such a licence has been obtained, or may require the Company to comply with a range of regulatory requirements. Any such increase in the costs and resources associated with the regulatory compliance in these jurisdictions could impact upon the Company's revenues, operations and profitability.

(h) Foreign exchange risks

Post completion of the Acquisition, a significant amount of the Company's revenues, costs and expenses will be denominated in US dollars, whereas the Company will report in Australian dollars. As a result of the use of these different currencies, the Company will be subject to foreign currency fluctuations which may materially affect its financial position and operating results. For example, a depreciation of the US dollar relative to the Australian dollar may result in lower than anticipated revenue, profit and earnings as a result of the translation of the USD earnings into AUD.

(i) Insurance coverage

The Company faces various risks in connection with its business and may lack adequate insurance coverage or may not currently have the necessary insurance coverage. VGW Holdings currently maintains workers compensation and management liability insurance (including corporate, employment practices and statutory liability) in certain jurisdictions however VGW Holdings does not currently maintain professional indemnity, product liability, business interruption or third party liability insurance in any

jurisdictions. The Company will need to review its insurance requirements after completion of the Acquisition and obtain relevant insurances covering each jurisdiction it operates in as required. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, its profitability may be adversely affected.

(j) Dependence on the internet

Expanding sales of the VGW Holdings Products and other future developed products depends on the continued acceptance of the internet as a communications and commerce platform for individuals and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service.

The performance of the internet and its acceptance as a business tool have been harmed by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a widespread communications medium and commercial platform, the demand for the Company's products would be significantly reduced, which would harm its business.

(k) Hacker attacks

VGW Holdings currently relies upon the availability of its website to provide services to customers and attract new customers. Hackers could render the website unavailable through a disrupted denial of service or other disruptive attacks.

Although VGW Holdings has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the website could lead to a loss of revenues for the Company after completion of the Acquisition. Further, it could hinder the Company's abilities to retain existing customers or attract new customers, which would have a material adverse impact on the Company's growth.

(l) Domain name risk

The VGW Holdings business will depend to some extent on customers being attracted to its website. VGW Holdings has registered a domain name for the purposes of its website. However, should VGW Holdings not renew or otherwise lose control of this domain name, it would lose all website traffic direct to that domain. This would likely adversely affect the Company's revenue.

(m) Attracting customers to the website

The Company's revenues will be affected by its ability to attract customers to the VGW Holdings website. Various factors can affect the level of web traffic arriving at the VGW Holdings website, including:

- (i) Marketing and promotion: If the Company's marketing and promotion efforts are not effective this may result in less customers visiting the VGW Holdings website.
- (ii) Brand damage: If the Company or VGW Holdings suffer from reputational damage, web traffic could be affected.
- (iii) Search engine traffic: Search engines such as Google direct significant traffic to the VGW Holdings website. Should these search engines make changes to their algorithms and procedures that direct this traffic, the Company could see a substantial drop in customers visiting the VGW Holdings website. For example, Google regularly updates the algorithms that determine the ranking of results it returns for any given search term. VGW Holdings attempts to follow Google's guidelines and online best practice to maintain the flow of traffic to its website, but such changes could adversely affect the traffic to its website.

A decline in traffic to the VGW Holdings website could lead to a decline in the Company's ability to attract customers, which in turn may affect the Company's profitability.

(n) Customer service risk

Customers may need to engage with the VGW Holdings customer service personnel in certain circumstances, such as if they have a question about its products or if there is a dispute between

a customer and the Company. The Company will continuously need to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of customers. If the Company loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries or a decrease in customers, all of which may negatively impact on the Company's profitability.

(o) Re-Quotation of Shares on ASX

The acquisition of VGW Holdings constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX. The Company's securities are current suspended from quotation.

There is a risk that the Company may not be able to meet the requirements of the ASX for quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

In the event the Company does not receive conditional approval for quotation of its securities on ASX, the Acquisition will not be implemented.

(p) 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.

(q) Future capital requirements

The funds raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed the Company's estimates or revenues do not meet estimates, to support its ongoing activities and operations, including the need to develop new products or enhance the VGW Holdings Products, enhance its operating infrastructure and to take advantage of opportunities for acquisitions, joint ventures or other business and technology opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required. Accordingly, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangement or other means to secure additional funds. Failure to obtain sufficient financing for the Company's and VGW Holdings activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes which would likely adversely affect the business and financial condition of the Company and consequently its performance. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company or VGW Holdings and might involve substantial dilution to Shareholders.

(r) Systems and controls

The Company's systems and controls to restrict access to its products may not be adequate. The Company will rely on technological systems and controls to block customers from certain jurisdictions accessing their services. These systems and controls are intended to ensure that the Company does not accept money from players located in those jurisdictions, and where it has made a decision not to offer its products and services. These systems and controls could fail or otherwise be found to be inadequate, either currently or as a result of future technological developments. This may result in violations of applicable laws or regulations. Any claims in respect of such violations could have cost, resource and reputational implications, as well as implications on the ability of the Company to operate in those jurisdictions and so have a material adverse

effect on the Company's operations, financial performance and prospects.

(s) Supplier risk

As set out in this Prospectus, part of the business model of the Company will depend on third-party suppliers such as payment processing, telecommunications, advertising, technology, banking and other service providers. The willingness of such providers to provide their services to the Company may be affected by their own assessment of the legality of their provision of services to the Company, of the Company's business or of the online gaming sector, and by political or other pressure brought to bear on them. Adverse changes in law or regulation or enforcement policies in any jurisdiction may make the provision of key services to the Company unlawful or problematic in such jurisdictions. To the extent that third-party suppliers are unwilling or unable to provide services to the Company, this may have an adverse impact on the Company's business and profitability.

The introduction of legislation or regulations restricting financial transactions with online gaming operators, or other prohibitions or restrictions on the use of credit cards and other banking instruments for online gaming transactions may restrict the Company's ability to accept payment from its customers. These restrictions may be imposed as a result of concerns related to fraud, payment processing, money laundering or other issues related to the provision of online gaming services. Payment processing companies may from time-to-time reject payments made to the Company by its customers. Should such restrictions and rejections become more prevalent, or any other restriction on payment processing be introduced, gaming activity by the Company's customers or the conversion of registered customers into active customers could be adversely affected, which in turn could have a material adverse effect on the Company's operations, financial performance and prospects.

The introduction of legislation or regulations requiring internet service providers in any jurisdiction to block access to the Company's websites and products may restrict the ability of customers to access its products. Such restrictions, should they be imposed, could have a material adverse effect on the Company's operations, financial performance and prospects.

(t) Negative publicity

Negative publicity about underage gambling, gambling addiction, fraud (including money laundering) or corruption in sport (including collusion and match-fixing), even if not directly or indirectly connected with the Company or its products may adversely impact the Company's reputation and the willingness of the public to participate in gaming or a particular form of gaming. As a result, the number of potential customers available to the Company could be adversely affected. The occurrence of any of these events could materially affect the operations, financial performance and prospects of the Company.

(u) Fraud and collusion

Online transactions may be subject to sophisticated schemes or collusion to defraud (including to increase gaming winnings), launder money or other illegal activities, and there is a risk that the Company's products may be used for those purposes either by its customers or its employees. While the Company has implemented controls and procedures to detect and guard against fraudulent play and other collusion between customers, money laundering and other fraudulent activities and cyber-attacks, including distributed denial of service attacks, the Company could lose the confidence of its customers and its reputation could be damaged if these controls and procedures are not effective in all cases, or are circumvented or if the Company fails to implement new controls and procedures or to counter new money laundering, collusion and fraud techniques. The Company monitors collusion and bots and regularly closes accounts and blocks access to offenders. If collusion, bots and other forms of fraud are not detected, the affected customers may experience increased losses. This could lead to players becoming dissatisfied with the Company's products. Moreover, failure of the Company to protect itself and its customers from fraudulent activity, either by players or employees, could result in reputational damage to the Company and could materially adversely affect its operations, financial performance and prospects. In addition, failure to adequately monitor and prevent money laundering and other fraudulent activity could result in civil or criminal liability for the Company.

(v) Distribution platforms

The Company will use third-party platforms, such as Facebook, to distribute its products. The Company will be subject to standard terms and conditions for application developers which govern the promotion, distribution and operation of games and other applications on these platforms. If the Company violates, or if a platform provider believes that the Company has violated, its terms and conditions the particular platform provider may discontinue or limit the Company's access to the platform, which would adversely affect the Company's business. The Company's business could also be adversely affected if the third-party platform providers discontinue or limit the Company's access to their platforms, if their platforms decline in popularity, if they modify their current discovery mechanisms, communication channels available to developers, respective terms of service or other policies, including fees, or change how the personal information of players is made available to developers or develop their own competitive offerings.

(w) Payment processing

The provision of convenient, trusted, fast, competitive and effective payment processing services to the Company's customers and potential customers will be an important part of the Company's business. If there is any deterioration in the quality of the payment processing services provided to the Company's customers or any interruption to those services or if such services are only available at an increased cost to the Company or its customers or such services are terminated and no timely and comparable replacement services are found, the Company's customers and potential customers may be deterred from using the VGW Holdings Products. Any of these occurrences may have a material adverse effect on the Company's operations, financial performance and prospects.

(x) Competing forms of entertainment

The Company will face competition for the leisure time, attention and discretionary spending of its customers. Other forms of leisure time activities such as offline, traditional online, personal computer and console games, television, movies, sports and the internet are much larger and more well-

established options for consumers. If customers do not find the Company's products to be compelling or if other leisure time activities are perceived by those customers to offer greater variety, affordability, interactivity and overall enjoyment, the Company's business could be materially and adversely affected.

(y) Contractual Risk

The business of VGW Holdings has a significant dependence on its counterparties and their ability to meet their contractual obligations pursuant to the agreements entered into with VGW Holdings. In particular, VGW Holdings relies on the continuation of the hosting, distribution, marketing and payment processing services contracts with Facebook, PayPal and Amazon.

The ability of the Company and VGW Holdings to achieve their stated objectives will depend upon the performance of counterparties to each agreement, of their respective obligations under those agreements. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company or VGW Holdings (as the case may be) to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

The Company has no current reason to believe that any of the parties which it or VGW Holdings has contracted with will not meet and satisfy their obligations under their respective agreements.

(z) Foreign Operations and Compliance with Law

The Company and VGW Holdings do, and will, market and sell products in foreign jurisdictions and therefore will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally and these will include, but not be limited to:

- (i) changes in the regulatory environment;
- (ii) trade barriers or the imposition of taxes;
- (iii) difficulties with staffing and/or managing any foreign operations;
- (iv) issues or restriction on the free transfer of funds;

- (v) technology export or import restrictions; and
- (vi) delays in dealing across borders caused by customers or governmental agencies.

(aa) Claims by third parties that the Group has infringed their proprietary rights

Because patent applications are maintained in secrecy until the application is published, the Company may be unaware of third party patents that may be infringed by the VGW Holdings Products. In addition, identification of third party patent rights that may be relevant to the Company's products and technology is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. Any claims of patent infringement asserted by third parties would be time consuming and could likely:

- (i) result in costly litigation;
- (ii) divert the time and attention of the Company's technical personnel and management;
- (iii) cause development delays;
- (iv) prevent or delay the Company from implementing its business plan until the asserted patent expires or is held finally invalid or not infringed in a court of law;
- (v) require the Company to develop non-infringing products; or
- (vi) require the Company to enter into royalty or licensing agreements.

Although no third party has asserted a claim of patent infringement against VGW Holdings Products, others may hold proprietary rights that could prevent the Company's products from being marketed. Any patent-related legal action against the Company claiming damages and seeking to enjoin commercial activities relating to the Company's products could subject the Company to potential liability for damages and require the Company to obtain a license to continue to manufacture or market the Company's products. The Company cannot predict whether the Company would prevail in any such actions or that any license required under any of these patents would be made available on commercially acceptable

terms, if at all. In addition, the Company cannot be sure that the Company could re-design its VGW Holdings Products to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent the Company from implementing its business plan, which could harm its business, financial condition and operating results.

(bb) Dilution Risk

The Company currently has 740,407,849 Shares on issue (on a pre-Consolidation basis), if Resolution 2 is approved at the General Meeting, the Company's shares will be consolidated on a one for fifty basis into approximately 14,808,157 shares (subject to rounding of fractional entitlements). The Company will issue a further 39,000,000 Shares (on a post-Consolidation basis) on conversion of liabilities if Resolutions 7 and 17 are approved at the General Meeting. On completion of the Acquisition, the Company proposes to issue the relevant number of New Shares and New Options under the Acquisition and issue a minimum of a further 70,000,000 New Shares (on a post-Consolidation basis) under the Public Offer. Assuming no exercise of Options, the existing Shareholder will retain approximately 1.3% of the issued capital of the Company, with the VGW Holdings Vendors holding 88.8% and investors under the Public Offer holding 6.3% of the issued capital of the Company respectively. The remaining 3.5% will be held by lenders on conversion of the SNR liabilities.

If all Options and Performance Shares are exercised (and provided that no other Shares are issued), the interests of existing Shareholders in the Company will reduce to 0.73% on a post-Offers basis, assuming minimum subscription under the Public Offer.

(cc) Liquidity risk

The Company currently has 740,407,849 Shares on issue (on a pre-Consolidation basis), if Resolution 2 is approved at the General Meeting, the Company's shares will be consolidated on a one for fifty basis into approximately 14,808,157 shares (subject to rounding of fractional entitlements). On Completion, the Company will issue a further 39,000,000 Shares and 6,000,000 Options (on a post-Consolidation basis) on conversion of liabilities if Resolutions 7

and 17 are approved at the General Meeting, up to 979,533,465 Shares and 201,588,892 Options under the Acquisition and 72,500,000 Options to the underwriter (on a post-Consolidation basis).

A portion of the shares on issue will be subject to escrow restrictions in accordance with Chapter 9 of the ASX. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be tradable freely for a period of time.

(dd) Forecasts

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or VGW Holdings business or whether any revenues or profitability will eventuate. The business of the Company and VGW Holdings are dependent upon a number of factors and many of these factors are outside the control of the Company. Consequently the Company, the Directors and the Proposed Directors do not make any forecast or representation in relation to the Company or VGW Holdings future financial position or performance.

(ee) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company and the Company's and VGW Holdings proposed business.

(ff) Technology Risk

Moving forward the Company will be reliant upon certain technologies. There is a risk that as marketable technologies continue to develop in the technology gaming industry there may be certain product developments that supersede, and render obsolete, the products and services of the Company, this would adversely affect the profitability of the Company and likely the value of the Shares.

5.3 GENERAL RISKS

(a) Trading Price of the Company's Securities

The Company's operating results, economic and financial prospects and other factors will affect the

trading price of the Securities. In addition, the price of Securities is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar and United States dollar on world markets, inflation rates, foreign exchange rates and interest rates, changes in investor sentiment towards listed stocks and towards particular market sectors, variations in the general market for listed stocks in general or Australian technology stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Securities.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(b) Economic and Government Risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(c) Litigation Risks

The Company and VGW Holdings are exposed to possible litigation risks including, but not limited to, intellectual property claims, regulatory intervention, occupational health and safety claims and employee claims. Further, the Company or VGW Holdings 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 and VGW Holdings operations, financial performance and financial position. The Company and VGW Holdings are not currently engaged in any material litigation.

(d) Market conditions

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

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can 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.

(e) Market acceptance

The global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns.

Accordingly, there is a risk that the Company may not be able to commercialise its products, which could adversely impact the Company's operations.

(f) Management of Growth

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

(g) Regulatory risks

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its securities. In addition there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

(h) Force Majeure

The Company's and VGW Holdings projects now or in the future may be adversely affected by risks outside the control of the Company and VGW Holdings including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

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

5.4 INVESTMENT SPECULATIVE

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

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

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6 Financial Information



6 Financial Information

6.1 INTRODUCTION

This Section sets out the Historical Financial Information of the Company and VGW Holdings and the Pro Forma Historical Financial Information of the Company (**collectively, the Financial Information**). The basis of preparation of the Financial Information is set out in Sections 6.9 and 6.10. The Directors are responsible for the inclusion of all Financial Information in the Prospectus. The purpose of the inclusion of the Financial Information is to illustrate the effects of the Acquisition and the Offers.

Sothertons L.L.P (**Sothertons**) has prepared an Investigating Accountants Report in respect of the Historical Financial Information and the Pro Forma Historical Financial Information. A copy of this report, within which an explanation of the scope and limitations of Sothertons's work is included, is set out in Section 7.

