

**MOKO SOCIAL MEDIA LIMITED
(Administrators Appointed)
ACN 111 082 485**

**Report to Creditors pursuant to Section 439A
of the Corporations Act 2001**

27 October 2017

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Definitions

Administrator	Jason Tracy
ADS	American Depository Shares
App/Application	Mobile device applications
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
BDO	BDO East Coast Partnership, the Auditors of the Company
Big Teams	Big Teams LLC
c.	Circa/approximately
Creditors' Trust	The trust created under the Proposal and DOCA
Deloitte	Deloitte Financial Advisory Pty Ltd
Deloitte Tax	Deloitte Tax Services Pty Ltd
Directors	Collectively, Emma Waldon, Malcom James and Edward Bralower
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
DOCA Proposal	DOCA Proposal submitted by the Proponent (Trevor Nairn) on 18 August 2017
ERV	Estimated Realisable Value
FEG	Fair Entitlement Guarantee
Former Directors	Collectively Shripal Shah and James Ross
FYXX	Financial Year Ended XX
GSA	General Security Agreement executed by the Secured Creditor and the Company on 31 October 2016
IM	Information Memorandum made available to interested parties on 21 June 2017
IML	IM Leagues LLC
m	Millions
Management	Management of the Company
Moko / the Company	Moko Social Media Limited (Administrators Appointed)
MOKO Mobi	MOKO Mobi Inc. a wholly owned US subsidiary of the Company
Mobile Apps	Collectively, Rec*IT, Rec*IT Fitness, Rec*IT Plus and Big Teams by Rec*IT
NBIO	Non-binding indicative offer
PPSR	Personal Property Security Register
Proponent	Trevor Nairn, being the DOCA Proponent
Proposal	The DOCA and Creditors' Trust proposal for the reconstruction of the Company
R&D Claim	Research and Development claim for FY17
RATA	Report as to Affairs
Relation back day	The date of appointment of administrators
Secured Convertible Note Holders	Convertible note holders registered on the PPSR
Secured Creditors	The Secured Creditor and the Secured Convertible Note Holders
The Act	Corporations Act 2001
The Court	The Federal Court of Australia or any of the state Supreme Courts
The Regulations	Corporations Regulations 2001
The Secured Creditor	Rhonda Nairn
The Subsidiaries	Collectively MOKO Mobi Inc, Paper Tree Limited, Tagroom Pty Ltd
Trustee	Jason Tracy as proposed trustee of the Creditors' Trust
US	The United States of America
YTD17	Financial year to 31 May 2017

1 Executive summary

1.1 Appointment

On 31 May 2017 I, Jason Tracy and Timothy Heenan were appointed Joint and Several Administrators of Moko Social Media Limited (**Moko/the Company**) by Emma Waldon, Malcom James and Edward Bralower (collectively, **the Directors**) pursuant to Section 436A of the Act.

Tim Heenan retired as Administrator on 20 September 2017, leaving Jason Tracy as the sole Administrator (**Administrator**).

1.2 Purpose of appointment and report

The purpose of the appointment of an Administrator is to allow for an independent insolvency practitioner to take control of and investigate the affairs of an insolvent company. Creditors' claims are put on hold as at the date of the Administrator's appointment and remain so for the duration of the administration.

I am required to provide creditors with sufficient information and recommendations to assist them in making an informed decision on the Company's future. The purpose of this report is to provide that information and recommendations, including:

- Background information about the Company
- The results of my investigations
- The estimated returns to creditors
- The options available to creditors and my opinion on each of these options.

1.3 First meeting of creditors

On 13 June 2017, a meeting of creditors of the Company was held in accordance with Section 436E of the Act. At this meeting, our appointment as Administrators was confirmed.

Also at that meeting, I advised that I would undertake an investigation into the affairs of the Company while we pursued a restructuring strategy for the Company.

It was also resolved that a Committee of Inspection be formed. The following creditors volunteered and were elected as members:

Member	Creditor represented
Trevor Nairn	Rhonda Nairn
Andre Roussow	Himself (former employee)
Ryan Nairn	Himself (former employee)

On 19 September 2017 Mr Trevor Nairn resigned from the Committee of Inspection as he is the DOCA Proponent.

1.4 Conduct of administration

Upon appointment I took immediate steps to control the Company's assets and effectively placed the Company's business into care and maintenance whilst an extensive process was undertaken seeking expressions of interest for a sale of the business and/or a recapitalisation of the Company. Further details on my actions to date can be found in Section 5.

1.5 Administrator's independence, relationships and indemnities

In accordance with Section 436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was provided with the first report to creditors dated 6 June 2017 and was also tabled at the first meeting of creditors.

There have been no changes to the DIRRI to the date of this report.

1.6 Investigation, Offences, Voidable Transactions

My investigations to date have revealed possible offences / voidable transactions which are discussed fully in Section 6.

1.7 Deed of Company Arrangement (DOCA)

A Deed of Company Arrangement (**DOCA**) proposal was first submitted by Trevor Nairn (**Proponent**), a party related to Rhonda Nairn (**the Secured Creditor**) on 18 August 2017 to recapitalise the Company. The details of this proposal and an outline of the conditions precedent are discussed further in Section 8.

