



10 December 2015

ORCA TO ACQUIRE GLOBAL TELECOMMUNICATIONS COMPANY

Orca Energy Limited (ASX: OGY) (the **Company** or **Orca**) is pleased to announce that it has entered into a binding term sheet to acquire 100% of Mobimedia International Pte. Ltd. (**Mobimedia**) (the **Transaction**).

Acquisition Highlights

- *Orca to acquire an established and innovative mobile technology, marketing and content delivery business with a strong history of service and profitability*
- *Significant expansion underway across multiple emerging markets with a population base in excess of 300m*
- *Contracts with 9 telecommunication carriers with an existing accessible base in excess of 43 million subscribers*
- *Customised applications developed to meet the unique needs of various global markets*
- *Recent successful launch of two new Android and iOS data Apps with monetisation set to commence in December 2015*
- *Revenue sharing business model that is highly attractive for telecommunication carriers to increase revenue with no upfront cost*
- *Low cost of subscriber acquisition as marketing undertaken by the carrier direct to their subscriber*
- *Strong and experienced management team with track record of success*
- *Merged entity will be well capitalized to fund expansion activities after a recent \$3.5m equity investment by an emerging markets focused private equity firm directly into Mobimedia - in addition to Orca's current cash balance (pre transaction) in excess of \$4.8m*

About Mobimedia

Mobimedia is a telecommunication mobile technology business that is operationally based in Singapore, Pacific Islands, Cambodia, Bangladesh and India with corporate headquarters in Australia. Mobimedia supplies mobile Value Added Services (**VAS**) and data products across the full mobile functionality spectrum (2G to 4G). VAS are products and services provided by telecommunications carriers (**Telcos**) to their subscribers in addition to voice.

Mobimedia's business model is highly attractive for Telcos in emerging markets as Mobimedia provides a fully managed VAS solution giving carriers access to world-class products for zero cost. A strong VAS platform delivers increased revenues to telecommunications carriers whilst improving both customer satisfaction and retention. The partnership with telecommunications carriers ensures a low cost subscriber acquisition and immediate entry for Mobimedia into new markets, with the carriers incentivised to provide marketing and distribution to their vast subscriber base. The business model targets high growth markets in emerging countries with large population, accelerating mobile phone and smart phone growth and growing GDP.

BOARD & MANAGEMENT

Mr Greg Bandy
MANAGING DIRECTOR

Mr Jason Bontempo
NON-EXECUTIVE DIRECTOR

Mr Nathan Rayner
NON-EXECUTIVE DIRECTOR

Mr Aaron Bertolatti
COMPANY SECRETARY

REGISTERED OFFICE

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SHARE REGISTRY

Advanced Share Registry
110 Stirling Highway
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ASX CODE

OGY



Some of the services that Mobimedia provide and supply to its contracted Telcos include:

- Portal Storefront which serves as a homepage for every internet enabled handset connecting to the web with contracted Telcos
- Proprietary applications to fit varied cultural and technological requirements
- Traditional VAS products for all telecommunication spectrums in emerging markets
- Mobile web and App interactive Games portal
- Emerging market tailored music streaming application for Android and iOS
- Locally customized social, friend finder and chat Application for iOS and Android
- Mobile Web and App Health portal distributing and gathering content and information for Governments, NGO's and Charities

The business has operated profitably for 7 years with only one contracted telecommunications carrier and is currently undergoing a significant expansion phase. In 2015 Mobimedia substantially expanded its accessible subscriber base of 3 million from one carrier to over 43 million by contracting with 8 additional Telcos in 7 countries with a population base of over 300 million people.

Mobimedia has a strong technology offering that drives increased revenue for the emerging market carriers with which it partners. Mobimedia owns the proprietary rights to an all-encompassing managed VAS solution including:

- Suite of over 50 VAS and data products
- User friendly mobile game and content platform
- Ability to develop and “re-skin” VAS products in multiple languages
- Performance reporting – providing valuable customer data to the carrier
- Backend communications and delivery platform for the carrier
- Subscriber billing gateway

In addition to offering traditional carrier products, Mobimedia has developed a range of smartphone products customised to meet both the technological and cultural requirements of emerging markets, including different pricing models and requirements for local language and cultural components. Mobimedia has recently launched two data products, **mJams**; a music streaming Application and portal and **Matchstix**; a social and chat application. These two applications have quickly gained sizeable social media traction with over 1 million followers as well as subscriber acquisition and App downloads in excess of 235,000 during their early launch phases. Monetisation of these two exciting and innovative products is expected to commence in December 2015.