The financial information presented is in abbreviated form and does not contain all of the disclosures that are usually contained in statutory accounts prepared in accordance with the Corporations Act. All information present in this Section should be read in conjunction with the balance of this Prospectus, including the Investigating Accountant's Report in Section 7 and the risk factors outlined in Section 5.

6.2 HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information for the Company and VGW Holdings set out in this Section 6 comprises:

- (a) the historical Statement of Comprehensive Income for the Company for the years ended 30 June 2013, 2014 and 2015;
- (b) the historical Statement of Comprehensive Income for VGW Holdings for the years ended 30 June 2013, 2014 and 2015;
- (c) the historical Statement of Cash Flows for the Company for the years ended 30 June 2013, 2014 and 2015;

- (d) the historical Statement of Cash Flows for the VGW Holdings for the years ended 30 June 2013, 2014 and 2015;
- (e) the historical Statement of Financial Position for the Company as 30 June 2013, 30 June 2014 and 30 June 2015; and
- (f) the historical Statement of Financial Position for VGW Holdings as 30 June 2013, 30 June 2014 and 30 June 2015;

(hereafter the **Historical Financial Information**).

The historical statement of financial position of the Company as at 30 June 2015 in Section 6.9 has been extracted from the financial report of the Company for the year ended 30 June 2015, which has been audited by RSM Bird Cameron and on which an unmodified audit opinion was issued.

The historical statement of financial position of VGW Holdings as at 30 June 2015 in Section 6.9 has been extracted from the financial report of VGW Holdings for the year ended 30 June 2015, which has been audited by Sotherton's L.L.P and on which an unmodified audit opinion was issued.

6.3 PRO FORMA HISTORICAL FINANCIAL INFORMATION

The Pro Forma Consolidated Historical Financial Information for the Company, which consolidates the Company and VGW Holdings (together, the Group), set out in this Section 6 comprises the pro forma historical consolidated statement of financial position of the Company as at 30 June 2015 (**Pro Forma Historical Statement of Financial Position** or **Pro Forma Historical Information**).

6.4 COMMENTARY ON PERFORMANCE

Following the change in the nature of its activities and completion of the Acquisition, the Company will be focused on developing the VGW Holdings business as detailed in Section 3 of this Prospectus. The Company's current operations are focused on ICT services and products. Therefore, the Company's

past operations and financial historical performance will not be of significant relevance to future activities.

VGW Holdings current focus is to continue developing its online gaming platform and grow its business in North America. Effective and targeted advertising continues to drive players to VGW Holdings Chumba Casino website, which in turn has seen significant growth in revenues (with a current monthly revenue run rate equivalent to over \$40 million per annum based on December 2015 monthly results).

VGW Holdings is an early-stage business with a limited trading history. Since incorporating on 4 November 2010, VGW Holding's activities have principally involved raising funding to develop the VGW Holdings Products. Like many start-up companies, VGW Holdings has incurred continuing losses since its inception totalling \$9.6 million at 30 June 2015.

Given VGW Holding's limited trading history, and given that its business is largely unproven, it is difficult to make an evaluation of VGW Holding's business or its prospects.

6.5 FINANCIAL FORECASTS

The Directors have given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The financial performance of the Company in any period will be influenced by various factors that are outside the control of the Directors and which the Directors consider cannot, at this time, be predicted with a high level of confidence. Accordingly, the Directors have concluded that, as at the date of this Prospectus, it would be misleading to provide any forecast financial information in relation to the Company, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law and policy.

6.6 HISTORICAL STATEMENT OF COMPREHENSIVE INCOME

Set out below is a summary of the historical Audited Statements of Comprehensive Income of the Company for the financial years ending 30 June 2013, 30 June 2014 and 30 June 2015 which has been extracted from the Company's audited financial reports, respectively.

Synergy Plus	30-Jun-13 \$000	30-Jun-14 \$000	30-Jun-15 \$000
Revenue			
Revenues from sales and services	3,265	2,726	2,458
Other income	68	30	31
Research and development incentive	641	506	–
Expenses			
Changes in inventory	(57)	(6)	(11)
Purchase of goods	(1,067)	(988)	(929)
Employee expenses	(1,889)	(1,685)	(1,516)
Other Expenses	(862)	(695)	(444)
Finance costs	(301)	(279)	(270)
Loss on disposal of investment	–	(116)	–
Profit/(loss) before income tax	(202)	(507)	(681)
Income tax (expense)/benefit	–	–	–
Profit/(loss) after income tax	(202)	(507)	(681)
Other comprehensive income			
Total comprehensive income/(loss)	(202)	(507)	(681)

Set out below is a summary of the historical Audited Income Statement of VGW Holdings for the financial years ending 30 June 2013, 30 June 2014 and 30 June 2015 which has been extracted or derived from VGW Holdings audited financial reports and management accounts.

VGW Holdings	30-Jun-13 \$000	30-Jun-14 \$000	30-Jun-15 \$000
Continuing operations revenue	–	1,205	3,711
Other revenue	–	–	–
Revenue from continuing operations	–	1,205	3,711
Cost of sales	–	(1,035)	(2,187)
Gross profit/(loss)	–	170	1,523
Other income	–	429	433
Employee benefits	(109)	(225)	(1,014)
Administration expenses	(499)	(775)	(509)
Marketing and advertising expenses	(66)	(1,492)	(481)
Amortisation expenses	(107)	(766)	(916)
Occupancy expenses	(1)	(17)	(41)
Finance costs	(10)	–	(5)
Share based payment expense	(69)	(1,079)	(1,298)
Other expenses	(105)	(369)	(388)
Profit/(loss) before income tax	(966)	(4,124)	(2,696)
Income tax (expense)/benefit	–	–	–
Profit/(loss) after income tax	(966)	(4,124)	(2,696)
Other comprehensive income	–	–	–
Total comprehensive income/(loss)	(966)	(4,124)	(2,696)

The historical financial information has been prepared on the basis of preparation and the significant accounting policies adopted by the companies and should be read in conjunction with the companies respective Annual Report's.

6.7 HISTORICAL STATEMENT OF CASH FLOWS

Set out below is a summary of the historical Audited Statements of Cash Flows of the Company for the financial years ending 30 June 2013, 30 June 2014 and 30 June 2015 which has been extracted from the Company's audited financial reports, respectively.

Synergy Plus	30-Jun-13 \$000	30-Jun-14 \$000	30-Jun-15 \$000
Cash flows from operating activities			
Cash receipts from customers	3,778	4,420	2,528
Cash paid to suppliers and employees	(4,176)	(3,454)	(2,836)
Finance costs	(102)	(25)	–
Net cash from operating activities	(500)	941	(308)
Cash flows from investing activities			
Purchase of plant and equipment	(15)	(7)	(7)
Proceeds from sale of assets	–	–	–
Net Cash from investing activities	(15)	(7)	(7)
Cash flows from financing activities			
Repayments in borrowings	513	(117)	(73)
Net Cash from financing activities	513	(117)	(73)
Net increase/(decrease) in cash and cash equivalent	(2)	817	(388)

Set out below is a summary of the historical Audited Statement of Cash Flows of VGW Holdings for the financial years ending 30 June 2013, 30 June 2014 and 30 June 2015 which has been extracted or derived from VGW Holdings audited financial reports and management accounts.

VGW Holdings	30-Jun-13 \$000	30-Jun-14 \$000	30-Jun-15 \$000
Cash flows from operating activities			
Cash receipts from customers	–	655	3,829
Interest received	–	–	6
Government subsidies received	–	–	483
Cash paid to suppliers and employees	(606)	(3,731)	(4,119)
Net cash from operating activities	(606)	(2,716)	199
Cash flows from investing activities			
Acquisition of intangible assets	(1,436)	(3,200)	(921)
Directors loans	–	(1)	–
Other loans	(120)	–	–
Net Cash from investing activities	(1,556)	(3,201)	(921)
Cash flows from financing activities			
Share capital issued	2,825	6,562	856
Capital raising costs	–	(367)	(270)
Net Cash from financing activities	2,825	6,195	586
Net increase/(decrease) in cash and cash equivalent	663	278	(136)

The historical financial information has been prepared on the basis of preparation and the significant accounting policies adopted by the companies and should be read in conjunction with the companies respective Annual Report's.

6.8 HISTORICAL STATEMENT OF FINANCIAL POSITION

Set out below is a summary of the historical Audited Statements of Financial Position of the Company for the financial years ending 30 June 2013, 30 June 2014 and 30 June 2015 which has been extracted from the Company's audited financial reports, respectively.

Synergy Plus	30-Jun-13 \$000	30-Jun-14 \$000	30-Jun-15 \$000
Assets			
Current assets			
Cash and cash equivalents	74	890	502
Trade and other receivables	1,788	630	590
Inventories	30	24	35
Total current assets	1,892	1,544	1,127
Non-current assets			
Trade and other receivables	–	–	–
Property, plant and equipment	14	13	12
Intangible assets	–	–	–
Total non-current assets	14	13	12
Total assets	1,906	1,557	1,139
Current liabilities			
Trade and other payables	1,456	1,393	1,443
Provisions	145	113	128
Amounts due to related entity	–	–	1,957
Total current liabilities	1,601	1,506	3,528
Non-current liabilities			
Amounts due to related entity	1,623	1,760	–
Total non-current liabilities	1,623	1,760	–
Total liabilities	3,224	3,266	3,528
Net assets (liabilities)	(1,318)	(1,709)	(2,390)
Equity			
Issued capital	31,492	31,492	31,492
Convertible Notes	–	–	–
Reserves	287	287	287
Capital raising costs	–	–	–
Accumulated losses	(33,097)	(33,641)	(34,214)
Non-controlling interests	–	153	45
Total equity (deficit)	(1,318)	(1,709)	(2,390)

Set out below is a summary of the historical Audited Statement of Financial Position of VGW Holdings for the financial years ending 30 June 2013, 30 June 2014 and 30 June 2015 which has been extracted or derived from VGW Holdings audited financial reports and management accounts.

VGW Holdings	30-Jun-13	30-Jun-14	30-Jun-15
	\$000	\$000	\$000
Assets			
Current assets			
Cash and cash equivalents	666	944	808
Trade and other receivables	114	812	504
Inventories		178	–
Total current assets	780	1,935	1,312
Non-current assets			
Property, plant and equipment	2	–	–
Intangible assets	2,685	5,323	5,624
Other	4	–	–
Total non-current assets	2,691	5,323	5,624
Total assets	3,471	7,258	6,936
Current liabilities			
Trade and other payables	291	698	955
Provisions	–	17	35
Amounts due to related entity	–	–	–
Total current liabilities	291	715	990
Total liabilities	291	715	990
Net assets (liabilities)	3,180	6,543	5,946
Equity			
Issued capital	5,998	13,698	16,393
Reserves	419	827	694
Capital raising costs	(401)	(1,022)	(1,485)
Accumulated losses	(2,836)	(6,960)	(9,656)
Total equity (deficit)	3,180	6,543	5,946

The historical financial information has been prepared on the basis of preparation and the significant accounting policies adopted by the companies set out in Section 6.9 and should be read in conjunction with the companies respective Annual Report's.

6.9 HISTORICAL AND PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

Set out in this Section is:

- (a) the historical Statement of Financial Position of the Company as at 30 June 2015 (which has been extracted from the Company's 30 June 2015 financial report and has been audited),
- (b) the historical Statement of Financial Position of VGW Holdings as at 30 June 2015 (which has been extracted from VGW Holdings 30 June 2015 financial report and has been audited);
- (c) the Pro-Forma Consolidated Statement of Financial Position of the merged group as at 30 June 2015, which is based on the Historical Statement of Financial Position of the Company as at 30 June 2015 and incorporates the Acquisition of VGW Holdings as at 30 June 2015 as if that Acquisition had occurred as at 30 June 2015 and other pro-forma transactions, including:
 - Shares issued under the Prospectus – As part of the Company's re-compliance with Chapters 1 and 2 of the ASX Listing rules, the Company is seeking shareholder approval to conduct a capital raising by offering under a Prospectus up to 70,000,000 Shares at a price of \$0.50 per share to no less than the number of new investors in the Company required by ASX, to raise up to \$3,500,000; and
 - The Directors estimate that costs for the preparation and implementation of the Prospectus of \$334,055 based on capital raising of \$3,500,000 and this estimated cost has been deducted from the capital raising.

- The estimated costs associated with the acquisition of VGW Holdings Pty Ltd
 - For pro-forma purposes the costs of acquisition for due diligence, preparation of the explanatory memorandum, etc. are assumed to have been incurred and expensed in the pro forma group balance sheets.
- No pro-forma adjustment has been made for any capital raised as a result of the exercise of any Options or Performance Shares.
- Unless specifically described, the Pro Forma Historical Statement of Financial Position does not include adjustments for the Company's business occurring after 30 June 2015 that do not relate to the acquisition or the capital structure of the Company.

The historical and pro-forma financial information has been prepared on the basis of the significant accounting policies adopted by the Company set out in Section 6.9 and should be read in conjunction with the accompanying notes set out in Section 6.10. The historical and pro-forma financial information has been subject to independent review (refer Investigating Accountant's Report in Section 7).

		Actual Historical		Pro-forma
		Synergy	VGW Holdings	Merged Group
		30-Jun-15	30-Jun-15	\$3.5M Raising
		(audited)	(audited)	30-Jun-15
		\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalents	2	502	808	7,116
Trade and other receivables	3	590	504	504
Inventories	4	35	–	–
Total current assets		1,127	1,312	7,620
Non-current assets				
Property, plant and equipment	5	12	–	–
Intangible assets	6	–	5,624	45,114
Total non-current assets		12	5,624	45,114
Total assets		1,139	6,936	52,734
Current liabilities				
Trade and other payables	7	1,443	955	890
Provisions	8	128	35	35
Amounts due to related entity	9	1,957	–	–
Total current liabilities		3,528	990	925
Total liabilities		3,528	990	925
Net assets (liabilities)		(2,390)	5,946	51,809
Equity				
Issued capital	10	31,492	15,543	86,175
Convertible Notes	11	–	850	–
Reserves	12	287	694	211
Capital raising costs	13	–	(1,485)	(985)
Accumulated losses	14	(34,214)	(9,656)	(33,592)
Non-controlling interests	15	45	–	–
Total equity (deficit)		(2,390)	5,946	51,809

6.10 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information set out in this Prospectus has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards.

The Pro Forma Historical Financial Information has been prepared in a manner consistent with the recognition and measurement requirements of the Australian Accounting Standards (AAS), other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect: (i) the recognition of certain items in periods different from the applicable period under AAS; and (ii) the impact of certain transactions as if they occurred on or before 30 June 2015 in the Historical Financial Information.

The Financial Information is presented in an abbreviated form and it does not include all of the presentation, statements, disclosures and comparatives required in an annual general purpose financial report prepared in accordance with the Australian Accounting Standards and the Corporations Act.

The Financial Information has been prepared on a going concern basis. In arriving at this position, the Directors have had regard to the fact that the Group has sufficient cash and other assets to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this Prospectus.

The significant accounting policies which have been adopted in the preparation of the Financial Information are:

Basis of Preparation

The pro forma historical financial information has been prepared on an accruals basis and are prepared on a historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

The financial information is presented in Australian dollars, unless otherwise noted.

Principles of Consolidation

A controlled entity is any entity the Company has the power to control the financial and operating policies so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Where controlled entities have entered or left the Consolidated Entity, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the relates asset or liability.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Revenue includes revenue earned net of returns, discounts, allowances, duties and taxes paid.

Revenue from the sale of goods is recognised upon transfer of risks and rewards of ownership to the customer, being the shipment of the goods to the customer.

Revenue from services is recognised in accordance with the percentage completion method. Where it is probable that a loss will arise from a fixed price contract, the full excess of the costs over the revenue is recognised as an expense immediately.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rebate revenue is recognized based on rebates received or receivable from vendors based on vendors' agreements.

All revenue is stated net of the amount of goods and services tax (GST).

Foreign currency translation

Functional and presentation currency

The functional currency of each of the Consolidated Entity's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the yearend exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of

comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are

readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the economic entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on a specific identification basis.

Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the

item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight line value basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 33%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

Intangibles

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries and businesses is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer orders back log and customer contracts related customer relationship have a finite life and

are amortised on a systematic basis over 3 years. Trademark is amortised over 20 years.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are generally paid within 60 days of recognition of the liability.

Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, legal or constructive, as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably measured.