The DOCA provides for the following:

- Reconstruction of ordinary shares on a 300 to 1 basis
- The Proponent will undertake a capital raising of not less than \$2.25m
- The Proponent will provide a loan to the Company of \$120,000 to be used to pay for data recovery and storage, ASX listing fees and employee entitlements repayable only if the Company has the ability to do so and is secured over data assets recovered only
- Creditors holding GSA security (The Secured Creditor and Secured Convertible Note Holders) will receive 12,141,667 shares in the Company in satisfaction of amounts owed to them
- New directors to be appointed to the Company will receive 15m options in the Company
- The Proponent will receive 70m options in the Company
- A Creditors' Trust will be created whereby all remaining claims against the Company (i.e. employees and unsecured creditors) will effectively be transferred to a Creditors' Trust
- Upon the satisfaction of certain conditions precedent the R&D Claim of not less than \$250,000 (before any set-off by the ATO) will be made available to the Deed Administrator/Trustee to be paid into a Creditors' Trust
- Further amounts will be transferred to the Creditors Trust, from the proceeds of the capital raising and the \$120,000 loan to enable the payment of administration fees and expenses, the payment of employee entitlements in full and to enable an amount of \$20,000 to be available to unsecured creditors
- Shares in The Subsidiaries will be transferred to the Creditors' Trust
- Employee claims will be met in full.

1.8 Dividend/Distribution to beneficiaries in a Creditors' Trust

Outlined below is a summary of the anticipated dividend/distribution to various classes of creditors/beneficiaries of the Company in liquidation and DOCA scenarios. These estimated returns are subject to the completion of the DOCA and the quantum of any additional claims received.

Creditor class	Estimated liquidation dividend (c/\$)		Estimated Creditors' Trust beneficiary distribution (c/\$)	
	Low	High	Low	High
Priority creditors (employees)	100	100	100	100
Secured Creditor	4.02	9.30	Equity	Equity
Secured Convertible Note Holders	Nil	Nil	Equity	Equity
Unsecured creditors	Nil	Nil	0.92	1.11

Under the DOCA, the Secured Creditor and Secured Convertible Note Holders receive shares in the restructured Company in satisfaction of their debts. They will not participate as beneficiaries in the Creditors' Trust.

Further details on the estimated statement of position and the estimated dividend/distribution to creditors/beneficiaries is contained in Section 7.

1.9 Extension to convening period

Administrators are required by the Act to convene a second meeting of creditors within 20 business days of the date of their appointment, and hold this meeting within 5 business days of the end of this convening period. In circumstances where this timeframe is too short to provide the best outcome for creditors there exists the ability to apply to the Court for an extension.

In this case, given there was a need to market the business internationally and there was a likelihood that a sale of the Company's business may be facilitated via a DOCA, it was considered that an extension to the convening period was required. At the first meeting of Creditors held on 13 June 2017, the Creditors in attendance voted in favour of seeking an order from the Court extending the convening period for four (4) months.

Accordingly, I applied to the Supreme Court of Western Australia (**the Court**) for an Order extending the convening period and on 27 June 2017 an Order extending the length of the convening period to 30 October 2017 was granted. A notice dated 28 June 2017 was forwarded to all creditors advising that the extension had been awarded. A notice was forwarded to ASIC and notification was made to the ASX.

1.10 Administrator's opinion

It is my opinion that the Company should execute a DOCA. The reasons for my opinion are discussed in Section 9.

1.11 Second meeting of creditors

Pursuant to Section 439A(3) of the Act a second meeting of creditors is to be held on 6 November 2017 at the offices of Deloitte Financial Advisory Pty Ltd, Level 9, Tower 2, Brookfield Place, 123 St Georges Terrace Perth WA 6000 at 11:00 AM WST. (See attached Form 529).

At this meeting creditors will be asked to make a decision by passing a resolution in respect of options that will be available to them.

I have recommended in this report that the Company execute a DOCA. I have detailed the reasons as to why I consider this the best option for creditors in Section 9 of this report.

At the meeting, creditors will be asked to approve the remuneration of the Administrator from 31 May 2017 to 23 October 2017 in the sum of \$227,059.00 plus GST, expenses and disbursements, and from 24 October 2017 to the conclusion of the Administration in the sum of \$7,500.00 plus GST.

In the event that the creditors of the Company vote in favour of the DOCA, creditors will be asked to approve the remuneration of the Deed Administrator in the sum of \$23,000.00 plus GST and the remuneration of the Trustee for the Creditors' Trust in the sum of \$25,000.00 plus GST.

In the event that the creditors of the Company vote in favour of placing the Company into Liquidation, creditors will be asked to approve the remuneration of the Liquidator in the sum of \$104,342.50 plus GST, expenses and disbursements.

Notwithstanding the above resolutions to be put to creditors, I have agreed to cap total Administrator, Deed Administrator and Trustee fees at \$215,000 plus GST if creditors resolve to approve the DOCA.

Full details of the remuneration claims are found in Section 11, Remuneration.

1.12 Electronic communication

Section 600G of the Act allows for a creditor to receive communications and notifications electronically provided the creditor has consented to receive correspondence in this manner.

Electronic communication is speedy and cost effective and reduces the expenses incurred in an administration.

If you wish to receive future correspondence electronically please send an email to Jordan Basso at jbasso@deloitte.com.au detailing the email address to which you would like future communications from me to be sent.

2 Background information

2.1 Incorporation and registered office

A search of the ASIC database disclosed that the Company was incorporated in Western Australia on 22 September 2004. The Company's registered office is shown as Suite 5, Level 1, 442-446 Beaufort Street Highgate, WA 6003.

2.2 Company structure

The Company's corporate structure is set out as follows:



According to the searches available to me and our discussions with the Directors, Moko has the following subsidiaries, as set out above:

- 100% ownership in MOKO Mobi Inc. (**MOKO Mobi**) a US based entity wholly owned by Moko through which Moko's US operations were conducted. This entity had its own employees and creditors and was totally reliant upon Moko for funding its operations. Operations in Moko Mobi Inc. had effectively ceased prior to our appointment.
- 94.2% ownership in Tagroom Pty Ltd, a dormant Australian company
- 100% ownership in Paper Tree Limited, a dormant British Virgin Isles based entity.

Moko also has a 10% investments in True Blue Media LLC and Big Teams LLC (**Big Teams**), both US based entities.