Mobimedia has also successfully developed mobile health initiatives (mHealth) in markets experiencing technology and health challenges such as PNG, Bangladesh and the Pacific Islands. With multiple projects contracted and underway, Mobimedia is working with NGO's, health departments, government and aid agencies to deliver more efficient outcomes and targeted preventative programs.

In November 2015, Osiris Asia Impact Fund (**Osiris**) from the Osiris Group, a frontier market private equity firm helping innovative Asian companies scale entrepreneurial solutions, invested A\$3.5m into Mobimedia for an approximate 12% interest in the company. A representative from Osiris will be joining the Mobimedia Board and utilising the fund's deep relationships in various emerging markets to assist the expansion of Mobimedia.

About the Osiris Group

The Osiris Group is a boutique private equity firm specifically targeting frontier market innovation. *“We are the financing engine for profitable disruption - intentionally building systems of the future, rather than the past. A top priority for the Group is allocating transformational capital with remarkable founders leapfrogging long-term economic development, prosperity and growth. Pioneering impact investing in Asia, our investment framework integrates public policy, entrepreneurship and operational leadership, creating sovereign alpha while best capturing risk-adjusted growth returns.”* - Jason Bajaj, Managing Director



Conditions Precedent

The Transaction is subject to a number of conditions precedent, including:

Orca consolidating its existing issued capital on the basis of 1 new share for every 10 existing shares (**Consolidation**);

- Orca obtaining and complying with all shareholder and regulatory approvals required including re-compliance with Chapters 1 and 2 of the ASX Listing Rules;
- Mobimedia and Orca each conducting due diligence enquiries to their satisfaction;
- execution of formal share sale agreements for the Transaction;
- there being no material adverse change in respect of Mobimedia and Orca;
- the parties obtaining any governmental and third party consents, approvals or waivers required for completion of the Transaction; and
- to the extent required by the ASX or the ASX Listing Rules, the relevant parties entering into restriction agreements as required by ASX in respect of the Consideration Securities and Advisor Securities, or in the event escrow of less than 24 months is applied to the relevant securities, execution of voluntary restriction agreements as required by Orca.

Consideration

As consideration for the acquisition of 100% of Mobimedia, the Company will issue the following securities to the (on a post-Consolidation basis) (**Consideration Securities**):

- up to 196,666,667 shares (**Consideration Shares**);
- 50,000,000 performance shares subject to the following milestones (**Performance Shares**):
 - 16,666,667 Performance Shares that convert upon the achievement of consolidated EBITDA of \$5.0 million by Mobimedia during any 12-month reporting period that ends on or prior to the date that is 2 years and 6 months after Completion;
 - 16,666,667 Performance Shares that convert upon the achievement of consolidated EBITDA of \$10.0 million by Mobimedia during any 12 month reporting period that ends on or prior to the date that is 3 years and 6 months after Completion; and
 - 16,666,666 Performance Shares upon the achievement of contracts that enable the sale of Mobimedia's content (including existing and new contracts) with customers with a verifiable total aggregated available subscriber base of greater than 200 million subscribers within 3 years after Completion.

The term sheet contemplates payment of a cash consideration component of up to \$2.5m (**Cash Consideration**) in return for a reduction in the total number of Consideration Shares. Payment of any Cash Consideration will be subject to the ASX Listing Rules and the Company's working capital requirements. If any Cash Consideration is paid, the total number of Consideration Shares may reduce by up to 16,666,667 Consideration Shares to a total of 180,000,000 Consideration Shares.

The parties have also agreed that Osiris will be issued a number of unlisted options that, if exercised, on the date immediately following completion of the Transaction (and when combined with any Consideration Shares issued to Osiris) would provide Osiris with a 10% interest in the issued capital of the Company (**Osiris Options**). The Osiris Options will expire on that date that is 12 months from their issue date with the exercise price is still to be determined.

Further information relating to the terms of the Osiris Options and calculation of any Cash Consideration payment will be disclosed to shareholders following consultation with ASX and execution of the formal agreements.