Employee benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits

Equity-settled compensation

The Consolidated Entity operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the statement of comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

Borrowing cost

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

The acquisition of VGW Holdings Limited by Synergy Plus limited will be carried out in accordance with the Merger Implementation Deed dated 4 December 2015 and involves the issue of Synergy Plus Limited securities to VGW Holdings securityholders in exchange for their securityholding

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

Goodwill on consolidation as reflected represents the difference between the value attributed to Synergy Plus Ltd shares issued to VGW shareholders in exchange for their shares in VGW Holdings Ltd and the book value of the Net Assets of VGW Holdings at the point of takeover.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to

the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Consolidated Entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the Consolidated Entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount

is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Compound Financial Instruments

Compound financial instruments issued by the Consolidated Entity comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognized in statement of comprehensive income. Distributions to the equity holders are recognized against equity, net of any tax benefit.

Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received. Any transactions costs arising on the issue of ordinary shares are fully recognised directly in equity as a reduction of the proceeds received.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Consolidated Entity, adjusted to exclude costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Consolidated Entity.

Key estimates and judgments

Impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the economic entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

6.11 NOTES TO THE PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Holdings Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
2 Cash Assets			
Cash and cash equivalents	502	808	1,310
Disposal of Air Data			(249)
Issue of Shares			7,175
Issue of Convertible Notes			100
Payout of Convertible notes			(125)
Prospectus issue costs			(1,095)
	502	808	7,116
3 Trade and Other Receivables			
Current			
Trade receivable	63	41	104
Australian Tax office – R&D claim	506	426	932
Prepayment	21		21
GST receivable		34	34
Rental Bond		3	3
less Disposal of Air Data			(590)
	590	504	504
4 Inventories			
Finished goods and spares	35		35
less: disposal of Air Data			(35)
	35	–	–
5 Fixed Assets			
Plant and equipment at cost	37	–	37
Accumulated depreciation	(25)		(25)
less: disposal of Air Data			(12)
	12	–	–

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Holdings Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
6 Intangibles			
Goodwill on Consolidation			39,490
Software Development Costs opening		5,295	5,295
Internal Development FY15		1,997	1,997
less accumulated amortisation		(1,668)	(1,668)
		5,624	5,624
Betsoft Licence		36	36
less accumulated amortisation		(36)	(36)
	–	5,624	45,114
7 Trade and other payables			
Trade payables	72	390	462
Accrued expense	335	437	670
Other payables	890	129	170
Unearned revenue	146		146
less: disposal of Air Data			(558)
	1,443	956	890
8 Provisions			
Current			
Employee Entitlements	128	35	163
less: disposal of Air Data			(128)
	128	35	35
9 Amounts due to related entity			
Loan principal	1,180	–	–
Accrued interest	777	–	–
	1,957	–	–

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Holdings Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
10 Issued Capital			
<i>Synergy</i>			
Ordinary shares at 30 June 2015	31,492		31,492
Reclassification of Convertible Notes to Issued Capital from Reserves			76,000
Issue of 932,183,398 shares to VGW shareholders (Acquisition Shares)			49,951
Issue of 47,350,067 Employee Shares			–
Issue of 19,000,000 shares post consolidation to third party lenders (Conversion Shares)			950
Issue of 20,000,000 shares post consolidation for set-off of loans from Minimum Risk (Minimum Risk Shares)			1,957
Issue of 70,000,000 shares post consolidation to raise \$3,500,000 under prospectus (Capital Raising Shares)			3,500
<i>VGW Holdings</i>			
Ordinary shares at 30 June 2015		15,543	15,543
Issue of shares in August 2015 to raise \$2,175,200 by way of private placement			2,175
Success fees paid by way of shares			727
Conversion of Convertible Notes			725
Issue and conversion of Convertible notes			110
Contractor fees paid by way of shares			169
Vesting of remaining employee shares			685
Issue of shares in December 2015 to raise \$1,500,000 by way of private placement			1,500
Less elimination on Acquisition			(21,634)
	31,492	15,543	86,175
11 Convertible Notes			
Convertible Notes	–	850	–
12 Reserves			
Share based payment and Convertible Note reserve	287	694	211

	Audited Synergy Year ended 30 June 2015 \$000	Audited VGW Holdings Year ended 30 June 2015 \$000	Unaudited Pro-forma Merged Group Year ended 30 June 2015 \$000
13 Capital Raising Costs			
Capital Raising Costs opening		(1,020)	(1,020)
Pre IPO costs (VGW Holdings)			(838)
Transaction costs associated with Prospectus		(465)	(1,449)
Less elimination on Consolidation			2,322
	–	(1,485)	(984)
14 Accumulated Losses			
Opening Retained Losses	(33,641)	(6,961)	(41,601)
Loss for the Year	(573)	(2,695)	(3,268)
Writeback of accrued interest to related party (Synergy)			777
Interest from Convertible Notes			(10)
Vesting of remaining employee shares			9
Contractors paid by way of shares			(168)
Loss on Sale of Air Data			(155)
Less elimination on Consolidation			9,826
Closing Retained Earnings	(34,214)	(9,656)	(33,592)
15 Non-Controlling Interest			
Opening Non-Controlling interest	213		213
Share of Profit (Loss) for the Year	(168)		(168)
less: disposal of Air Data			(45)
Closing Retained Earnings	45	–	–
16 Contingent Liabilities and Commitments			

On 30 August 2013, Synergy announced it had received correspondence from King & Wood Mallesons who act for Mr Frank Stranges, a previous non-executive director and the previous executive chairman of Synergy. The letter claims that Mr Stranges is owed \$171,856.30 in outstanding director fees for a period of time he served in these capacities, including during the period whilst the company was in voluntary administration. Synergy strongly refutes any claim by Mr Stranges that he is owed compensation for outstanding director fees and Synergy will vigorously defend any action brought by Mr Stranges in respect of the same. Since that date, on 22 December 2015, the Company received another letter on Mr Stranges behalf requesting payment before 18 January 2016.

Apart from the matter mentioned above, there are no other contingent to the Company and the Consolidated Entity as at 30 June 2015.

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Investigating Accountant's Report

27 December 2015



Private & Confidential

The Directors
Synergy Plus Ltd
C/- 8 St Georges Terrace
Perth WA 6000

D. A. Lissauer B.Com., FCPA, Affiliate ICAA
R. P. Lissauer B.Ec., M.Tax, CA, FTIA
M. R. Lipson B.Bus., B.Ed., AIArb.A, CA

Dear Directors,

Independent Limited Assurance Report on Synergy Plus Ltd historical and pro forma historical financial information

We have been engaged by Synergy Plus Ltd ("Synergy") to report on the historical financial information and pro forma historical financial information of VGW Holdings Ltd ("VGW") as at 30 June 2015 for inclusion in the public document dated on or about 27 December 2015 and relating to the acquisition of VGW shares and VGW options in the Synergy Prospectus ("the document").

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

The nature of this report is such that it can only be issued by an entity which holds an auditors registration under the *Corporations Act 2001*. Sothertons LLP (Sothertons) holds the appropriate auditors registration under the *Corporations Act 2001*.

Scope

Historical Financial Information

The company has requested Sothertons to review the historical financial information of Synergy (the responsible party) and VGW included at section 6 of the public document which comprises:

- the Statement of Financial Performance for the years ended 30 June 2013 to 2015;
- the Statement of Financial Position as at 30 June 2013 to 2015;
- the Statement of Cashflows for the years ended 30 June 2015 to 2015.

The historical financial information has been extracted from the financial reports of VGW and Synergy for the years ended 30 June 2015 and was audited by Sothertons LLP and RSM Australia respectively in accordance with Australian Auditing Standards. Sothertons LLP and RSM Australia issued unmodified audit opinions on the financial reports. We note that RSM's report included an emphasis of matter in respect to Synergy. The historical financial information is presented in the public document in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.



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SOTHERTONS LLP ABN 41 134 806 025
REGISTERED COMPANY AUDITORS

Liability limited by a scheme approved under Professional Standards Legislation

Pro Forma historical financial information

You have requested Sothertons to review the pro forma historical Statement of Financial Position as at 30 June 2015 referred to as “the pro forma historical financial information”.

The pro forma historical financial information has been derived from the historical financial information of Synergy, after adjusting for the effects of pro forma adjustments described in section 10 of the public document. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 10 of the public document, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company’s actual or prospective financial position.

Directors’ responsibility

The directors of Synergy Plus Ltd are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

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

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial information comprising:

- the Statements of Financial Performance for Synergy Plus Ltd and VGW Holdings Ltd for the years ended 30 June 2013 to 2015;
- the Statement of Financial Position as at years ended 30 June 2013 to 2015;
- the Statement of Cashflows for the years ended 30 June 2015 to 2015; and

does not present fairly, in all material respects, in accordance with the recognition and presentation disclosure requirements), of Australian Accounting Standards and the accounting policies adopted by Synergy Plus.

Pro Forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information being the Statement of Financial Position as at 30 June 2015 is not presented fairly in all material respects, the recognition and presentation disclosure requirements), of Australian Accounting Standards and the accounting policies adopted by Synergy Plus..

Restriction on Use

Without modifying our conclusions, we draw attention to the Section 6 of the public document, which describes the purpose of the financial information, being for inclusion in the public document. As a result, the financial information may not be suitable for use for another purpose.

Consent

Sothertons has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Disclosure of Interest

Sothertons do not have any interest in the outcome of this acquisition by Synergy Plus of VGW other than in respect to the financial statements audit for which normal professional fees will be received.

Yours faithfully



David Lissauer
Partner
SOTHERTONS L.L.P.

8

Board, Management and Corporate Governance

8 Board, Management and Corporate Governance

8.1 BOARD OF DIRECTORS

The Company's Board currently comprises of Mr Domenic Martino, Mr Christopher Martino and Mr Philip Silva.

At completion of the Acquisition, Messrs Mr Nigel Blythe-Tinker (Executive Chairman), Mr Laurence Escalante (Chief Executive Officer), Mr Mats Johnson (Executive Director) and Mr Lorenzo Escalante (Non-executive Director) will be appointed as directors and Mr Domenic Martino, Mr Christopher Martino and Mr Philip Silva will step down as Directors.

The Directors of the Company bring a variety of skills and experience. Profiles of each of the proposed Directors are set out below.



Mr Nigel Blythe-Tinker
*Executive Chairman & Chief
Legal Officer (proposed)*

Nigel Blythe-Tinker has extensive United Kingdom and international corporate experience spanning over thirty years and covering all forms of merger and acquisition, divestments, corporate finance, restructuring, AIM and FTSE 100 flotations, corporate governance and incentive schemes.

He has considerable UK listed company experience and was a key member of the executive team in the successful London Stock Exchange listing of a number of companies in his career including:

William Hill plc, which was listed in 2002 on the London Stock Exchange. He was a member of the Executive Management Committee as well as Group Company Secretary and Head of Legal for a period of 6 years. During this 6 year period the Company's enterprise value increased from £825m (1996) to £1.4 billion on flotation in 2002.

Gaming VC SA, which was listed on AIM in 2004. Mr Blythe-Tinker was the Non-Executive Chairman from 2004 - 2006 and Chairman of the Remuneration Committee from 2004 - 2014.

He was, until recently, between 2008 and 2015, the Non-Executive Chairman of Pentasia Limited, which is the leading iGaming recruitment company operating in the USA, UK, Malta, Italy, Spain and South America.

He holds Bachelor of Laws degree (LLB), various business qualifications and is a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) in the United Kingdom.



Mr Laurence Escalante
*Managing Director & Chief
Executive Officer (proposed)*

Laurence Escalante is a gaming and technology entrepreneur with a background in the financial services sector.

He has been an angel investor, founder and entrepreneur in the games industry for 11 years, founding White Knight Games in 2004, and was a founder and angel investor in Anino Mobile, one of the Philippines' premier game development studios (and which was acquired by Playlab in 2014).

Since founding VGW in 2010, he has led the raising of approximately \$15 million in early-stage funding, the invention of multiple innovations in real-money and virtual-currency gaming (including VGW's market leading social wsweepstakes gaming products) and the development of VGW's global and highly specialised development and operations teams.

He has previous experience as a technical specialist in investment advisory, superannuation, taxation and financial planning gained over a period of 10 years.

He studied Economics and Actuarial Studies at Macquarie University.



Mr Mats Johnson
*Executive Director & Chief
Marketing Officer (proposed)*

Mats Johnson is an accomplished technology and online gaming leader with significant experience in establishing and growing online businesses globally.

Over the last 15 years, he has lead the growth of several well-known online gaming companies including as General Manager at Centrebet, Director at Coral Eurobet, Chief Executive Officer at Playsafe and Chief Marketing Officer at Expekt.

He has lead large and often geographically dispersed teams and formulated and executed global marketing strategies and operational plans delivering significant and profitable growth in both new and established markets.

He has expertise in digital marketing, both acquisition and retention, and in-depth experience in successfully building and managing online brands globally.

He also has extensive mergers and acquisitions experience having been actively involved in six successful exits of online gaming companies, including the £2.18 billion sale of Coral Eurobet to Gala Group.

Mr Lorenzo Escalante
Non-Executive Director
(proposed)

Lorenzo Escalante is a highly experienced business intelligence specialist and IT professional with a focus spanning almost 20 years in big data analytics for major Australian corporations.

He has provided specialist business intelligence services to Woodside, BHP Billiton, Commonwealth Bank of Australia, and has been employed by OnePath (ANZ), AAPT and Landcorp. He has extensive experience across multiple business intelligence platforms, in particular SAP BusinessObjects.

He is the founder of Lance East Corporation, the founding shareholder of VGW, and has guided Laurence Escalante's knowledge of big data analytics as it applies to VGW's gaming business.

He is currently the sole Non-Executive Director of VGW and is Chairman of VGW's Remuneration Committee.

8.2 SENIOR MANAGEMENT

The Company's Senior Management team includes Leanne Ralph (Joint Company Secretary) and Mr Jackob Tsaban (Joint Company Secretary).

At completion of the Acquisition, the current VGW Holdings Senior Management team will be appointed and the current team will step down.

The Senior Management team of the Company will bring a variety of skills and experience. Profiles of each of the proposed Senior Managers are set out below.



Mr Rointon Nugara
Chief Financial Officer and
Company Secretary
(Proposed)

Rointon Nugara has over 26 years of experience in finance and accounting.

He started his career Arthur Young (later Ernst & Young) and then joined Sterling Winthrop Pharmaceuticals as an accountant. He then spent 7 years at Singtel Optus, Australia's second largest telecommunications company, in various positions, culminating in the role of Commercial Manager in the Optus Business division. Prior to joining Two Way, he served as Planning & Analysis Manager at Foxtel.

He served as Chief Financial Officer at Two Way Limited from 2005 to 2013 and as the Company Secretary from 2007 to 2013.

He has been a member of Australian Society of CPAs since 1992.



Mr Kevin Brown
Chief Operating Officer
(Proposed)

Kevin Brown is an experienced operations director, program manager and digital specialist, with an extensive background in ecommerce, project management, product development and digital marketing optimisation.

He was the founder, Chief Executive Officer and Managing Director of gaming company BidRivals Australasia, where he grew the business to cashflow positive within 5 days, creating its largest global division. He then oversaw the global parent's buyout of BidRivals Australasia.

As a specialist digital consultant, his clients have included RAC, Nearmap (ASX: NEA), and WA Business News, where he has led the transformation of their digital strategy and e-commerce products.

He was the Operations Manager at digital optimisation specialist Memetrics, which was acquired by Accenture, where he continued as a manager and consulting ecommerce specialist to large, multinational corporations including eBay, American Express, Telstra, Westpac and Crown Casino.

He also has extensive program and project management experience, including overseeing the scoping, design, build and rollout of privately held building conglomerate BGC's Enterprise Resource Planning system within 24 months.

8.3 DIRECTORS INTERESTS

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The current limit is set at \$500,000. The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee. Directors are not required under the Company's Constitution to hold Securities. Details of the executive directors executive agreements can be found at Section 9.2.

Details of the Directors' and Proposed Directors' remuneration and relevant interests in the securities of the Company as at the date of this Prospectus and upon completion of the Offers are set out in the tables below.

Interests as at the date of this Prospectus (post-Consolidation basis):

Director	Remuneration for year ended 30 June 2014	Remuneration for current year to 30 June 2015	Shares	Options
Existing Directors				
Domenic Martino ¹	13,894	Nil	2,711,895	Nil
Christopher Martino ²	Nil	Nil	100,000	Nil
Philip Silva ³	Nil	Nil	Nil	Nil
Proposed Directors				
Nigel Blythe-Tinker	Nil	Nil	Nil	Nil
Laurence Escalante	Nil	Nil	Nil	Nil
Mats Johnson	Nil	Nil	Nil	Nil
Lorenzo Escalante	Nil	Nil	Nil	Nil

Notes:

- 1 Mr Domenic Martino is a director of Impact Nominees Pty Ltd (Impact) which holds a total of 1,717,345 (post-consolidation) ordinary shares in the Company as trustee for the Sydney Investment Trust; Domenal Enterprises Pty Ltd (Domenal) which holds a total of 993,503 (post-consolidation) ordinary shares in the Company as trustee for the DVM Superannuation Fund; and Sandra Martino as a trustee for Daniel Martino who holds a total of 1,047 (post-consolidation) ordinary shares. Mr Martino's indirect interest held via Impact and Domenal are set out in the table above.
- 2 Mr Christopher Martino was appointed as a Director on 12 August 2013 and is a director of Minimum Risk which holds a total of 100,000 (post-consolidation) ordinary shares in the Company

- 3 Mr Silva was appointed on 25 September 2015.
- 4 Since 30 June 2015, none of the directors received directors fee or any other remuneration and no remuneration is payable to the directors for this period.