My appointment as Administrator is only over the parent entity Moko Social Media Ltd. I am not appointed as administrator to any other entities in the Group. Creditors of any other entities will not participate directly in either a DOCA or any liquidation of Moko.

My investigations to date indicate that that MOKO Mobi is insolvent and therefore the shares in this entity have no value. Tagroom Pty Ltd and Paper Tree Ltd appear to be dormant and hold no material assets and, accordingly the shares in these entities also appear to have no value.

I understand from the Directors that the Company's Mobile Apps have been successfully launched in North America with a presence established at over 1,250 colleges and more than 3,400 high schools and that the Company's user database consists of over 1,100,000 users who have downloaded and utilised the Mobile Apps.

I further understand from the Proponent that the Proponent (on behalf of the Company) is currently in advanced negotiations with a party in respect of the development and proposed relaunch of one of the Mobile Apps and in advanced negotiations with another party in respect of a proposed licence to the Company's user database.

2.3 Shareholders, officers and security interests

2.3.1 Shareholders

The Company is an Australian public entity initially listed on the Australian Securities Exchange (**ASX**) in 2007, with 1,659,769,126 ordinary shares on issue.

Moko was previously listed on the NASDAQ Global Market (code: MOKO) via American Depositary Shares (**ADS**) but was delisted on 15 July 2016. These ADS are included in the total ordinary shares listed above.

The share registry, provided by the Directors at the date of our appointment indicated that the top 10 ordinary shareholders, holding 46.74% of the Company shares, were as follows:

Shareholder	Class	Number	% of Ord Shares
Auxiliatus Pty Ltd	Ord	150,000,000	9.04%
National Nominees Limited	Ord	108,148,366	6.52%
Mr Trevor Douglas Nairn	Ord	94,535,455	5.70%
HSBC Custody Nominees (Australia) Limited	Ord	77,044,864	4.64%
Mr Bradley John Harris	Ord	76,000,000	4.58%
Ice Cold Investments Pty Ltd	Ord	75,000,000	4.52%
UBS Nominees Pty Ltd	Ord	62,500,000	3.77%
BNP Paribas Nominees Pty Ltd	Ord	53,585,676	3.23%
Greetside Holdings Pty Ltd	Ord	52,895,955	3.19%
Occasio Holdings Pty Ltd	Ord	26,000,000	1.57%

2.3.2 Secured Convertible Note Holders

The Company had issued a number of convertible notes secured by General Security Agreements prior to my appointment. The holders of these convertible notes are listed as follows:

Noteholder	Total Face Value (\$)	% of convertible notes
Ice Cold Investments Pty Ltd	210,000	26.9%
Bradley Harris	200,000	25.6%
Roadknight Investments (Australia) Pty Ltd	100,000	12.8%
Philip Andrew Thick	50,000	6.4%
Occasio Holdings Pty Ltd	50,000	6.4%
Rpk Nominees Pty Ltd	25,000	3.2%
Grant Povey	25,000	3.2%
Mr Simon David Yeo & Mrs Jennifer Yeo	25,000	3.2%
Greatside Holdings Pty Ltd	25,000	3.2%
Heritage Pacific Pty Ltd	20,000	2.6%
Emma Waldon	20,000	2.6%
Bearded Rooster Pty Ltd	10,000	1.3%
Mr M A Munro & Ms R P Delamare	10,000	1.3%
L & E Fisher Nominees Pty Ltd	10,000	1.3%
Total face value	780,000	
Interest and fees YTD17	29,500	
Total	809,500	

2.3.3 Officers

As at the date of my appointment the Company's officers were as follows:

Name	Position	Appointed	Ceased
Emma Waldon	Director/ Secretary	01/10/2015	N/A
Malcolm James	Director	07/10/2016	N/A
Edward Bralower	Director	30/06/2016	N/A

(Collectively **the Directors**)

I note that the following persons were directors of the Company in the 12 months preceding the administration.

Name	Position	Appointed	Ceased
Shripal Shah	Former Director	16/05/2016	30/05/2017
James Ross	Former Director	07/10/2016	17/02/2017

(Collectively, **the Former Directors**)

2.3.4 Directorships

I have undertaken ASIC searches for the Directors. A summary of each of the current directorships for the directors is outlined below:

Emma Waldon:

Company Name	ACN	Date appointed	Date Ceased	Shareholder (Y/N)	Current Status
6009 Capital Management Pty Ltd	619 337 674	25/05/2017	N/A	N	Registered
6009 Capital Pty Limited	619 338 411	25/05/2017	N/A	N	Registered
Finsbury Capital Pty Ltd	162 098 277	24/01/2013	N/A	Y	Registered

Malcolm James:

Company Name	ACN	Date appointed	Date Ceased	Shareholder (Y/N)	Current Status
Citypoint Investments Pty Ltd	111 728 593	01/11/2010	N/A	N	Registered
Squadron Resources Pty Ltd	604 832 751	03/11/2016	N/A	N	Registered
North Beach Venture Fund Pty Ltd	615 490 045	21/10/2016	N/A	Y	Registered
Vimy Resources Limited	120 789 949	01/04/2016	N/A	N	Registered
ICEA LTD	131 535 192	22/02/2016	N/A	N	Registered
Harvest Road Export Pty Ltd	165 170 445	12/02/2016	N/A	N	Registered
Harvest Road Group Pty Ltd	169 138 014	12/02/2016	N/A	N	Registered
Harvest Road Holdings Pty Ltd	169 842 899	12/02/2016	N/A	N	Registered
Montebello Tours Pty Ltd	604 832 742	12/02/2016	N/A	N	Registered
Newtal Investment Pty Ltd	163 595 515	12/02/2016	N/A	N	Registered
Sunset Capital Pty Ltd	606 486 239	12/02/2016	N/A	N	Registered
Vertical Nominees Pty Ltd	152 706 691	12/02/2016	N/A	N	Registered
Pilbara Property Management Pty Ltd	140 475 289	04/02/2016	N/A	Y	Registered
MRJ Advisors AFSL Pty Ltd	602 845 492	13/11/2014	N/A	Y	Registered
Algae.tec Limited	124 544 190	16/09/2014	N/A	N	Registered
Terasse (WA) Pty Ltd	080 863 510	04/02/2013	N/A	N	Registered
Anova Metals Limited	147 678 779	10/09/2012	N/A	N	Registered
Aftica Pty Ltd	119 932 599	29/05/2006	N/A	Y	Registered
MRJ Advisors Pty Ltd	099 990 708	15/08/2002	N/A	Y	Registered
Kalimantan Gold Pty Ltd	000 689 029	08/12/1987	N/A	N	Registered

Edward Bralower:

No other current directorships identified.