Board and Management Changes

It is proposed that on Completion of the Transaction three new Directors, to be nominated by Mobimedia and Osiris, will join the Board of Orca. One of the new Directors will be Mr David van Herwaarde, who will assume the role of Managing Director (**MD**).



Mr van Herwaarde, current MD and CEO of Mobimedia, has extensive experience in rapidly growing businesses and significant transaction specific experience gained from 10 years with Accor Asia Pacific and 12 years with KPMG, 6 as an equity partner. David has a significant equity stake in Mobimedia and has transformed the company from a local company operating in the small Pacific market, to now one of the largest value added services businesses in Asia.

Commenting on the transaction, Mr van Herwaarde said, *“The Mobimedia team is extremely excited about the opportunities for all of our stakeholders as we enter this new phase of the business. This transaction lays a solid foundation with a well-structured and well funded company to meet our strategic objectives in the coming years.”*

On Completion of the Transaction, Mr Jason Bontempo and Mr Nathan Rayner intend to resign as directors and Mr Greg Bandy will resign as Managing Director. Mr Bandy will continue on the Board as a non-executive director.

Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The Transaction will constitute a change to the nature and scale of the Company’s business and will require shareholder approval under Chapter 11 of the ASX Listing Rules. The Transaction will also require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Company will send a Notice of Meeting to call an Extraordinary General Meeting of the Company and Explanatory Memorandum to shareholders, which will include further details about the Transaction and seek approval for the Transaction.

Share Consolidation

Subject to approval of shareholders, Orca will undertake a consolidation of its capital at a ratio of 10:1.

Name Change

On Completion the Company will change its name to “Mobimedia Limited”.

Lead Manager and Corporate Advisor

Canaccord Genuity (Australia) Limited has been appointed as Lead Manager and Peloton Capital as Corporate Advisor to the Transaction (**Advisors**).

Canaccord Genuity and Peloton Capital will be issued a total of 4,500,000 Shares and 2,700,000 Options (**Advisor Securities**) on Completion. The exercise price of the options will be determined at a later date and will expire on that date that is 3 years from the issue date.

Indicative Capital Structure

The following table sets out the indicative capital structure of the Company following Completion (on a post Consolidation basis).

	Shares	Performance Shares	Options
Existing issued capital (pre Consolidation)	463,382,876	-	38,500,000 ²
Issued capital following the proposed Consolidation	46,338,288	-	3,850,000 ³
Consideration Securities	196,666,667 ¹	50,000,000	- ⁴
Advisor Securities	4,500,000	-	2,700,000 ⁵
TOTAL	247,504,955¹	50,000,000	6,550,000^{3,4,5}



1. This is the maximum number of Consideration Shares that may be issued. If a Cash Consideration payment is made as part of the Transaction consideration, the total number of Consideration Shares may reduce by up to 16,666,667 Shares to a total of 180,000,000 Consideration Shares.
2. These options consist of 28,000,000 unlisted options (exercisable at \$0.03 on or before 31/12/15) and 10,500,000 unlisted options (exercisable at \$0.015 on or before 31/12/17).
3. On a post Consolidation basis these options would consist of 2,800,000 unlisted options (exercisable at \$0.30 on or before 31/12/15) and 1,050,000 unlisted options (exercisable at \$0.15 on or before 31/12/17).
4. This total does not include any of the proposed Osiris Options. The Osiris Options will be exercisable within 12 months of the issue date. The number of Osiris Options to be issued and the exercise price of those options is to be determined.
5. 2,700,000 options to be issued to the Advisors (exercisable within 3 years of the issue date, with an exercise price to be determined).

Further details of the assets proposed to be acquired will be provided following completion of the due diligence period including information about the likely effect of the transaction on Orca's total assets, total equity interests, annual revenue and annual expenditure.

Indicative Timetable

The following table sets out an indicative timetable for the Transaction. This timetable is subject to change without prior notice.

Event	Week commencing
Execution of full form Share Sale Agreement	18 January 2016
Notice of Meeting dispatched to shareholders of the Company	18 January 2016
Extraordinary General Meeting of the Company to approve the Transaction	15 February 2016
Lodge Prospectus with ASIC and ASX	15 February 2016
Offer opens	22 February 2016
Close of offer under Prospectus	7 March 2016
Satisfaction of ASX re-compliance conditions and readmission to the Official List of ASX	15 March 2016

For and on behalf of the Board

Greg Bandy
Managing Director