Interests upon completion of the Acquisition for Proposed Directors (Post-Consolidation)

Director	Remuneration for year ended 30 June 2014	Remuneration for year ended 30 June 2015	Shares	Options	Performance Shares
Proposed Directors					
Nigel Blythe-Tinker ¹	Nil	Nil	12,200,000	20,000,000	Nil
Laurence Escalante ²	Nil	Nil	440,000,000	30,986,160	650,000,000
Mats Johnson ³	Nil	Nil	Nil	9,720,300	Nil
Lorenzo Escalante ⁴	Nil	Nil	2,333,333	1,095,000	Nil

Notes:

- 12,200,000 Ordinary Shares to be issued to Mr Blythe-Tinker. 2,000,000 Options exercisable at \$0.05 each on or before 14 August 2017, 9,000,000 Options exercisable at \$0.05 each on or before 5 years from their date of issue, and 9,000,000 Employee Incentive Options exercisable at \$0.05 each on or before 5 years from their date of issue (subject to terms and conditions set out in Section 10.4). All securities are held by Mr Blythe-Tinker directly or via a nominee corporate entity or entities.
- 440,000,000 Ordinary Shares to be issued to Lance East Corporation of which will hold the shares in the Company on behalf of the Escalante Family Trust. 25,000,000 Vesting Employee Incentive Options exercisable at \$0.05 each on or before 5 years from their date of issue to be issued to Mr Escalante or his nominee, and 5,986,160 Employee Incentive Options exercisable at \$0.05 each on or before 5 years from their date of issue (subject to terms and conditions set out in Section 10.4) to be issued to Mr Escalante or his nominee. Performance Shares terms and conditions are set out in Section 10.5 to be held by to Lance East Corporation on behalf of the Escalante Family Trust.
- 9,720,300 Employee Incentive Options exercisable at \$0.05 each on or before 5 years from their date of issue (subject to terms and conditions set out in Section 10.4). All securities are held by Johnson or his nominee.
- 2,333,333 Ordinary Shares and 1,095,000 Employee Incentive Options exercisable at \$0.05 each on or before 5 years from their date of issue (subject to terms and conditions set out in Section 10.4). All securities are held by Escalante.
- The issue of all securities above are subject to Shareholder approval which is being sought at the General Meeting.

Remuneration upon completion of the Acquisition

At completion of the Acquisition, the current Directors will step down and following re-admission, Proposed Directors will receive or will be entitled to receive (on an accruals basis) the following remuneration per annum:

Director	Directors Remunerations ¹
Proposed Directors	
Nigel Blythe-Tinker	260,000
Laurence Escalante	280,000
Mats Johnson	240,000
Lorenzo Escalante	50,000

Notes:

- These amounts represent the individuals base remuneration and does not include details of bonus entitlements or Superannuation payments.

Please refer to Section 9.2 of this Prospectus for further details of executive services agreements.

8.4 AGREEMENTS WITH DIRECTORS OR RELATED PARTIES

The Company's policy in respect of related party arrangements is:

- a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The Company has entered into a number of transaction agreement with regard to the Acquisition (including a Merger Implementation Deed, Deed Polls, Binding Term Sheet and Performance Share Transfer

Agreement) VGW Holdings and its securityholders to acquire the entire issued share capital of VGW Holdings. The consideration for the Acquisition consists of the issue of Shares, Options and Performance Shares to the VGW Holdings Vendors (being the various shareholders of VGW Holdings).

Mr Nigel Blythe-Tinker (proposed Executive Chairman), Mr Laurence Escalante (proposed Managing Director) and a company associated with Mr Laurence Escalante, Mr Mats Johnson (proposed executive Director) and Mr Lorenzo Escalante (proposed non-executive Director) are each VGW Holdings Vendors or are to receive the issue of securities as a result of the Acquisition. Accordingly, each of the proposed Directors (or entities with whom they are associated) will be receiving a proportion of the consideration payable by the Company in respect to the Acquisition.

Other than those contracts details in Section 9 of this Prospectus, the Company has not entered into any contracts with related parties.

8.5 OTHER INFORMATION

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

Non executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or a subsidiary.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

8.6 ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a

diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**). In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available upon request from the Company Secretary on +61 2 8263 0515.

Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) Maintain and increase Shareholder value;
- (b) Ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) Ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) Developing initiatives for profit and asset growth;
- (b) Reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) Acting on behalf of, and being accountable to, the Shareholders; and

- (d) Identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

However, subject thereto, the Company is committed to the following principles:

- (a) The Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) The principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

Following Settlement, the Board will consist of four Directors. The Company has adopted a Remuneration and Nominations Committee Charter and an Audit and Risk Management Committee Charter and may appoint a Nominations and Remuneration Committee and a Audit and Risk Committee though at this stage the Proposed Directors are not intending to do so.

Where a casual vacancy arises during the year, the Board will have procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

Each Director has confirmed to the Company that he anticipates being available to perform his or her duties as a non-executive director or executive director without constraint from other commitments.

The Directors consider an independent Director to be a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence his or her capacity to bring an independent judgement

to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Directors will consider the materiality of any given relationship on a case-by-case basis and reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Company's Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the Recommendations and has adopted a definition of independence that is based on that set out in the Recommendations.

The Board will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders generally.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

The Board will be responsible for overseeing the establishment of and approving risk management strategies, policies, procedures and systems of the Company. The Company's management is responsible for establishing the Company's risk management framework. The Company will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the Chief Executive Officer or Chief Financial Officer to provide required declarations.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards. Accordingly, the Board intends to adopt a Code of Conduct which sets out the way the Company conducts business. The Company will carry on business honestly and fairly, acting only in ways that reflect well on the Company and in compliance with all laws and regulations.

The Board also proposes to adopt a policy document which will outline employees' obligations of compliance with the Code of Conduct, and explains how the code interacts with the Company's other corporate governance policies.

It is proposed that responsibilities incorporated in the Code of Conduct will include protection of the Company's business, using the Company's resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

The proposed role of the Remuneration and Nomination Committee is to review and make recommendations to the Board on remuneration arrangements and policies related to the Directors, Chief Executive Officer and other members of senior management and to ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives. In addition, it is proposed that the Committee will be responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice may be sought by the Remuneration and Nomination Committee where appropriate.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Managing Director). The Securities Trading Policy explains the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and to establish procedures in relation to such persons' dealing in the Shares.

Under the terms of the policy, buying or selling Shares is not permitted at any time by any person who possesses inside information in a manner contrary to the Corporations Act or where short-term or speculative trading is involved. The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

8.7 DEPARTURES FROM RECOMMENDATIONS

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's expected departures from the Recommendations following completion of the Acquisition are set out below. Investors can find the full Corporate Governance Principles and Recommendations on the ASX website at <http://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-3rd-edn.pdf>

Recommendation	Nature of departure	Explanation for departure
2.1	The Company will not have a nomination committee.	The role of the nomination committee will be assumed by the full Board. The size and nature of the Company's activities does not justify the establishment of a separate committee at the present time.
2.3, 2.4, 2.5	The Company does not have any independent Directors.	The size and nature of the Company's activities does not justify the cost of appointing independent directors without adding significant value at the present time.
4.1	The Company will not have an audit committee.	The role of the audit committee will be assumed by the full Board. The size and nature of the Company's activities does not justify the establishment of a separate committee at the present time. The Directors are of the opinion that the Board has sufficient expertise to assume this role. The need for an audit committee will be continually assessed by the Board.
7.1, 7.3, 7.4	The Company will not have a risk management committee.	The role of the risk management committee will be assumed by the full Board. The size and nature of the Company's activities does not justify the establishment of a separate committee at the present time. Business risk will be continually assessed by the Board by addressing the key items listed in the Corporate Governance Statement.
8.1, 8.2	The remuneration committee does not have three members, a majority of whom are independent and the chair is not independent.	As the Board will not have any independent members, the remuneration committee cannot be composed of a majority of independent members nor chaired by an independent member. The size and nature of the Company's activities does not justify the cost of appointing independent directors at the present time however, no Director will participate in any deliberation regarding his or her own remuneration or related issues. If any Director is of the opinion that external remuneration consultants should be engaged then they are free to do so on the account of the Company.

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9

Material Contracts



9 Material Contracts

9.1 ACQUISITION AGREEMENTS

9.1.1 Merger Implementation Deed

On 4 December 2015, VGW Holdings and the Company entered into the Merger Implementation Deed (**Merger Implementation Deed**) under which the Company and VGW Holdings agreed to merge by way of two interdependent schemes of arrangement, being the Share Scheme and the Option Scheme (**the Merger**).

The Merger will be achieved by VGW Holdings Shareholders and VGW Holdings Optionholders transferring all their VGW Holdings Shares and VGW Holdings Options to the Company in exchange for the Company issuing Shares and Options to the VGW Holdings Shareholders and VGW Holdings Optionholders under the Schemes. VGW Holdings will then become a wholly owned subsidiary of the Company.

The key terms of the Merger Implementation Deed are as follows:

(a) Conditions Precedent

Implementation of the Schemes is subject to a number of conditions precedent, a summary of which is set out below:

- (i) completion of the Company's due diligence investigations into the legal, financial and technical affairs of VGW Holdings;
- (ii) approval of a Scheme Booklet by the Company's and VGW Holdings Boards;
- (iii) VGW Holdings making an application to the Court for orders under Section 411(1) of the Corporations Act that the Scheme Meetings be convened being approved;
- (iv) receipt of such consents, approvals or waivers from ASIC and ASX as VGW Holdings and the Company determine are necessary or desirable to implement the Schemes, including in the case of ASIC, the statement required under Section 411(17)(b) of the Corporations Act;

- (v) receipt of conditional approval from ASX for the quotation of the Company's securities following the implementation of the Schemes, subject to the usual requirement of the ASX in relation to Chapters 1 and 2 of the ASX Listing Rules;
- (vi) receipt of any other regulatory approvals which are necessary to implement the Schemes are obtained;
- (vii) no material adverse change occurring or becoming apparent in relation to the operations, assets or financial position of the Company;
- (viii) no legal proceedings or regulatory actions being commenced against the Company which, if determined against the interest of the Company, would have a material adverse effect on the Company;
- (ix) the Company's shareholders approving the Transactions to the Merger Implementation Deed at the Company's General Meeting; and
- (x) VGW Holdings Securityholders approving the Schemes by the necessary statutory majorities at the Scheme Meetings (or any adjournment or postponement of the Scheme Meetings). If either the Share Scheme or the Option Scheme is not approved, the Merger will not proceed.

Each of the Scheme Conditions must be satisfied or (if applicable) waived before 5.00pm (Perth time) on the day before the Second Court Date. If the Scheme Conditions are not satisfied or waived, the Schemes will not proceed. The Scheme Conditions may be waived by the party for whose benefit the condition operates, or where the condition operates for the benefit for both parties, by consent.

(b) Consideration

In consideration of the sale of 100% of the Shares and Options issued in VGW Holdings to the Company, the Company will issue to the VGW Holdings Vendors

(or their nominees), on a post-Consolidation basis, a total of:

- (i) 932,183,398 Shares; and
- (ii) 95,662,112 Options,

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

The Consideration Securities will be subject to any escrow periods imposed by the ASX Listing Rules.

(c) Settlement

Settlement of the Acquisition will occur on that date which is seven days following the date on which the Schemes are effective.

(d) Board composition

Upon Settlement, the Directors of the Company will consist of four persons appointed by VGW Holdings. It is intended that all of the current Directors will resign with effect from no later than Settlement. The VGW Holdings nominees to be appointed to the Board of the Company are:

- (i) Mr Nigel Blythe-Tinker
(Proposed Executive Chairman)
- (ii) Mr Laurence Escalante
(Proposed Managing Director and Chief Executive Officer)
- (iii) Mr Mats Johnson
(Proposed Executive Director); and
- (iv) Mr Lorenzo Escalante
(Proposed Non-executive Director).

(e) Change of Name

As a result of the Acquisition, the Company proposes to change its name to VGW Gaming Limited.

(f) Representations and warranties

The Merger Implementation Deed contains representations and warranties given by the Company and VGW Holdings typical for an agreement of this nature.

9.1.2 Performance Share Transfer Agreement

VGW Holdings has 650,000,000 Performance Shares on issue, all of which are held by Lance East

Corporation. Lance East also holds 440,000,000 Shares in VGW Holdings.

On 4 December 2015, the Company entered into a transfer agreement with Lance East Corporation to acquire all of the VGW Holdings Performance Shares from Lance East Corporation in return for the issue of an equal number of Performance Shares in the Company, on substantially the same terms and conditions as the VGW Holdings Performance Shares. The terms and conditions of the Performance Shares are detailed in Section 10.5 of this Prospectus.

This agreement is conditional upon the Schemes being implemented and, subject to this condition being met, will complete on the Merger Implementation Date.

The Performance Share Transfer Deed contains representations and warranties given by the Company and VGW Holdings typical for an agreement of this nature.

9.1.3 Deed Polls

On 4 December 2015, the Company executed two deeds poll (**Deeds Poll**) pursuant to which the Company has agreed, subject to the Schemes becoming Effective, to issue the Scheme Consideration to Scheme Participants, other than Ineligible Foreign Scheme Participants.

The Deed Polls contain additional provisions considered standard for agreements of this nature.

9.1.4 Binding Terms Sheet

On 4 December 2015, the Company entered into a amended and restated binding terms sheet with VGW Holdings to acquire 100% of the issued capital in VGW Holdings.

The key terms of the Binding Terms Sheet are as follows:

(a) Conditions Precedent

Settlement of the Acquisition is conditional upon the satisfaction (or waiver) of the following conditions:

- (i) completion of the Company's due diligence investigations into the legal, financial and technical affairs of VGW Holdings generally by 15 November 2015;

- (ii) execution of an Underwriting Agreement between Minimum Risk, VGW Holdings and the Company to underwrite the raising of a minimum of \$3,500,000 under a prospectus on the same day as this term sheet and receiving any necessary approvals from SNR's shareholders in respect of the Underwriting Agreement by 31 January 2016;
- (iii) receipt of consents from the SNR Lenders to give effect to the conversion of the liabilities into shares and to provide a Deed of Release upon restructuring of the relevant loans by 15 December 2015.
- (iv) receipt from ASX of conditional listing approval on ASX of the Company in compliance with Chapters 1 and 2 of the ASX Listing Rules by 29 February 2016; and
- (v) the parties obtaining all relevant approvals, including shareholder approval, court approval, board approval and any third party consents necessary to implement the Transaction by 29 February 2016.

(b) The Transaction

Subject to satisfaction of the Conditions Precedent:

- (i) the Company agrees to undertake the Consolidation on a ratio of 1 for 50 basis,
- (ii) the Company shall, subject to receiving the consent of third party lenders, issue 19,000,000 Shares (on a post-consolidation basis) at a deemed issue price of \$0.05 each per Share to the third party lenders in consideration for satisfaction of certain outstanding liabilities to third parties (SNR Lender Loan Conversion Shares);
- (iii) In consideration for the set-off of outstanding loans made by Minimum Risk Pty Ltd to the Company and or its subsidiaries, the Company shall issue to Minimum Risk 20,000,000 Shares and 6,000,000 Options with a term of three years and an exercise at 5 cents each (both on a post-consolidation basis) (Minimum Risk Shares and Options);

- (iv) SNR agrees to acquire the entire issued ordinary share capital of VGW Holdings for consideration based on the following share exchange ratio:
 - 1 Shares in the capital of the Company (on a post consolidation basis) at a deemed issue price of \$0.05 each per Share, for each issued share in the ordinary share capital of VGW Holdings; and
 - where there will be up to 979,533,465 Shares on issue in the ordinary share capital of VGW Holdings (inclusive of the 47,350,067 VGW Employee Shares which are being cancelled by VGW Holdings and agreed to be reissued by the Company) (**Acquisition Shares**). Please refer to Section 10.6 for details of the Employee Share Option Plan and terms of the employee shares.
- (v) The Company agrees to acquire the entire issued performance shares in VGW Holdings for consideration of:
 - 650,000,000 Performance Shares in the capital of the Company (on a post-Consolidation basis) on substantially the same terms and conditions as the VGW Holdings performance shares.
- (vi) SNR agrees to acquire the entire issued options in VGW Holdings for consideration based on the following option exchange ratio:
 - 1 new Option in the capital of the Company (on a post-Consolidation basis) with a strike price of \$0.05 per share and an expiry date of 14 August 2017, for each issued option in the share capital of VGW Holdings, with a strike price of \$0.05 per share and an expiry date of 14 August 2017; and
 - where there will be up to 95,662,112 Options on issue in the capital of VGW Holdings with a strike price of \$0.05 per Share and an expiry date of 14 August 2017 (Acquisition Options). Please refer to Section 10.3 for the terms of the Acquisition Options.