With the exception of MRJ Advisors Pty Ltd, a related party to Malcolm James, which provided advisory services to the Company, my investigations to date have not indicated that any of the parties related to either the Directors or the Former Directors provided services to the Company.

2.3.5 Security interests

A search of the Personal Property Securities Register revealed the following perfected Security Interests:

Secured Party	Note	PMSI Y/N	Date Perfected
Nairn, Rhonda	1	N	04/11/2016
Ice Cold Investments Pty. Limited ACN 006 093 518	2	N	21/03/2017
Harris, Bradley	2	N	21/03/2017
Munro & Delamare, Mr M A & Mr RP	2	N	21/03/2017
Thick, Philip	2	N	21/03/2017
L & E Fisher Nominees Pty. Ltd. ACN 064 985 315	2	N	21/03/2017
Roadknight Investments (Australia) Pty Limited ACN 127 498 006	2	N	28/03/2017
Povey, Grant	2	N	28/03/2017
Greatside Holdings Pty Ltd ACN 107 391 793	2	N	28/03/2017
Occasio Holdings Pty Ltd ACN 166 713 097	2	N	28/03/2017
Bearded Rooster Nominees Pty Ltd ACN 100 361 715	2	N	28/03/2017
Yeo, Simon David & Jennifer	2	N	04/04/2017
Heritage Pacific Pty Ltd ACN 076 358 051	2	N	04/04/2017
Rpk Nominees Pty Ltd ACN 097 515 056	2	N	10/04/2017
Waldon, Emma	2	N	31/05/2017

Upon my appointment I wrote to the abovenamed parties seeking particulars of their security interests. I make the following comments (based on the numbering above):

1. Security relates to a loan facility of \$677,000 advanced by Rhonda Nairn to the Company. This is further discussed in Section 2.3.6 below

2. Security relates to a convertible notes issued by the Company as discussed in Section 2.3.2.

2.3.6 The Secured Creditor

On 31 October 2016, Rhonda Nairn (**The Secured Creditor**) executed a loan agreement with the Company for an initial advance of \$150,000 to the Company secured by a GSA over the Company's assets and registered on the PPSR.

Following this initial advance The Secured Creditor has advanced an additional \$350,000, and is owed an additional \$177,000 in interest and fees. These loans were provided to assist with the Company meeting its short term liquidity requirements. In total The Secured Creditor has an outstanding balance of \$677,000.

My review indicates that the relevant loan and security documents are valid.

2.3.7 Secured Convertible Note Holders

In and around March to May 2017 the Company required working capital funding whilst restructuring options were being explored. Certain shareholders of the Company provided this funding via convertible notes secured by GSA's. A total of \$780,000 was lent via the convertible notes. The Convertible Note Holders security all ranks after the security of The Secured Creditor. Our review indicates that the relevant loan and security documents are valid.

2.3.8 Winding up applications

There were no winding up applications outstanding as at the date of our appointment.

2.4 History of the Company

Moko began in 2004 to develop proprietary mobile social media community platforms and mobile content sales. Monetisation occurred by generating user subscriptions. From 2004 to 2013 the Company developed and acquired various products and businesses.

In or around 2013 Moko embarked on a strategy to develop, manage and commercialise online mobile social communities for sports within colleges, universities and high schools in the US. Businesses that did not fit within this strategy were subsequently closed or divested.

This led to the development of the Company's suite of REC*IT Apps comprising:

- REC*IT:
 - Launched in August 2014, REC*IT is the most advanced mobile phone application developed by Moko with over 1.25 million first launches since release
 - An intramural sports management App, designed to target the students and administrators within the US college and university market
 - Moko had an agreement with IM Leagues LLC (**IML**) which provides to Moko the college/university data for use in the mobile App. This agreement was terminated by IML on 26 July 2017 for non-payment of c.\$USD1.3m in license and other fees.
- Big Teams powered by REC*IT:
 - Utilising the proprietary mobile platform developed for REC*IT, Big Teams powered by REC*IT is a mobile phone application targeting high school students and sports administrators
 - The mobile app helps connect high school athletic directors, athletes and parents with results, news and team schedules
 - Big Teams powered by REC*IT sources data for the high school sports through an agreement with Big Teams LLC (**Big Teams**) and allows administrators to coordinate rosters and standings.
- REC*IT Fitness:
 - Launched in late 2015, REC*IT Fitness is a free mobile phone application designed to assist college recreation administrators and students browse, organise and share on-campus personal fitness classes and activities
 - REC*IT Fitness utilises the proprietary mobile platform developed for REC*IT.
- REC*IT Plus:
 - A white label, subscription mobile phone application designed to target recreation centre administrators, REC*IT plus assists users to manage recreational facilities

- Released in a beta version, the mobile app is fully customisable to reflect the subscriber's colour scheme, logo and name.

Whilst the Company has developed and released the suite of mobile products, these mobile products have yet to realise any material revenue, the result being that Moko has required funding for development and commercialisation of its suite of Apps.

As set out in Section 2.3.1 the Company is listed on the ASX. There has been approximately \$77m in capital raised since the Company was first listed. Most of the funds appear to have been used in developing the current suite of mobile Apps as well as substantial funds being used in either acquiring or developing earlier businesses that are either no longer in existence or have been divested.

3 Historical financial performance

3.1 Financial statements

Financial statements were last prepared to 30 June 2016 and were audited by BDO East Coast Partnership (BDO). The Company maintained financial accounts using QuickBooks, a cloud-based accounting software.

The Company has prepared draft management accounts to the date of my appointment being 31 May 2017. I have presented the unaudited, unconsolidated, unadjusted management accounts of the Company. Note that these financials do not include any of the Company's subsidiaries and do not eliminate intercompany transactions.

3.2 Profit & loss

The profit and loss statements for the financial years FY15, FY16 and year to 31 May 2017 (YTD17) are summarised as follows:

\$	FY15	FY16	YTD17
Income			
Moko Chat	723,040	14,312	0
Other income	750	50	0
Total income	723,790	14,362	0
Less: cost of sales	(463,077)	(6,325)	-
Gross profit	260,713	8,037	0
Other income / (loss)			
Interest income	260,044	17,696	3,312
Loan forgiveness	120,014	(1,803,474)	-
Disposal gains / (loss)	-	(4,987,173)	820
Total other income / (loss)	380,058	(6,772,952)	4,132
Total income	640,771	(6,764,915)	4,132
Expenses			
Licence fees	(1,539,910)	(2,320,960)	(2,010,447)
Legal fees	(297,844)	(440,333)	(110,969)
Data hosting fee	(269,462)	(274,518)	(144,680)
Professional services	(712,526)	(450,244)	(223,358)
Wages	(2,031,823)	(1,879,086)	(1,101,895)
Share based payments	(1,305,335)	(868,233)	(20,664)
Travel	(293,335)	(145,987)	(1,758)
Other expenses	(1,273,658)	(23,788,115)	(1,001,798)
Current tax benefit (R&D Rebate)	1,078,920	905,747	831,310
Total expenses	(6,644,973)	(29,261,730)	(3,784,259)
Net profit / (loss)	(6,004,202)	(36,026,644)	(3,780,128)

Source: Management Accounts

I provide the following commentary on the Company's profit and loss statements:

- The Company was loss making in FY15, FY16 and YTD17
- If research and development (current tax benefit) related grants were excluded, the Company's losses are substantially higher
- The Company recorded a \$36m trading loss during FY16. The loss was largely due to a \$21.3m impairment of an intercompany loan to the US subsidiary, MOKO Mobi
- The \$1.8m loan forgiveness during FY16 consists of a \$711,000 write-off of a loan to its subsidiary, Tagroom Pty Ltd, and a \$1,092,000 write-off of an intercompany loan to a former subsidiary Deals I

Love Pty Ltd. Both Tagroom Pty Ltd and Deals I Love Pty Ltd represent discontinued operations during the 2016 financial year

- The \$5.0m disposal loss recorded in FY16 is largely due to the \$4.5m investment loss from discontinued operations in a previously developed product, Mobile Performance Network
- The revenue, expense and earnings profile of the Company is not uncommon for businesses that are in process of developing and attempting to commercialise their technology.

The historical profit and loss clearly illustrates that the Company required ongoing capital injections from various sources to fund trading losses.

3.3 Balance sheet

The balance sheets as at 30 June 2015, 30 June 2016 and 31 May 2017 are summarised as follows:

\$	FY15	FY16	YTD17
Current assets			
Accounts receivable	211,301	137,400	(12,172)
Cash and cash equivalents	6,555,243	1,060,472	(4,041)
Related party loan	12,367,042	-	228,321
Total current assets	19,133,586	1,197,872	212,108
Non-current assets			
Plant and equipment	72,094	20,023	8,604
Investments	6,284,985	560,000	560,000
Computer software	98,784	27,942	0
Intellectual property	-	-	-
Non-current related party loan	1,275,270	-	-
Total non current assets	7,731,133	607,964	568,604
Total assets	26,864,720	1,805,836	780,711
Current liabilities			
Accounts payable	1,163,555	90,127	375,359
Accrued expenses	215,000	249,000	1,274,811
Provisions	228,956	143,131	41,376
Other	77,642	(6,780)	(14,962)
Total current liabilities	1,685,154	475,478	1,676,584
Non-current liabilities			
Secured shareholder loans	-	-	500,000
Shareholder loans - interest & fees	-	-	177,000
Convertible loans	-	-	760,000
Convertible loans - interest & fees	-	-	29,500
Total non-current liabilities	-	-	1,466,500
Total liabilities	1,685,154	475,478	3,143,084
Net assets	25,179,566	1,330,358	(2,362,373)
Equity			
Net income	(6,004,302)	(36,026,644)	(3,780,128)
Retained earnings	(37,276,977)	(43,281,279)	(79,307,924)
Share capital	68,460,845	80,638,282	80,725,679
Total equity	25,179,566	1,330,358	(2,362,373)

Source: Management Accounts

I provide the following analysis and commentary on the Company's balance sheet statements:

- The face value of convertible notes is \$760k in the YTD17 balance sheet, however the actual face value of convertible notes is \$780k as per Section 2.3.2
- From FY15 to FY16 net assets decreased by \$23.9m. This decrease was largely driven by a large one-off asset write-offs as discussed at Section 3.2
- The debt position of Moko changed significantly from FY16 to YTD17. Moko operated with no debt during FY15 and FY16. As discussed at Sections 2.3.6 and 2.3.7 Moko raised debt from The Secured Creditor and from the Secured Convertible Note Holders. As a result, the total debt position of Moko increased by \$1.5m, from FY15 to YTD17
- The Shareholder loans related to the loans provided by The Secured Creditor. This loan and the loans provided by the Secured Convertible Note Holders are recorded as non-current liabilities in the Company's accounts. As these loans were repayable within 12 months they should have been recorded as current liabilities.