(vii) the Company agrees to issue 9,000,000 options in the capital of the Company (on a post-Consolidation basis) each with a strike price of \$0.05 per share and an expiry date of 5 years from the date of issue to the Chairman of VGW Holdings (**VGW Holdings Chairman Options**);

(viii) the Company agrees to issue 96,926,780 options in the capital of the Company (on a post-Consolidation basis) each with a strike price of \$0.05 per share and expiry dates of up to 5 years from date of issue to VGW Holdings employees and contractors pursuant to an employee share and option plan (**Employee Incentive Options**). Please refer to section 10.4 of this prospectus for details of the Employee Incentive Options;

(ix) the Company agrees to prepare a prospectus for a public offering to ensure the successful relisting of the Company (IPO); and

(x) the Company agrees to propose the company change its name to "VGW Gaming Limited".

(xi) The Company will assume the Convertible Note liabilities of VGW Holdings, unless otherwise converted into shares in the ordinary equity capital of VGW). It is noted that the number of shares referred to in paragraph (iv) includes the conversion of these Notes as agreed with the Noteholders.

(xii) the Company agrees to, subject to any necessary regulatory approvals if required, dispose of its remaining 60% shareholding in AirData Pty Limited to a non-related party in consideration of approximately \$250,000.

(c) Consideration

In consideration of the sale of 100% of the issued share capital in VGW Holdings to the Company, the Company will issue to the VGW Holdings Vendors (or their nominees), on a post-Consolidation basis, a total of:

(i) Up to 979,533,465 Shares;

(ii) Up to 104,662,112 Options, and

(iii) 650,000,000 Performance Shares

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

The Consideration Securities will be subject to any escrow periods imposed by the ASX Listing Rules.

(d) Capital Raising

The Company agrees to complete a minimum fully underwritten capital raising of \$3,500,000, at \$0.05 per Share under a prospectus as part of the Transaction.

(e) Underwriter Options

The Company will issue 72,500,000 Underwriter Options with a terms of three years and an exercise price as follows:

(i) 36,250,000 exercisable at \$0.05; and

(ii) 36,250,000 exercisable at \$0.06.

(f) Board composition

Upon Settlement, the Directors of the Company will consist of four persons appointed by VGW Holdings.

(g) Change of Name

As a result of the Acquisition, the Company proposes to change its name to VGW Gaming Limited.

(h) Representations and warranties and indemnities

The Binding Terms Sheet contained representations and warranties and indemnities given by the Company and VGW Holdings typical for an agreement of this nature.

9.1.5 Airdata Loan and Sale Agreements

From time to time the Company has provided Airdata Pty Ltd (Airdata) with loan funds. On or about 6 November 2015, the Company entered into Deed of Loan Settlement with Airdata Pty Ltd pursuant to which the Airdata will pay to the Company a settlement sum of \$250,000 as to extinguish the loans advanced by the Company to Airdata. Airdata is to pay the settlement sum in 12 monthly payments of \$20,000 in advance and one last payment of \$10,000, provided that if on or before 29 February

2016, the Australian Taxation office does not require Airdata to repay any part of a research and development grant and/or impose any penalty on the Airdata in respect of the research and development grants, then the settlement sum must be paid in full no later than 1 March 2016. The deed of settlement contains additional provisions considered standard for agreements of this nature.

At the date of this Prospectus, the Company holds a 60% interest in Airdata. On or about 6 November 2015, the Company entered into an agreement for sale of shares pursuant to which, subject to completion of the Acquisition, the Company has agreed to sell its 60% holding in Airdata to Ingenius Holdings Pty Ltd in consideration for \$1,000. The deed of settlement contains additional provisions considered standard for agreements of this nature.

9.1.6 SNR Liability Deed of Consent and Release

The Company has entered into Deeds of Consent and Release with the SNR Lenders to convert \$950,000 of liabilities in consideration for 19,000,000 Shares at an issue price of \$0.05 per share.

Pursuant to the agreement, the SNR Lenders have agreed to, subject to completion of the Acquisition, to consent to the transaction, to satisfy the repayment of the liability by the issue of Shares and Options and to forgive the Debt upon receipt of the consideration. The conversion deeds contain additional provisions considered standard for agreements of this nature.

9.1.7 Minimum Risk Deed of Consent and Release

Minimum Risk has loaned the Company amounts totalling \$1,957,027 at 30 June 2015. The Company and Minimum Risk have entered into a Deed of Consent and Release pursuant to which, Minimum Risk has agreed to convert the principal balance owing of \$1,180,504 into 20,000,000 Shares and 6,000,000 \$0.05 Options and reverse all accrued interest.

Pursuant to the agreement, Minimum Risk has agreed to, subject to completion of the Acquisition, to consent to the transaction, to satisfy the repayment of the liability by the issue of Shares and Options and to forgive or reverse any the debt upon receipt

of the consideration. The conversion deed contains additional provisions considered standard for agreements of this nature.

9.1.8 Minimum Risk Underwriting Agreement

The Company has entered into an Underwriting Agreement with Minimum Risk (**Underwriter**) and VGW Holdings pursuant to which the Underwriter has agreed to fully underwrite the Public Offer. The material terms of the Underwriting Agreement are as follows.

Underwriter's obligations

The Underwriter has agreed to arrange, manage and underwrite the Offer.

Commission, fees and expenses

The Company has agreed to pay the Underwriter fees equal to:

- 6% of the underwritten amount (being \$210,000); plus
- 36,250,000 options, each to subscribe for a Share in the Company and exercisable at \$0.05 each within 3 years of the date of issue; plus
- 36,250,000 options, each to subscribe for a Share in the Company and exercisable at \$0.06 each within 3 years of the date of issue.

In addition to the fees described above, the Company has agreed to reimburse the Underwriter for certain agreed costs and expenses incurred by the Underwriter in relation to the Offer.

Termination events

The Underwriter may by written notice to the Company terminate the Underwriting Agreement if any of the following events occur:

- The Company does not provide a certificate confirming it has complied with its obligations under the Underwriting Agreement;
- the constitution of the Company or a Related Corporation of the Company is amended without the prior written consent of the Underwriter (which consent must not be unreasonably withheld);
- a judgment in an amount exceeding \$1,000,000.00 is obtained against the Company or a Related Corporation of the Company and is

- not set aside or satisfied within seven days;
- any distress, attachment, execution or other process of a Government Body in an amount exceeding \$1,000,000.00 is issued against, levied or enforced on any of the assets of the Company or a Related Corporation of the Company and is not set aside or satisfied within seven days;
 - a receiver, receiver and manager, trustee, administrator or similar official is appointed, or steps are taken for such appointment, over any of the assets or undertaking of the Company or a Related Corporation of the Company;
 - the Company or a Related Corporation passes or takes any steps to pass a resolution under either section 188(2) of the Corporations Act or its successor section 254N, without the prior written consent of the Underwriter;
 - the Company or a Related Corporation passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
 - the Company or a Related Corporation of Synergy suspends payment of its debts generally;
 - the Company or a Related Corporation of Synergy is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
 - the Company or a Related Corporation of Synergy ceases or threatens to cease to carry on business;
 - steps are taken by anyone entitled to do so, to appoint an administrator to the Company or a Related Corporation of the Company;
 - an application or order is made for the winding up or dissolution of the Company or a Related Corporation of the Company or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the Company or a Related Corporation of the Company and the winding up is not set aside within seven days otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Underwriter;
 - there is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs, involving the Commonwealth of Australia, Japan, the United Kingdom, the United States of America or the People's Republic of China;
 - a Court concludes that the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant given or made by it under the Underwriting Agreement;
 - quotation of the Company Shares under the Offer is not unconditionally approved by the ASX by 5.00pm on Applications Closing Date (as defined in the Underwriting Agreement) or is withdrawn on or before 12.00pm on the Shortfall Allotment Date (as defined in the Underwriting Agreement);
 - a Court or ASIC concludes that the Prospectus does not contain all such information as investors and their professional advisers would reasonably require and reasonably expect to find in the Prospectus for the purpose of making an informed assessment of:
 - the effect of the Offer on the Company; and
 - the rights attaching to the Company Shares being offered pursuant to the Prospectus,
 or concludes that the Prospectus otherwise fails to comply with the Corporations Act or any other material applicable law;
 - ASIC applies for an order under section 739 of the Corporations Act in relation to the Prospectus and the application is not dismissed or withdrawn before the Applications Closing Date (as defined in the Underwriting Agreement);
 - any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
 - ASIC gives notice of intention to hold a hearing in relation to the Prospectus under section 739(3) of the Corporations Act or makes an interim order under section 1033(4) of the Corporations Act;
 - except for the allotment and issue of the Underwritten Shares (as defined in the Underwriting Agreement), any of the matters set forth in section 652C of the Corporations Act occurs in respect of the Company or any Related Corporation of the Company;
 - there is a material omission from the results of the due diligence investigation performed in respect of the Company or the verification material or the results of the due diligence investigation or the verification material are false or misleading; or

- a director of the Company or any Related Corporation of the Company is charged with an indictable offence relating to a financial or corporate matter.

Termination events subject to materiality

If any of the following events occur and the Underwriter determines in good faith that the event (i) has had or could have a material adverse effect on the Offer or (ii) has or could make the Underwriter liable under section 1005(1) of the Corporations Act, the Underwriter may by written notice to the Company terminate the Underwriting Agreement:

- any of the following occurs which does or is likely to prohibit, restrict or regulate the Offer or reduce the likely level of valid applications or materially affects the financial position of the Company:
 - the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory; or
 - the adoption by ASX or ASIC or their respective delegates of any regulations or policy;
- the Company or any Related Corporation of the Company fails to comply with any of the following:
 - a provision of its constitution;
 - any statute;
 - the ASX Listing Rules;
 - a requirement, order or request made by or on behalf of ASIC, ASX or any government body; or
 - any agreement entered into by it;
- any material contract to which the Company is a party is terminated or amended without the prior written consent of the Underwriter (which consent must not be unreasonably withheld);
- the Company or any Related Corporation of the Company takes any steps to alter its capital structure without the prior written consent of the Underwriter (which consent must not be unreasonably withheld);
- the level of the ASX 300 Index, as published in the Australian Financial Review, declines by an aggregate amount of 20% in the 20 consecutive Business Days preceding the Applications Opening Date (as defined in the Underwriting Agreement);
- any information supplied by the Company or on its behalf to the Underwriter in respect of the Offer is or becomes false or misleading; or
- ASX makes a statement to any person that official quotation of the Company Shares under the Offer will not be granted.

Warranties

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Underwriter relating to matters such as conduct by the Company and information provided by the Company in relation to the Offer.

Indemnity

Subject to certain exclusions relating to, amongst other things, negligence, bad faith, fraud or wilful misconduct of an indemnified party, the Company agrees to keep the Underwriter and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.2 VGW HOLDINGS AGREEMENTS

9.2.1 Distribution, marketing and payment facility agreement with Facebook

Under this contract, Facebook, provides distribution, marketing and payment processing services in relation to VGW Holdings Chumba Casino website. This contractual arrangement is integral to VGW Holdings, as Facebook ads refer traffic to the Chumba Casino Facebook application and allow users to make payments through Facebook infrastructure.

The contract is on Facebook's standard terms and conditions and is ongoing until terminated. Facebook can terminate for convenience by giving written notice to VGW Holdings.

VGW Holdings would seek to replace Facebook with another marketing and payment service provider in the event VGW Holdings contractual relationship with Facebook were to terminate.

9.2.2 Payment facility agreement with PayPal

Under this contract, PayPal provides a payment gateway for users to deposit funds and withdraw sweepstakes winnings on Chumba Casino's website. This contractual arrangement is integral to VGW Holdings, as substantial volumes of inbound and outbound transactions take place via PayPal.

The contract is on PayPal's standard terms and conditions and are ongoing until terminated. PayPal can terminate for convenience by giving written notice to VGW Holdings.

VGW Holdings would seek to replace PayPal with another payment service provider in the event VGW Holdings contractual relationship with PayPal were to terminate.

9.2.3 Hosting agreement with Amazon Web Services

Under this contract, Amazon provides a hosting platform for Chumba Casino's website. This contract is important to VGW Holdings as an online business.

The contract is on Amazon Web Services' standard terms and conditions and is ongoing until terminated. Amazon Web Services can terminate for convenience by giving 30 days' written notice to VGW Holdings.

VGW Holdings would seek to replace Amazon Web Services with another website hosting service provider in the event VGW Holdings contractual relationship with Amazon Web Services were to terminate.

9.2.4 Employment Agreement with Nigel Blythe-Tinker (Proposed Director & Chairman)

VGW Holdings and Mr Blythe-Tinker have entered into an employment agreement pursuant to which Mr Blythe-Tinker has been engaged as the Executive Chairman and Chief Legal Officer of the company. Upon Completion of the Acquisition, Mr Blythe-Tinker will be appointed a Director and Chairman of the Company and the Company would assume this contract. The agreement has been in place since 15 August 2015.

Mr Blythe-Tinker is paid a salary of \$260,000 per annum. Mr Blythe-Tinker is also entitled to receive:

- a one-off bonus of \$35,000 on the implementation of the Acquisition and relisting of the Company on ASX; and
- 9,000,000 Chairman's Options and 9,000,000 Employee Incentive Options on the implementation of the Schemes. The issue of these Options are subject to Shareholder approval at the general meeting.

The employment agreement contains additional provisions considered standard for agreements of this nature.

9.2.5 Employment Agreement with Laurence Escalante (Proposed Director and Chief Executive Officer)

VGW Holdings and Mr Laurence Escalante have entered into an employment agreement pursuant to which Mr Laurence Escalante has been engaged as an Executive Director and the Chief Executive Officer (CEO) of the company. Upon Completion of the Acquisition, Mr Laurence Escalante will be appointed a Director and CEO of the Company and the Company would assume this contract. The agreement has been in place since 1 October 2015.

Mr Laurence Escalante is paid a salary of \$280,000 per annum. Mr Escalante is also entitled to receive:

- a one-off bonus of \$40,000 on the successful completion of the capital raisings being undertaken by the company;
- a one-off bonus of \$40,000 on the implementation of the Acquisition and relisting of the Company on ASX; and
- 25,000,000 Vesting Employee Incentive Options and 5,986,160 Employee Incentive Options on the implementation of the Acquisition. The issue of these Options are subject to Shareholder approval at the general meeting.

The employment agreement contains additional provisions considered standard for agreements of this nature.

9.2.6 Employment Agreement with Mats Johnson (Proposed Director)

VGW Holdings and Mr Johnson have entered into an employment agreement pursuant to which Mr Johnson has been engaged as an Executive Director and the Chief Marketing Officer (CMO) of the company. Upon Completion of the Acquisition, Mr Johnson will be appointed a Executive Director and CMO of the Company and the Company would assume this contract. The agreement has been in place since 1 October 2015.

Mr Johnson is paid a salary of \$240,000 per annum. Mr Johnson is also entitled to receive 9,720,300 Employee Incentive Options on the implementation of the Acquisition. The issue of these Options are subject to Shareholder approval at the general meeting.

The employment agreement contains additional provisions considered standard for agreements of this nature.

9.2.7 Employment Agreement with Rointon Nugara

VGW Holdings and Mr Nugara have entered into an employment agreement pursuant to which Mr Nugara has been engaged as the Chief Financial Officer(CFO) and Company Secretary of the company. Upon Completion of the Acquisition, Mr Nugara will be appointed a CFO and Company Secretary of the Company and the Company would assume this contract. The agreement has been in place since 1 March 2014.

Mr Nugara is paid a salary of \$240,000 per annum. Mr Nugara is also entitled to receive:

- an allotment of 4,166,667 Employee Shares on 1 January 2016;
- a bonus of \$10,000 per annum based on certain performance milestones;
- a one off- bonus of \$30,000 on the implementation of the Schemes and relisting of the Company on ASX; and
- 5,186,160 Employee Incentive Options on the implementation of the Schemes. The issue of these Options are subject to Shareholder approval at the general meeting.

The employment agreement contains additional provisions considered standard for agreements of this nature.

9.2.8 Employment Agreement with Kevin Brown

VGW Holdings and Mr Brown have entered into an employment agreement pursuant to which Mr Brown has been engaged as the Chief Operating Officer (COO) of the company. Upon Completion of the Acquisition, Mr Brown will be appointed a COO of the Company and the Company would assume this contract. The agreement has been in place since 1 June 2014.

Mr Brown is paid a salary of \$220,000 per annum. Mr Brown is also entitled to receive:

- an allotment of 3,333,333 Shares on 1 January 2016;
- a one-off bonus of \$175,000 based on VGW Holdings achieving certain gaming revenue targets; and
- 4,786,160 Employee Incentive Options on the implementation of the Schemes. The issue of these Options are subject to Shareholder approval at the general meeting.

The employment agreement contains additional provisions considered standard for agreements of this nature.

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10 Additional Information



10 Additional Information

10.1 LITIGATION

As at the date of this Prospectus, our Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against our Company, other than that referred to below.

On 30 August 2013, Synergy announced it has received correspondence from King & Wood Mallesons who act for Mr Frank Stranges, a previous non-executive director and the previous executive chairman of Synergy. The letter claims that Mr Stranges is owed \$171,856.30 in outstanding director fees for a period of time he served in these capacities, including during the period whilst the company was in voluntary administration.

Synergy strongly refutes any claim by Mr Stranges that he is owed compensation for outstanding director fees and Synergy will vigorously defend any action brought by Mr Stranges in respect of the same. Since that date, on 22 December 2015, the Company received another letter on Mr Stranges behalf requesting payment before 18 January 2016.

10.2 RIGHTS AND LIABILITIES ATTACHING TO SHARES

The Shares offered under this Prospectus will be fully paid ordinary shares in the issued capital of the Company and will, upon issue, rank equally with all other Shares then on issue.

The rights and liabilities attaching to Shares are regulated by the Company's Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and common law. The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and

payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting

in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Variation of rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

10.3 RIGHTS AND LIABILITIES ATTACHING TO OPTIONS

The terms and conditions of the VGW Holdings, Chairman, Vesting Employee Incentive, Minimum Risk and Underwriter Options being offered under this Prospectus are as follows:

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each VGW Holdings Option will be \$0.05 (**Exercise Price**).

Subject to paragraph (i), the amount payable upon exercise of each Chairman and Vesting Employee Incentive Options will be \$0.05 (**Exercise Price**).

Subject to paragraph (i), the amount payable upon exercise of each Minimum Risk Option will be \$0.05 (**Exercise Price**).

Subject to paragraph (i), the amount payable upon exercise of Underwriter Options will be \$0.05 or \$0.06 (**Exercise Price**).

(c) Expiry Date

Each VGW Holdings Option will expire at 5:00 pm (WST) on 14 August 2017 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Each Chairman and Vesting Employee Incentive option will expire at 5:00 pm (WST) on a date which is 5 years from issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Each Minimum Risk Option will expire at 5:00 pm (WST) on a date which is 3 years from issue (**Expiry Date**). A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

Each Underwriter Option will expire at 5:00 pm (WST) on a date which is 3 years from 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 later of the following:

- (A) the Exercise Date; and
- (B) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (C) 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;
- (D) 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
- (E) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(D) 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) 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.

(j) 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 New Options.

(k) 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.

(l) Not Quoted

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

(m) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

10.4 RIGHTS AND LIABILITIES ATTACHING TO EMPLOYEE INCENTIVE OPTIONS

The terms and conditions of the Employee Incentive Options being offered under this Prospectus are as follows:

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph 10.3(i), the amount payable upon exercise of each Option will be \$0.05 (Exercise Price).

(c) Expiry Date

Unless specified otherwise on the grant of any Options, each Option will expire at 5:00 pm (WST) on 5 years from 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) Date of issue

Will be the date defined in the plan (date the Board issues the options to the Eligible Person).

(f) The Performance Period

For the purpose of the vesting criteria set out below will commence on the day the Company is listed and will run until 30 June 2018.

(g) The Exercise Conditions (Performance Criteria):

50% of the Employee Incentive Options will be subject to performance condition Criteria 1 – Revenue Targets below whilst the other 50% of the Employee incentive Options will be subject to performance condition Criteria 2 – Total Shareholder Return Target

Criteria 1 – Revenue Targets

50% of the options will vest in three equal instalments (1/3rd each year) subject to VGW achieving the following revenue targets:

- 1 Year ending 30 June 2016 AUD \$10 million in audited annual revenue
- 2 Year ending 30 June 2017 AUD \$30 million in audited annual revenue
- 3 Year ending 30 June 2018 AUD \$50 million in audited annual revenue

The Vesting Date will be the date the Board determines that the revenue hurdles have been met, the Board will make that determination based on the audited annual accounts of the Company.

Criteria 2 – TSR Target

50% of the options will vest after 30 June 2018 if the Board determines, based on audited accounts that the Total Shareholder Return (TSR) is 100% greater than the return on the All Ordinaries Accumulation Index (XAOAI) over the Performance Period.

TSR is a measure which combines share price appreciation over a period and dividends paid during that period (assuming that they are reinvested into Shares) to show the total return to Shareholders over that period. When calculating the Company's TSR, its Share price at the beginning and end of the performance period will be calculated as the volume weighted average price of Shares on ASX over the 30 days immediately preceding the relevant dates.

The Vesting Date will be the date the Board determines that the TSR hurdle has been met, the Board will make the determination based on the audited annual accounts of the Company and data available from the Australian Stock Exchange.

(h) Cessation of Employment

Options will not vest if a Participant has resigned or given notice of resignation prior to the Board making a decision on whether the vesting conditions have been met.

If a Participant's termination of employment is due to Special Circumstances the Participant's awards will continue to vest subject to meeting the performance criteria set out in 1 and 2 above, except in the case of Death or Total and Permanent Disability, in which case vesting will be effective as soon as the Board have been able to exercise their discretion and confirm the vesting of the awards. In the case of Redundancy vesting of options will also be conditional upon the Participant not entering in to a Restricted Activity prior to vesting.

If a Participant's termination is due to Cause or it has been discovered post termination that the participant engaged in a Cause type activity, all unvested options and all vested but unexercised options will be cancelled and forfeited.

(i) Vesting Criteria holding period

Options vesting under criteria 1 (1/3rd each year) are able to be exercised by the Participant as soon as

practically possible after Board has confirmed the vesting. At that point participants are able to sell sufficient shares to cover their tax liability and also the exercise price of the options. However, the remaining shares must be held by the Participant until the options under criteria 2 and 3 have also been vested and settled on the Participant.

Notwithstanding the vesting of awards under criteria 1, 2 and 3 above, it shall be an additional condition to vesting, exercise, settlement and lapse of Blocking Restrictions of an Award (as applicable) that a Participant not, at any time prior to the date on which vesting, exercise, settlement or lapse of Blocking Restrictions thereof is otherwise required to take place: (i) directly or indirectly disclose or other misuse any non-public, secret, confidential, or proprietary information that \ belongs to or concerns the Group or its current, former or prospective employees or other personnel, clients, customers, vendors or counterparts to whom the Group owes a duty of confidentiality, or any intellectual property of the Group or that such holder learned by reason of his or her association with the Group or directly or indirectly use any such information to the detriment of the Group or for personal gain or for the gain of a third party or (ii) willfully engage in any other conduct that is materially detrimental to any interest of the Group.

(j) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) 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.

(l) 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.

(m) 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.

(n) Not Quoted

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

(o) Transferability

The Options are not transferable.

10.5 RIGHTS AND LIABILITIES ATTACHING TO PERFORMANCE SHARES

At completion of the Acquisition, the Company will have six classes of Performance Shares being Class A, Class B, Class C, Class D, Class E, and Class F, Performance Shares

All six classes will have the same terms save for the performance milestones specified in Section (a) below.

A summary of the terms and conditions of the Performance Shares are detailed below.

(a) Rights attaching to Performance Shares*(i) Nature of Performance Share*

Each Performance Share is a share in the capital of the Company.

(ii) General Meetings

A Performance Share confers on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. The holder has the right to attend general meetings of Shareholders of the Company.

(iii) No Voting Rights

A Performance Share does not entitle the holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.

(iv) No Dividend Rights

A Performance Share does not entitle the holder to any dividends.

(v) Rights on Winding Up

The holder is not entitled to participate in the surplus profits or assets of the Company upon the winding up of the Company.

(vi) Not Transferable

A Performance Share is not transferable, except as otherwise contemplated by these terms.

(vii) Reorganisation of Capital

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the applicable rules of any recognised securities exchange where the Company's Shares are listed (Recognised Securities Exchange) at the time of reorganisation (for example, the ASX Listing Rules).

(viii) Application to Recognised Securities Exchange

If the Company is admitted to the Official List of a Recognised Securities Exchange (such as the ASX), a Performance Share will not be quoted on the Recognised Securities Exchange. However, upon conversion of a Performance Share into one (1) Share in accordance with clause (b)(i), the Company must after the conversion, apply for the quotation on the relevant Recognised Securities Exchange of the Shares arising from the conversion in accordance with the rules of the Recognised Securities Exchange.

(ix) Amendments required by a Recognised Securities Exchange

The terms of the Performance Shares may be amended by the Directors of the Company as reasonable or necessary in order to comply with the rules of a Recognised Securities Exchange, or any directions of the Recognised Securities Exchange regarding

the terms, including where necessary to enable the Company to list on a Recognised Securities Exchange.

(x) *Participation in Entitlements and Bonus Issues*

The holder of a Performance Share will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(xi) *No Return of Capital*

A Performance Share does not entitle the holder to the return of any capital whether in a winding up, upon a reduction of capital or otherwise.

(xii) *No Other Rights*

A Performance Share gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(b) Conversion of Performance Shares

(i) *Conversion on achievement of Milestones*

Subject to clauses (b)(iii), (b)(iv), (b)(v) and (c) below, a Performance Share will convert into one (1) Share upon:

- A. in the case of the Class A Performance Shares, the achievement of A\$10.0 million in audited Annual Net Revenue by the Company (**Class A Milestone**);
- B. in the case of the Class B Performance Shares, the achievement of A\$20.0 million in audited Annual Net Revenue by the Company (**Class B Milestone**);
- C. in the case of the Class C Performance Shares, the achievement of A\$30.0 million in audited Annual Net Revenue by the Company (**Class C Milestone**);
- D. in the case of the Class D Performance Shares, the achievement of A\$40.0 million in audited Annual Net Revenue by the Company (**Class D Milestone**);

- E. in the case of the Class E Performance Shares, the achievement of A\$50.0 million in audited Annual Net Revenue by the Company (**Class E Milestone**) and

- F. in the case of the Class F Performance Shares, the achievement of A\$100.0 million in audited Annual Net -Revenue by the Company (**Class F Milestone**).

Annual Net Revenue means the gross revenues (or player purchases) less refunds for the Company's fiscal year (being the period from 1 July to 30 June next) determined in accordance with *Generally Accepted Accounting Standards*; and a determination as whether or not the above Milestones have been achieved, will be made by the Company's auditor immediately after completion of the audit of the Company's financial statements. In the absence of manifest error, the auditor's determination will be conclusive and binding on both the Company and the Holder.

(ii) *Conversion on Control Event*

Subject to clauses (b)(iii), (b)(iv) and (b)(v), and (c) below, a Performance Share will convert into one (1) Share upon a Control Event occurring provided always that if the Company is admitted to the Official List of a Recognised Securities Exchange (such as the ASX), the maximum number of Shares, in aggregate, a Holder of Performance Shares may obtain is 10% of the issued ordinary capital of the Company as at the date of conversion.

For the purposes of this clause, a Control Event means any of the following:

- A. an offer is made by a person for the whole of the issued ordinary share capital of the Company (or any part as it is not at the time owned by the offeror or any person acting in concert with the offeror);
- B. any other event which the holder of the Performance Shares or the Company

reasonably considers should be regarded as an event which changes the control of the Company,

but does not include any transaction or event required to occur (at the reasonable discretion of the Board of the Company) as part of or to facilitate the Company becoming listed on a Recognised Securities Exchange.

(iii) Expiry Date

The Milestones must be achieved on or before that date which is five (5) years following the issue date of the Performance Shares.

(iv) No conversion if Milestone not Achieved

Subject to clauses (b)(iii), (b)(v) and clause (c) below, if a Milestone is not achieved on or before the Expiry Date, then all of the relevant Performance Shares held by the holder will automatically consolidate into one (1) Share only (**Automatic Conversion**).

(v) Compliance with law

The conversion of a Performance Share is subject to compliance at all times with the Corporations Act and, if applicable, the rules of the Recognised Securities Exchange on which the Company is listed.

(vi) Conversion Procedure

The Company will issue the holder with a new Share certificate or (if applicable) holding statement for the Shares as soon as practicable following the conversion of a Performance Share into a Share in accordance with condition (b)(i).

(vii) Ranking of Shares

The Shares into which the Performance Shares will convert will rank *pari passu* in all respects with existing Shares and will confer rights identical with all other Shares then on issue.

(c) Shareholder Approval – Takeover Provisions

(i) Conversion Event

Where conversion of Performance Shares is to occur as a consequence of either:

- A. the achievement of a Milestone (pursuant to clause (b)(i));
- B. the occurrence of a Control Event (pursuant to clause (b)(ii));
- C. Automatic Conversion (pursuant to clause (b)(iv)); or
- D. any other provision of these terms,

(each a **Conversion Event**), and the issue of the Shares on conversion of the Performance Shares (**Conversion Shares**) will or will be likely to result in an acquisition of a relevant interest in the Company's Shares which causes the voting power in the Company of any person and their associates (as defined in the Corporations Act) (**Defined Person**) exceeding, in aggregate, 19.99% (a **Threshold Event**), the Company must follow the procedure set out in (c)(ii) below.

(ii) Shareholder Approval

Where clause (c)(i) applies, prior to issuing the Conversion Shares:

- A. the Company must provide the Defined Person with 20 days after the Conversion Event occurs (Prescribed Period) to divest itself of the Performance Shares or make such other arrangements as may be necessary or appropriate so that the issue of the Conversion Shares will not result in a Threshold Event; and
- B. if at the end of the Prescribed Period, a Threshold Event still will or will be likely to occur as a result of the issue of the Conversion Shares, the Company must as soon as reasonably practicable and within 60 days after the Conversion Event, do all such things, including without limitation, convening one or more Shareholder meetings to obtain the Shareholder

Approval (Approval Meeting), preparing and circulating to its members all materials required for the Approval Meeting and engaging any experts required, reasonably necessary to seek shareholder approval to issue the Conversion Shares pursuant to section 611 (Item 7) of the Corporations Act (Shareholder Approval); and

- C. If Shareholder Approval is not obtained at the Approval Meeting, the Company will provide the holder with a further 30 days to divest itself of the Performance Shares or make such other arrangements as may be necessary or appropriate so that the issue of the Conversion Shares will not result in a Threshold Event.

(iii) *Unconverted Performance Shares*

Where clauses (c) (i) and (ii) apply, provided that the procedure in clause (c)(ii)(A)-(C) has been followed, the Company will issue the Conversion Shares:

- A. if the Shareholder Approval has been obtained;
- B. if a Threshold Event will not occur; or
- C. only to the extent possible without resulting in a Threshold Event, and any other Performance Shares will remain unconverted (**Unconverted Performance Shares**) if:
 - the Shareholder Approval has not been obtained;
 - a Threshold Event will occur if all of the Conversion Shares are issued.

Where there are Unconverted Performance Shares, the Conversion Shares in respect of the Unconverted Performance Shares will be converted when, in the Company's reasonable opinion, the issuance would no longer result in a Threshold Event.

10.6 EMPLOYEE SHARE & OPTION PLAN

The Company has established a new equity incentive plan (Incentive Plan) prior to the date of this Prospectus to assist in the motivation, retention and reward of senior management and other employees. The Incentive Plan is designed to align the interests of senior management and other employees with the interests of Shareholders by providing an opportunity for the participants to receive an equity interest in the Company.

At the date of this Prospectus, the Company has not issued any equities to senior management or other employees under the newly adopted Incentive Plan.

Rules of the Incentive Plan

The rules of the Incentive Plan (**Plan Rules**) provide the framework under which the Plan and individual grants will operate.

The key features of the Incentive Plan are detailed below.