3.4 Working capital deficiency

Working capital is a financial measure which represents operating liquidity available to a company. Net working capital is calculated as current assets minus current liabilities.

Detailed below is a comparison of working capital as at 30 June 2015, 30 June 2016 and 31 May 2017. I note that there is a working capital deficiency as at 31 May 2017.

\$	FY15	FY16	YTD17
Current assets	19,133,586	1,197,872	212,108
Current liabilities	1,685,154	475,478	1,676,584
Working capital surplus / (deficiency)	17,448,432	722,394	(1,464,477)
Current ratio	11.35	2.52	0.13

Source: Management Accounts

The current ratio is a measure that is used to determine the Company's ability to pay off its short-term debt obligations. The higher the value of the ratio, the more able the Company is to meet its short-term debts, a value of less than 1 is an indicator of insolvency.

The deterioration of the Company's financial position is reflected in the deterioration of its current ratio from 11.35 as at 30 June 2015 to 0.13 as at 31 May 2017. This ratio is far worse if non-current loans are recorded as current liabilities. The implications of this deterioration was that the Company required ongoing funding to maintain operations and is consistent with the financial stress that the Company was experiencing leading up to my appointment.

4 Directors' Report as to Affairs (RATA)

4.1 Summary

Under Section 438B of the Act, the Directors are required to provide a RATA for the Company as at the date of my appointment within five business days of receipt of the request from the Administrator or such longer period as the Administrator allows.

The Directors provided their combined RATA on 8 June 2017.

The RATA, together with the respective accompanying schedules may be inspected by contacting Jordan Basso on (08) 9365 7489 at the Administrators office at Deloitte.

The RATA represents a snapshot of the asset and liability position of the Company on a going concern and forced asset realisation basis, **as prepared by the Directors**. I provide a comparison of these values to the estimated realisable amounts for the benefit of creditors.

The book values shown in the RATA do not reflect actual returns to creditors.

The RATA is summarised as follows:

\$	Note	Administrator's ERV	Directors' ERV
Assets			
Interest in land	4.1.1	Nil	Nil
Sundry debtors	4.1.2	Nil	33,750
Cash on hand and at bank	4.1.3	1,138	Nil
Stock	4.1.4	Nil	Nil
WIP	4.1.5	Nil	Nil
Plant & equipment	4.1.6	5,000	Nil
Other assets	4.1.7	Nil	Nil
Subtotal		6,138	33,750
Assets subject to security interests	4.1.8	Nil	Nil
Balances owing to secured creditor	4.1.8	Nil	Nil
Less: amounts owing on security interests	4.1.8	(1,459,266)	(1,485,000)
Total		(1,453,128)	(1,451,250)
Liabilities			
Priority creditors	4.1.9	Nil	(50,000)
Employee entitlements	4.1.10	(62,106)	(42,000)
Total		(62,106)	(92,000)
Available to unsecured creditors		(1,515,234)	(1,543,250)
Less: Amounts owing to unsecured creditors	4.1.11	(1,871,095)	(3,030,000)
Contingent assets		Nil	Nil
Less: contingent liabilities		Nil	Nil
Surplus/(Shortfall)		(3,386,329)	(4,573,250)

Source: Directors' RATA

I comment on the estimated realisable values included in the RATA as follows:

4.1.1 Interest in land

The Company does not own any land.

4.1.2 Sundry debtors

As at the date of our appointment, the Company had receivables totalling \$33,750 calculated as follows:

Debtor	Amount (\$)
Competitor Group Inc.	33,750
Total	33,750

The debtor relates to the sale of one of the Company's websites, 'RunHaven' to the Competitor Group Inc. on 15 August 2016. This debtor is due and payable on the 31 December 2017. I have no reason to expect that this debtor will not be collected in the normal course of business, however as the debtor has yet to respond to any of my attempts to contact them, I have for the sake of conservatism not included any value for this asset.

4.1.3 Cash on hand and at bank

The RATA disclosed a nominal amount of cash on hand at the date of our appointment. Following my appointment I took steps to have the cash balances of the Company bank accounts transferred into a bank account controlled by the Voluntary Administrators, a total of \$373.22 was transferred. I have also received a refund on pre-appointment insurance premiums of \$764.60.

4.1.4 Stock on hand

The RATA does not disclose any stock on hand.

4.1.5 Work in progress

The RATA does not disclose any work in progress.

4.1.6 Plant & equipment

The RATA disclosed that the Company had plant and equipment that was located at the principal place of business. Following my appointment I removed any assets of value to be stored at a secure location. Gregson's Valuers and Auctioneers have given a high level, indicative auction value for the assets of between \$5,000 and \$7,000 before taking into account any costs to realise these assets.

4.1.7 Other assets

The RATA did not disclose any other assets. We note that the Company has a 10% shareholding in Big Teams LLC and True Blue Media LLC. Both entities are unlisted US based corporations. I have made attempts to obtain financial information from these companies in order to assess the value, if any, of these assets. At the time of writing I have yet to receive any such information. I note that Moko had effectively written-off any value in these investments as both companies are similar to Moko, being start-up technology businesses that have yet to be fully commercialised. In respect to True Blue Media LLC, Moko acquired its shareholding when it sold a website to True Blue Media LLC. Based upon my discussions with the Directors these assets are unlikely to have any material value.

Investments in the wholly owned subsidiaries are likely to have no realisable value as these entities are effectively dormant or insolvent without any assets.

The RATA also did not include the value of the R&D Claim of c.\$278k available to the Company for FY17.