- (a) This Plan is to extend to such Eligible Persons or Eligible Associate (as the case may be) of the Company or an Associated Body Corporate of the Company as the Board may in its discretion determine.
- (b) The total number of Securities which may be offered by the Company under this Plan must not at any time exceed 5% of the Company's total issued Shares when aggregated with the number of Securities issued, or that may be issued, as a result of offers made at any time during the previous 3 year period under:
 - (i) an employee incentive scheme covered by ASIC CO 14/1000; or
 - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
- (c) The Shares are to be issued at a price determined by the Board at its sole discretion.
- (d) The Options are to be issued for no consideration.

- (e) The exercise price of an Option is to be determined by the Board at its sole discretion.
- (f) The Option Commencement Date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board prior to the issuance of the relevant Options.
- (g) The Option Period commences on the Option Commencement Date and ends on the earlier of:
- (i) the expiration of such period nominated by the Board at its sole discretion at the time of the grant of the Option but being not less than 2 years; or
 - (ii) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of an Uncontrollable Event, the earlier of:
 - A. the expiry of the Option Period; or
 - B. 6 months (or such other period as the Board may, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
 - (iii) if an Eligible Person's employment or engagement with the Company or an Associated Body Corporate ceases because of a Controllable Event:
 - A. the expiry of the Option Period; or
 - B. 3 months (or such other period as the Board may, in its absolute discretion, determine) from the date on which the Eligible Person ceased that employment or engagement; or
 - (iv) the Eligible Person ceasing to be employed or engaged by the Company or an Associated Body Corporate of the Company due to fraud, dishonesty or being in material breach of their obligations to the Company or an Associated Body Corporate.
- (h) Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Persons (or their Eligible Associates where applicable) of the Company or an Associated Body Corporate of the Company. The Board is entitled to determine:
- (i) subject to paragraph (b), the total number of Shares and Options to be offered in any 1 year to Eligible Persons or Eligible Associates;
 - (ii) the Eligible Persons to whom offers will be made; and
 - (iii) the terms and conditions of any Shares and Options granted, subject to the Plan.
- (i) In respect of Options, Option holders do not participate in dividends or in bonus issues unless the Options are exercised.
- (j) Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the ASX Listing Rules.
- (k) In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options the Company may adjust the exercise price for the Options in accordance with the formula in the terms of the Plan.
- (l) The Board has the right to vary the entitlements of Participants to take account of the effect of capital reorganisations, bonus issues or rights issues.
- (m) The terms of the Options will only be changed if holders (whose votes are not to

be disregarded) of Shares in the Company approve of such a change. However, the terms of the Options will not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

- (n) The Board may impose as a condition of any offer of Shares and Options under the Plan any restrictions on the transfer or encumbrance of such Shares and Options as it determines.
- (o) The Board may vary the Plan.
- (p) The Plan is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Eligible Person under the terms of his or her employment or arrangement.
- (q) At any time from the date of an Offer until the Acceptance Date of that Offer, the Board undertakes that it will provide information as to:
 - (i) the Current Market Price of the Shares; and
 - (ii) the acquisition price of the Shares or Options offered where this is calculated by reference to a formula, as at the date of the Offer,

to any Participant within 3 Business Days of a written request to the Company from that Participant to do so.
- (r) Any Offer made pursuant to this Plan will specify whether subdivision 83A-C of the applicable Tax Laws applies to that Offer such that any tax payable by a Participant under the Offer will be deferred to the applicable deferred taxing point described in that subdivision.

In the Plan:

Controllable Event means cessation of employment or engagement other than by an Uncontrollable Event.

Uncontrollable Event means:

- (a) death, serious injury, disability or illness which renders the Eligible Person

incapable of continuing their employment or engagement (or providing the services the subject of the engagement) with the Company or Associated Body Corporate;

- (b) forced early retirement, retrenchment or redundancy; or
- (c) such other circumstances which results in an Eligible Person leaving the employment of or ceasing their engagement with the Company or Associated Body Corporate and which the Board determines is an Uncontrollable Event.

As detailed in Section 2.5, pursuant to the Company's Employee Share Option Plan, the Company has agreed to issue 47,350,067 Shares to VGW Holdings Employees (no participation of proposed directors). Subject to completion of the Acquisition, the Company will have the following Plan shares on issue:

Class	Number
5 cents Plan Shares	47,350,067
Total	47,350,067

The Company will enter into a loan agreement with each VGW Holdings Employee for the provision of a loan for the purpose of each VGW Holdings Employee subscribing for Shares pursuant to the Employee Share Option Plan.

Each loan will be provided on the following key terms and otherwise subject to the terms and conditions of the Employee Share Option Plan, a summary of which is set out above:

- (a) **limited recourse:** recourse under the loan will be limited to the Shares, any dividends or distributions that are paid on the Shares and the proceeds of their sale. In the event the Shares are sold to repay the loan but the sale proceeds are insufficient to cover the amount of the loan which is outstanding, the Company cannot recover the remaining amount from the VGW Holdings Employee. Conversely, where the sale proceeds are greater than the amount of the loan the Company will not receive any additional repayment as the VGW Holdings Employee is entitled to the surplus proceeds;

- (b) **interest free:** the loan will be interest free; and
- (c) **term:** the term of the loan will be 5 years from the date of issue of the Shares, subject to earlier repayment in accordance with the terms of the Employee Share Option Plan (eg all Shares are either forfeited, cancelled, bought back by the Company or sold to a third party, the VGW Holdings Employee ceases to be an employee of the Company, a subsidiary of the Company or a member of the Group or an event of insolvency occurs).

Shareholder approval for the newly adopted Employee Share Option Plan is being sought at the General Meeting.

As detailed in Section 2.5, pursuant to the Company's Employee Share Option Plan, the Company has agreed to issue and 96,926,780 Options to VGW Holdings Employees (inclusive of 50,801,460 Options being offered to Mr Nigel Blythe-Tinker, Mr Laurence Escalante, Mr Mats Johnson and Mr Lorenzo Escalante).

Please refer to Section 10.4 for a summary of the key terms and otherwise subject to the terms and conditions of the Employee Share Option Plan, a summary of which is set out above.

10.7 INTERESTS OF DIRECTORS

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
- (i) the formation or promotion of the Company; or
 - (iii) the Offer.

10.8 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out below or elsewhere in this Prospectus, no:

- (d) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (e) promoter of the Company; or
- (f) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:
- (d) the formation or promotion of the Company; or
- (e) the Offer.

Sothertons L.L.P has acted as Investigating Accountant and has prepared the Investigating

Accountant's Report which is included in Section 7 of this Prospectus. VGW Holdings estimates it will pay Sothertons L.L.P a total of \$30,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Sothertons L.L.P has received \$30,201 in fees from VGW Holdings for auditing services.

H2 Gambling Capital have provided an independent assessment of the current US gaming market which is included in Section 4 of this Prospectus. In consideration for providing this report, it is estimated that H2 Gambling will be paid a total of £20,250 (British pounds) (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, H2 Gambling Capital has received £20,250 (British pounds) in fees from VGW Holdings for consulting services

Hunt and Humphry Project Lawyers has acted as the solicitors to the Company in the preparation of this Prospectus. The Company estimates it will pay Hunt and Humphry Project Lawyers \$25,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Hunt and Humphry Project Lawyers has received or entitled to receive \$50,000 (excluding GST and disbursements) in fees from the Company up for other legal services in relation to the Acquisition.

Minimum Risk Pty Ltd has agreed to act as Underwriter to the Public Offer. In consideration of fully underwriting the Public Offer, the Company has agreed to pay Minimum Risk an underwriting commission of \$210,000 (excluding GST) together with 72,500,000 Underwriter Options for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Minimum Risk has not received any fees from the Company.

Each of the parties referred to in this Section:

- (g) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (h) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than

a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Sothertons L.L.P has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of its independent assessment the Investigating Accountant's Report in Section 7 of this Prospectus in the form and context in which the information and report is included. Sothertons L.L.P has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

H2 Gambling Capital has given its written consent to being named in this Prospectus and to the inclusion of its independent assessment of the current US gaming market which is included in Section 4 of this Prospectus in the form and context in which the information and report is included. H2 Gambling Capital has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Hunt and Humphry Project Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus. Hunt and Humphry Project Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Minimum Risk Pty Ltd has given its written consent to being named as the Underwriter in this Prospectus. Minimum Risk Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Security Transfer Registrars Pty Limited has given its written consent to being named as the share registry to the Company in this Prospectus. Security Transfer Registrars Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

RSM Bird Cameron has given its written consent to being named as the auditor to the Company in this Prospectus. RSM Bird Cameron has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

10.9 EXPENSES OF THE OFFER

The total expenses of the Offer (excluding GST) are estimated to be approximately \$334,055 for full subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Full Subscription (\$)
ASIC fees	2,320
ASX fees	46,735
Underwriter Fee	210,000
Legal Fees	25,000
Investigating Accountant's Fees	30,000
Printing and Distribution	10,000
Share Registry Costs	5,000
Miscellaneous	5,000
Total	334,055

10.10 EFFECT OF THE OFFERS ON CONTROL AND SUBSTANTIAL SHAREHOLDERS

As at the date of this Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue (on a pre-Consolidation basis):

Shareholder	Shares	%
Dynacap Global Performance	86,666,667	11.71%
Impact Nominees Pty Ltd ¹	85,867,201	11.6%
Domenal Enterprises Pty Ltd ¹	49,675,114	6.71%
Mr Robin Scott Rindel	43,333,333	5.85%

Note:

- 1 Mr Domenic Martino a Director of the Company is also a director of Impact Nominees Pty Ltd as trustee for the Sydney Investment Trust and Domenal Enterprises Pty Ltd as trustee for the DVM Superannuation Fund. Please refer to Section 8.3 for further details.

On completion of the Acquisition (assuming full subscription of the Offers), the following Shareholders are expected to hold 5% or more of the total number of Shares on issue (on a post-Consolidation basis):

VGW Holdings Vendor	Shares	Performance Shares	Options	% (undiluted)	% (fully diluted)
Lance East Corporation ¹	440,000,000	650,000,00	30,986,160	39.9%	55.1%

Note:

- 1 This entity is associated with Mr Laurence Escalante, a Proposed Director.

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

10.11 CONTINUOUS DISCLOSURE OBLIGATIONS

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

10.12 ELECTRONIC PROSPECTUS

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the ASX company announcements platform or the Company’s website at www.vgw.co.

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

10.13 FINANCIAL FORECASTS

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the

Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

10.14 TAXATION

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

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

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

10.15 DIVIDEND POLICY

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company.

It is anticipated that, following completion of the Acquisition, the Company will focus on the business and opportunities of VGW Holdings and the VGW Holdings Products. At the date of issue of this Prospectus, the Company does not intend to declare or pay any dividends in the short to medium term as the Company intends to implement its strategies.

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

10.16 CLEARING HOUSE ELECTRONIC SUB-REGISTER SYSTEM (CHESS) AND ISSUER SPONSORSHIP

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

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

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

10.17 PRIVACY STATEMENT

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Security holder and to facilitate distribution payments and corporate communications to you as a Security holder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation

including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

For personal use only

11

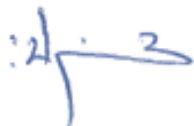
Directors' Authorisation



11 Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



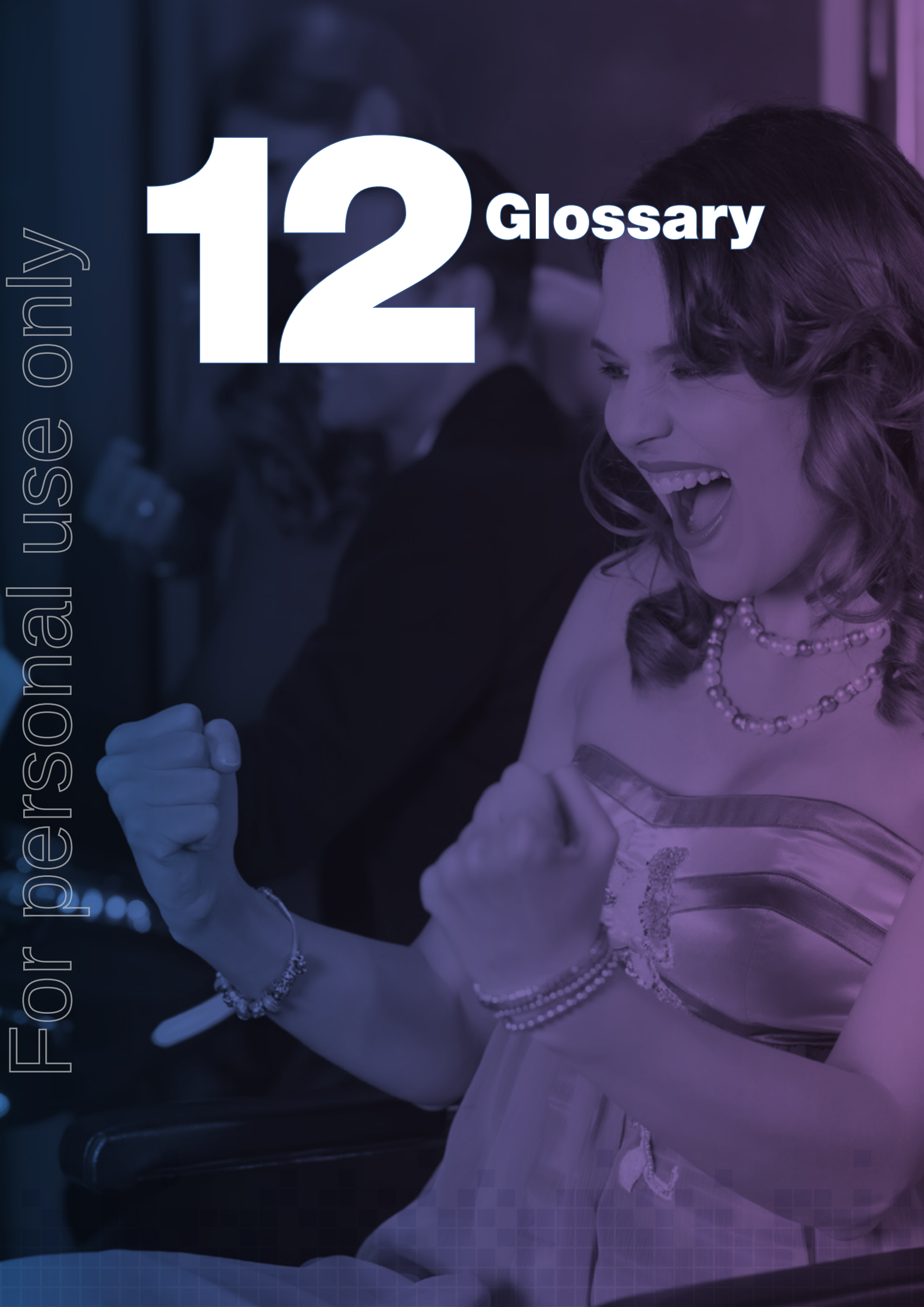
Jakob Tsaban

Joint Company Secretary

For and on behalf of
Synergy Plus Limited

For personal use only

12 Glossary



12 Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$ means Australian dollars.

\$0.05 Options means Options to acquire a share at \$0.05 per share with an expiry date of 3 years from the date of issue and otherwise on the terms and conditions set out at Section 10.3 of this Prospectus.

\$0.06 Options means Options to acquire a share at \$0.06 per share with an expiry date of 3 years from the date of issue and otherwise on the terms and conditions set out at Section 10.3 of this Prospectus.

Acquisition means the commence of trading on the ASX of the Company under the ASX code 'VGW'.

Admission means the commencement of trading on the ASX of the Company under the ASX code 'VGW'.

Application means an application for Securities under this Prospectus.

Application Form means the application form attached to or accompanying this Prospectus relating to an Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official Listing Rules of ASX.

Big Data means extremely large data sets that may be analysed computationally to reveal patterns, trends, and associations, especially relating to human behaviour and interactions.

Binding Terms Sheet has the meaning given in Section 9.1.4 of this Prospectus.

Board means the board of directors of the Company as constituted from time to time.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chairman means the proposed Executive Chairman, Mr Nigel Blythe-Tinker.

Chairman Offer means the offer of the Chairman Options to the Chairman under this Prospectus.

Chairman Options means Options to acquire a share at \$0.05 per share with an expiry date of 5 years from the date of issue and otherwise on the terms and conditions set out at Section 10.3 of this Prospectus.

Class A Milestone has the meaning given in Section 10.5.

Class B Milestone has the meaning given in Section 10.5.

Class C Milestone has the meaning given in Section 10.5.

Class D Milestone has the meaning given in Section 10.5.