4.1.8 Secured creditor

The RATA disclosed secured creditors totalling \$1,457,000 in line with those outlined in Section 2.3.2, Section 2.3.6 and Section 2.3.7. In addition, the Directors' RATA included \$28,000.00 in accrued interest relating to the convertible notes that remained outstanding as at the date of our appointment.

4.1.9 Priority creditors

The RATA disclosed \$50,000 in statutory creditors' claims, I note that this claim does not have a priority pursuant to Section 556 of the Act, however the ATO will likely reduce the quantum of the R&D Claim by this amount thus obtaining an effective priority as it is entitled to do by way of set-off. My analysis indicates that the ATO may be owed c.\$62k.

4.1.10 Employee entitlements

The RATA discloses employee claims totalling \$42,000. The amounts disclosed are summarised as follows:

Type of entitlement	Amount (\$)
Wages	Nil
Holiday pay (annual leave)	30,500
Long service leave	5,500
Payment in lieu of notice	Nil
Redundancy	N/A
Outstanding superannuation	6,000
Total	42,000

I have completed an initial review of the entitlements of all employees, including those that have been terminated during the administration period and provide a summary as follows:

Type of entitlement	Amount (\$)
Wages/salary sacrifice to appointment	380
Superannuation to appointment	8,039
Annual leave – terminated/resigned employees	31,745
Long service leave – terminated/resigned employees	5,500
Notice entitlements – terminated employees	16,442
Redundancy – terminated employees	N/A
Total Priority Claims	62,106

The claims of the employees represent a priority claim pursuant to Section 556 of the Act and are subject to an adjudication process that may result in changes to the above amounts. I have written to all employees that

were employed in the 12 months prior to my appointment to confirm the amounts owing, the entitlements above include any adjustments claimed by employees.

4.1.11 Unsecured creditors

Unsecured creditor claims disclosed in the RATA total \$3,030,000 after converting US dollar amounts to Australian dollars at the USD:AUD spot rate on 31 May 2017 of \$A0.74:\$USD1.00. We note that the Directors also included creditors of MOKO Mobi Inc. in their RATA. Whilst it is possible that some of these US trade creditors have transacted with Moko Social Media Ltd there are a number of creditors that will solely be creditors of MOKO Mobi Inc. and therefore not have claims against Moko Social Media Ltd. According to the Company's records the unsecured creditors of the Company are as follows:

Creditor type	Amount (\$)
Trade creditors	367,523
IM Leagues	1,274,811
ATO	62,344
Directors' fees	166,417
Total unsecured creditors	1,871,095

I will conduct a formal proof of debt and adjudication process that will eliminate any claims that are not related to the Company.

4.2 Explanations for difficulties

4.2.1 Directors' explanation

The Directors have advised that the reasons for the Company's financial difficulties were as a result of the following:

- The Company required funding to execute the proposed business plan of commercialising and monetising the suite of Apps
- A number of merger and acquisition opportunities were pursued but did not eventuate during the lead up to the Voluntary Administration
- On 31 May 2017 the major shareholders and secured creditors of the business declined to provide further funding required to pay ongoing operating expenses and licence fees. As a result the Directors resolved to appoint Voluntary Administrators.

4.2.2 Administrator's opinion

In my opinion from a review of the Company's operations, correspondence and discussions with the Directors, the difficulties were also as a result of the following:

- The Company's business model did not maximise the Company's ability to monetise the Mobile Apps and the Company therefore required additional funding to meet its ongoing liabilities.
Notwithstanding the above, I understand that the Company has generated revenues previously, for example the Company's ASX quarterly report for the quarter ended 31 March 2015 stated that approximately \$5,588,000 of cash receipts from customers had been generated for the 9 month period ended 31 March 2015
- The Company's strategic direction required the monetisation of the Apps in a market where competition was increasing and margins from the sale of advertising had declined significantly
- The Company was unable to demonstrate to potential advertisers and sponsors that it was financially strong enough to partner with
- The licence agreements required to maintain the data flow to the Apps were costly to service
- The Company has an inefficient data storage system resulting in operating expenses that were costly to maintain.

4.3 Outstanding winding up applications

My review of the ASIC records did not disclose any winding up applications filed against the Company prior to my appointment as Administrator.

5 The Administrators actions to Date

Following my appointment, I took control of the operations and affairs of the Company.

I commenced and completed the immediate operational and statutory actions required for the conduct of the voluntary administration. These included, but were not limited to, the following:

- Met with the employees of the Company to explain the administration process and answer any questions regarding the administration
- Terminated the employment of active employees of the Company
- Met with the Directors of the Company to discuss the nature and implications of my appointment and their obligations
- Obtained access to and commenced to safeguard all physical records and cloud based storage systems that the Company utilised
- Attended the principal place of business, collected any contents of value and disclaimed the lease for the principal place of business
- Liaised with auctioneers to establish a high level value of assets collected from the Company's principal place of business
- Attended to insurance requirements
- Correspondence and teleconferences with licence providers, IML and Big Teams
- Arranged for the sale of the business/reconstruction of the Company to be advertised in various media in Australia and the US
- Prepared an information memorandum for the business
- Answered interested parties' queries and maintained an interested parties register
- Met and held teleconferences with The Secured Creditor to discuss progress of the Voluntary Administration, obtain updates on the sales strategy of the Company, discuss potential recapitalisation proposals
- Conducted an investigation into the affairs of the Company
- Request for financial information from True Blue Media LLC and Big Teams LLC
- Investigation into potential voidable transactions to be investigated further in the event that the Company is placed into liquidation
- Reviewing the conduct of the Directors of the Company to identify any potential breaches of Directors' duties in relation to the Company
- Conducted an initial assessment of the financial position of the Company
- Reviewed security interests recorded upon the PPSR and disclaimed onerous property
- Held teleconferences with the Directors, investors and creditors of the Company with a view to funding and a recapitalisation of the Company through a DOCA process
- Answering creditor and employee queries as required
- Reviewed Company employee records and prepared letters to former employees to confirm outstanding employee entitlements
- Answering shareholder queries as required
- Complying with the ASX's continuous disclosure requirements
- Liaising with the ASX
- Applied to ASIC for a deferral of the Company's reporting obligations
- Notifying statutory authorities of my appointment
- Preparing and lodging relevant notices with ASIC
- Preparing the report to creditors and relevant statutory notices for the first meeting of creditors
- Held the first meeting of creditors on 13 June 2017, drafted and lodged relevant minutes with ASIC
- Attend to the application to extend the convening period of the second meeting of creditors
- Preparing this report to creditors
- Opened a bank account and attended to banking requirements
- Attend to the completion of taxation returns and preparation of the R&D Claim
- Reviewed and considered Deed of Company Arrangement proposals.