Class E Milestone has the meaning given in Section 10.5.

Class F Milestone has the meaning given in Section 10.5.

Class A Performance Shares means the Performance Shares which have the Class A Milestone as a term.

Class B Performance Shares mean the Performance Shares which have the Class B Milestone as a term.

Class C Performance Shares mean the Performance Shares which have the Class C Milestone as a term.

Class D Performance Shares mean the Performance Shares which have the Class D Milestone as a term.

Class E Performance Shares mean the Performance Shares which have the Class E Milestone as a term.

Class F Performance Shares mean the Performance Shares which have the Class E Milestone as a term.

Closing Dates means the Public Offer Closing Date, the VGW Holdings Offer Closing Date and the Underwriter Offer Closing Date.

Company or **Synergy** or **Synergy Plus** means Synergy Plus Limited to be renamed VGW Gaming Limited (ACN 091 126 082).

Competing Proposal means a transaction or proposed transaction which, if completed, would mean a person (other than Synergy or its related bodies corporate) would:

(a) directly or indirectly, acquire an interest or relevant interest in or become the holder of:

- (1) 20% or more of all VGW Holdings Shares; or
- (2) all or a substantial part or a material part of the business undertaken by VGW Holdings,

including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;

(b) acquire control of VGW Holdings, within the meaning of section 50AA of the Corporations Act; or

(c) otherwise acquire or merge with VGW Holdings.

Consideration Securities has the meaning given in Section 9.1 of this Prospectus.

Consolidation means a 50:1 consolidation of Shares for which Shareholder approval is being sought at the General Meeting.

Constitution means the constitution of the Company.

Converting Loans has the meaning given in Section 9.2. of this Prospectus.

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

Deed Poll means the deeds poll executed by the Synergy on 4 December 2015, in relation to the Share Scheme and in relation to the Option Scheme.

Directors means the directors of the Company at the date of this Prospectus.

Employee Offer means the offer of Shares and Employee Incentive Options to the VGW Employees as set out in Section 2.1.5 of this Prospectus.

Employee Incentive Options means options issued under the Employee Share Option Plan, subject to performance and vesting conditions.

Employee Share Option Plan has the meaning given in Section 10.6 of this Prospectus.

Exercise Price has the meaning given in Sections 10.3 and 10.4 of this Prospectus.

Freemium means a pricing strategy by which a product or service (typically a digital offering or application such as software, media, games or web services) is provided free of charge, but money (i.e. a premium) is charged for proprietary features, functionality or virtual goods.

FTSE 100 means the index composed of the 100 largest companies listed on the London Stock Exchange.

General Meeting means the general meeting of the Company to be held on 29 January 2016 which seeks Shareholder approval for the matters set out in the Notice of Meeting.

Gold Coins means a virtual currency that is used to play a VGW Holdings operated game inside Chumba Casino. The Gold Coins are non-cash out enabled and cannot be redeemed for cash or cash equivalents.

IFRS means the International Financial Reporting Standards.

Lance East Corporation means Lance East Corporation, incorporated in Belize City, Belize as International Business Company No. 98,793.

Lance East Offer means the offer of Performance Shares to the Lance East Corporation under this Prospectus as set out in Section 2.1.7 of this Prospectus.

Merged Group means the merged entity following the implementation of the Schemes and Acquisition.

Merger means the proposed merger between VGW Holdings and Synergy on the terms and conditions set out in Merger Implementation Deed.

Merger Implementation Deed means the merger implementation deed dated 4 December 2015 between VGW Holdings and Synergy.

Minimum Risk means Minimum Risk Pty Ltd (ACN 144 840 595).

Minimum Risk Offer means the offer of Shares and Options to Minimum Risk under this Prospectus as set out in Section 2.1.4 of this Prospectus.

Minimum Subscription means the Company receiving valid applications for 70,000,000 New Shares at an issue price of \$0.05 per New Share to raise \$3,500,000.

New Shares means Shares offered under the Public Offer.

Notice of Meeting means the Notice of General Meeting and Explanatory Statement of the Company in relation to the General Meeting.

Offers means the Public Offer and the Transaction Offers.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share with the terms and conditions set out in Sections 10.3 and 10.4 of this Prospectus.

Option Scheme means the scheme of arrangement between VGW and VGW Optionholders in respect of the VGW Options on issue, subject to any alterations or conditions made or required by the Court pursuant to Section 411(6) of the Corporations Act.

Optionholder means a holder of an Option.

Performance Shares means collectively or separately, as appropriate:

- (a) the 120,000,000 Class A Performance Shares;
- (b) the 120,000,000 Class B Performance Share;
- (c) the 120,000,000 Class C Performance Shares;
- (d) the 120,000,000 Class D Performance Shares;
- (e) the 120,000,000 Class E Performance Shares; and

- (f) the 50,000,000 Class F Performance Shares,

the terms of which are set out in Section 10.5 in this Prospectus.

Preconditions to Issue means the passing of all of the resolutions put to Shareholders as set out in the Notice of Meeting and at Section 2.2 of this Prospectus, a copy of which is available by contacting the Company.

Performance Share Transfer Agreement means the agreement between the Company and Lance East Corporation dated 4 December 2015 for the acquisition by the Company of 650,000,000 performance shares.

Preconditions to Issue means the passing of all resolutions put to Shareholders as set out in the Notice of Meeting and at Section 2.2 of this Prospectus, a copy of which is available by contacting the Company.

Prospectus means this prospectus.

Proposed Directors means Messrs Nigel Blythe-Tinker, Laurence Escalante, Mats Johnson and Lorenzo Escalante.

Public Offer means the offer of Shares to the public pursuant to this Prospectus as set out in Section 2.1.1 of this Prospectus.

Public Offer Closing Date means the closing date of the Public Offer as set out in the indicative timetable of this Prospectus (subject to the Company reserving the right to extend the Public Offer Closing Date or close the Public Offer early).

Scheme or Schemes of Arrangement means the Share Scheme and the Option Scheme.

Section means a section of this Prospectus.

Securities means the Shares and the Options offered pursuant to this Prospectus.

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

Share Scheme means the scheme of arrangement between VGW and VGW Shareholders in respect of the VGW Shares on issue, subject to any alterations or conditions made or required by the Court pursuant to Section 411(6) of the Corporations Act.

Shareholder means a holder of Shares.

SNR Lender has the meaning given in Section 2.1.3 of this Prospectus.

SNR Lender Offer means the offer of Shares to the SNR Lender under this Prospectus as set out in Section 2.1.3 of this Prospectus.

Social Sweepstakes means a contest or game that can be played on both a virtual currency basis and by using Sweepstakes Credits for cash prize winnings.

Social Sweepstakes Poker means a poker game which can be played on both a virtual currency basis and using Sweepstakes Credits for cash prize winnings.

Superior Proposal means a publicly announced Competing Proposal which the VGW Board, acting in good faith, and after taking advice from its legal advisors and after taking into account all terms and conditions of the Competing Proposal, determines is:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Proposal; and
- (b) more favourable to holders of VGW Shares and VGW Options than the Schemes.

Sweepstakes means legal contest or game with the elements of prize and chance but without the requirement of consideration to participate in the contest or promotion. VGW Holdings Chumba Casino Sweepstakes have been structured so that the element of consideration has been removed.

Sweepstakes Credit means the proprietary in-game payment method for playing a VGW Holdings operated games on a Social Sweepstakes basis. These credits have a face value of US\$0.01 Sweepstakes Credits are redeemable for cash through PayPal, once used to play the casino games to determine their cash prizes.

Transaction Offers means the VGW Holdings Offer, the SNR Lender Offer, the Minimum Risk Offer, the Employee Offer, the Chairman Offer, the Lance East Offer and the Underwriter Offer.

Underwriter means Minimum Risk or its nominee.

Underwriter Offer means the offer of New Options to the Underwriter under this Prospectus as set out in Section 2.1.8 of this Prospectus.

Vesting Employee Incentive Options means 27,000,000 Employee Incentive Options which vest upon issue.

Underwriter Offer Closing Date means the closing date of the Underwriter Offer as set out in the indicative timetable of this Prospectus (subject to the Company reserving the right to extend the Underwriter Offer Closing Date or close the Underwriter Offer early).

Underwriter Options means the \$0.05 Options and the \$0.06 Options to be issued to the Underwriter.

Underwriting Agreement means the execution of an Underwriting Agreement between Minimum Risk, VGW Holdings and the Company to underwrite the capital raising of a minimum of \$3,500,000;

VGW Board means the board of directors of VGW Holdings.

VGW Employees has the meaning given in Section 2.1.5 of this Prospectus.

VGW Holdings means VGW Holdings Limited (ACN 147 193 511).

VGW Holdings Offer means the offer of Consideration Securities to the VGW Vendors under this Prospectus set out in Section 2.1.2 of this Prospectus.

VGW Holdings Offer Closing Date means the closing date of the VGW Holdings Offer as set out in the indicative timetable of this Prospectus (subject to the Company reserving the right to extend the VGW Holdings Offer Closing Date or close the VGW Holdings Offer early).

VGW Majority Shareholders means Lance East Corporation.

VGW Minority Shareholders means the holders of issued share capital in VGW Holdings, other than the VGW Holdings Majority Shareholders.

VGW Shareholders means VGW Majority Shareholders and VGW Minority Shareholders.

VGW Products means VGW's social gaming products offered through Chumba Casino.

VGW Vendors or VGW Holdings Vendor means the VGW Majority Shareholders and the VGW Minority Shareholders.

WST means Western Standard Time as observed in Perth, Western Australia.

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THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
 770 Canning Highway, APPLECROSS WA 6153
 T: +61 8 9315 2333 F: +61 8 9315 2233
 E: registrar@securitytransfer.com.au
 W: www.securitytransfer.com.au

ACN: 091 126 082

Broker Code

Advisor Code

No shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.
Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print using BLOCK LETTERS.

			,				,				Shares at AUD \$0.05 per share
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www.securitytransfer.com.au

BPAY® this payment via internet or phone banking. Please visit our share registry's website: www.securitytransfer.com.au and complete the online application form.

If electronic payment cannot be made then cheque(s) or bank draft(s) can be used .

See reverse for further payment instructions.

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

[illegible]

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

[illegible]

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

[illegible][illegible]

Unit	Street Number	Street Name or PO BOX
------	---------------	-----------------------

[illegible]

State

Postcode

[illegible]

Country Name (if not Australia)

[illegible]**CHESS HIN** (where applicable)

X								
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If an incorrect CHESS HIN has been provided (e.g.: incorrect number, registration details do not match those registered) any securities issued will be held on the Issuer Sponsored

[illegible]

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[illegible][illegible][illegible]

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute and documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
- (6) I/We acknowledge that returning the Application Form with the application monies or completing the online application form with payment via Bpay will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

E & O.E.

This Application Form relates to the Offer of Fully Paid Shares in SYNERGY PLUS LIMITED pursuant to the Prospectus dated 4 January 2016.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 40,000 New Shares and thereafter in multiples of 2,000 New Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT



www.securitytransfer.com.au

BPAY® your payment via internet or phone banking. Please visit our share registry's website: www.securitytransfer.com.au and complete the online application form. All online applicants can BPAY their payments via internet or phone banking. A unique reference number will be quoted upon completion of the application.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer.

BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return any documents if you have made payment via BPAY.

Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such securities for which you have paid.

If payment can not be made electronically then a cheque(s) or bank draft(s) payable to **"Synergy Plus limited"** must be forwarded together with your completed Application form. Your cheque(s) or bank draft(s) must be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cash should not be forwarded. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:

SYNERGY PLUS LIMITED

C/- Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953

OR

Delivered to:

SYNERGY PLUS LIMITED

C/- Security Transfer Registrars Pty Ltd
770 Canning Highway, APPLECROSS WA 6153

Applications must be received by no later than 5.00pm WST on the relevant Closing Date 9 February 2016 which may change immediately after the Opening Date at any time and at the discretion of the Company.

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Synergy Plus Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &

Ms Louise Susan Williams

Mrs Susan Jane Smith

<Sue Smith Family A/C>

Ms Jane Mary Smith &

Mr Frank William Smith

<Estate John Smith A/C>

Mr John Alfred Smith

<Peter Smith A/C>

Mr John Robert Smith &

Mr Michael John Smith

<John Smith and Son A/C>

Jane Smith Pty Ltd

<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &

Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith

or

John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

CHAIRMAN OFFER APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

All Correspondence to:

Security Transfer Registrars Pty Ltd
PO BOX 535, APPLECROSS WA 6953
770 Canning Highway, APPLECROSS WA 6153
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

SYNERGY PLUS LIMITED

(Soon to be known as VGW GAMING LIMITED)

ACN: 091 126 082

BROKER STAMP

Broker Code

This application relates to the offer of 9,000,000 Options exercisable at \$0.05 each on or before 5 years from the date of issue.

I / We apply for:

, , options

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Contact Name

Contact Number

Email Address

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
- (6) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Synergy Plus Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

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Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

EMPLOYEE OFFER APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

All Correspondence to:

Security Transfer Registrars Pty Ltd
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T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

SYNERGY PLUS LIMITED

(Soon to be known as VGW GAMING LIMITED)

ACN: 091 126 082

BROKER STAMP

Broker Code

This application relates to the offer of Fully Paid Ordinary Shares and options exercisable at \$0.05 each on or before 5 years from the date of issue

I / We apply for:

, , shares and , , options

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Contact Name

Contact Number

Email Address

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
- (6) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

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CHESS HIN/BROKER SPONSORED APPLICANTS

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CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Synergy Plus Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams
Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased
Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

LANCE EAST OFFER APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

All Correspondence to:

Security Transfer Registrars Pty Ltd
PO BOX 535, APPLECROSS WA 6953
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T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

SYNERGY PLUS LIMITED

(Soon to be known as VGW GAMING LIMITED)

ACN: 091 126 082

BROKER STAMP

Broker Code

This application relates to the offer of 650,000,000 Performance Shares.

I / We apply for:

, , Performance Shares

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Contact Name

Contact Number

Email Address

@

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
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CORRECT FORM OF REGISTRABLE TITLE

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Individual

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Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

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ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased
Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

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MINIMUM RISK OFFER APPLICATION FORM

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W: www.securitytransfer.com.au

SYNERGY PLUS LIMITED

(Soon to be known as VGW GAMING LIMITED)

ACN: 091 126 082

BROKER STAMP

Broker Code

This application relates to the offer of 20,000,000 Fully Paid Ordinary Shares with 6,000,000 options exercisable at \$0.05 on or before 3 years from the date of issue

I/We apply for:

, , shares and , , options

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Contact Name

Contact Number

Email Address

@

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
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CORRECT FORM OF REGISTRABLE TITLE

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TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams
Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased
Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

PRIVACY STATEMENT

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SNR LENDER OFFER APPLICATION FORM

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E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

SYNERGY PLUS LIMITED

(Soon to be known as VGW GAMING LIMITED)

ACN: 091 126 082

BROKER STAMP

Broker Code

This application relates to the offer of Fully Paid Ordinary Shares

I / We apply for:

, , shares

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Email Address

@

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
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- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
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CORRECT FORM OF REGISTRABLE TITLE

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Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

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UNDERWRITER OFFER APPLICATION FORM

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W: www.securitytransfer.com.au

SYNERGY PLUS LIMITED

(Soon to be known as VGW GAMING LIMITED)

ACN: 091 126 082

BROKER STAMP

Broker Code

This application relates to the offer of Options in which, 36,250,000 options are exercisable at \$0.05 and 36,250,000 options are exercisable at \$0.06 each, on or before 3 years from the date of issue.

I / We apply for:

, , options

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

Postal Address

Unit Street Number Street Name or PO BOX

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State

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Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Contact Name

Contact Number

Email Address

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Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
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- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
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CORRECT FORM OF REGISTRABLE TITLE

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Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

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Use trustee(s) personal name(s). Do not use the name of the trust.

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Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

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Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

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ABC P/L or ABC Co

Peter Robert &
Louise S Williams
Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased
Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

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VGW HOLDINGS APPLICATION FORM

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SYNERGY PLUS LIMITED

(Soon to be known as VGW GAMING LIMITED)

ACN: 091 126 082

BROKER STAMP

Broker Code

This application relates to the offer of Fully Paid Ordinary Shares and options exercisable at \$0.05 each on or before 14 August 2017

I / We apply for:

, , shares and , , options

Full Name of Applicant / Company

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (for example: THE SMITH SUPERFUND A/C)

Postal Address

Unit Street Number Street Name or PO BOX

Suburb / Town / City

State

Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (for example, an incorrect number as registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Email Address

@

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
- (6) I/We acknowledge that returning the Application Form will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Synergy Plus Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

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