5.1 Sale of business and reconstruction of the Company

Following my appointment I commenced advertising for the sale of the business and/or reconstruction of the Company on the following dates:

Publication	Date(s)
The West Australian newspaper	6 June 2017 10 June 2017 14 June 2017
Australian Financial Review newspaper	9 June 2017 14 June 2017
Sports Business Daily website	10 July 2017 – 23 July 2017

This advertising program cost \$19,608.30.

The indicative timeline for the sale of the business was as follows:

Step	Date(s)
Commencement of advertising	7 June 2017
Distribution of confidentiality agreement	Upon request
Distribution of information memorandum	21 June 2017
Last date for submission of indicative offers	27 July 2017
Short list established	28 July 2017
Due diligence by short listed parties	7 August 2017
Final offers to be received	14 August 2017
Notification of preferred bidder(s)	16 August 2017
Finalisation of sale agreement	31 August 2017

I received expressions of interest from 39 parties. I asked all interested parties to execute a confidentiality agreement prior to receiving an Information Memorandum (**IM**), 24 interested parties executed the confidentiality agreement.

Of these interested parties, 24 were forwarded the IM which was released on 21 June 2017. I received 8 non-binding indicative offers (**NBIO**) from interested parties for the reconstruction of the Company via a deed of company arrangement. I received no formal offers for the business assets themselves, being the Apps.

Concurrently with this sale process, the Secured Creditor and Convertible Note Holders had been working on a DOCA proposal for creditors' consideration. This proposal was initially received from Trevor Nairn on 18 August 2017 (**Proposal**) and is outlined in Section 8. I have spent the time since 18 August 2017 negotiating the terms of the Proposal and finalising documentation with the Proponent.

I note that due to the Company's position and the position of Secured Creditors, the DOCA proposal if effectuated, will result in a higher return to creditors as a whole than any of the other NBIOs received through the sale process to date. As a result I have not short listed any of the interested parties who have submitted NBIO's. In the event that the creditors do not vote in favour of the DOCA or any of the conditions precedent to the DOCA are not completed and the DOCA is not effectuated, I will consider short listing these interested parties with the view of completing a successful recapitalisation of the Company.

5.2 Administrator's receipts and payments

The following table provides a summary of the receipts and payments during the period 31 May 2017 to 23 October 2017.

We advise that the summary below does not include accruals incurred to date.

	Amount (\$)
Receipts	
Insurance Refund	764.60
Cash at bank on appointment	373.22
Total Receipts	1,137.82
Payments	
Nil	Nil
Total Payments	Nil
Balance of cash on hand	1,137.82

6 Investigations

6.1 Introduction

Section 438A(a) of the Act provides that as soon as practicable after an administration begins the Administrator must investigate the Company's business, property, affairs and financial circumstances.

Pursuant to Regulation 5.3A.02 the Administrator is also required to investigate and report on any possible recovery actions that may be available to a Liquidator should creditors resolve that the company be wound up.

An explanation of the possible offences by a Director and insolvent and voidable transactions that a Liquidator could pursue is attached at Appendix B. This information sheet has been prepared by the Australian

Restructuring, Insolvency and Turnaround Association (**ARITA**) and is intended to reduce the amount of generic information included as part of the body of this report. Creditors who are not familiar with the nature of offences and liquidator actions should refer to the appendix for explanations. If further explanation is required of the material contained in Appendix B or of our investigations, creditors should contact Jordan Basso on (08) 9365 7849.

6.2 Overview of investigation

In the time available to us, I have undertaken the following investigations to prepare this report and formulate my opinions:

- ASIC and real property searches
- Personal Property Securities Register searches
- Preliminary review of books and records of the Company
- Discussions and questionnaires completed by the Directors
- Discussions with management and staff
- Discussions with creditors
- Review of the financial accounts of the Company
- Review of registered security interests.

Whilst I have no reason to doubt any information contained in this report, I reserve the right to alter my conclusions should the underlying data prove to be inaccurate or materially change from the date of this report.

6.3 Offences by the Directors and /or Former Directors

6.3.1 Overview

An Administrator is required to complete and lodge a report pursuant to Section 438D of the Act with ASIC where it appears to the Administrator that a past or present officer of the company may have been guilty of an offence in relation to the Company and in other limited circumstances. Any report lodged pursuant to Section 438D (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

I have undertaken a preliminary investigation of the affairs of the Company in relation to suspected contraventions of Section 180 - 184 of the Act regarding the general duties of directors and officers.

From my investigations to date I have not found that the Directors or Former Directors have acted dishonestly and/or fraudulently in the exercise of their powers and discharge of their duties. To date, there has been no evidence that the Directors or Former Directors have used their powers other than in the Company's interest.

Whilst I will continue to investigate any potential breaches of director's duties, at the time of writing this report it is unlikely that there will be actions against the Directors or the Former Directors for breach of their statutory duties.

In the event that the Company is placed into liquidation at the second meeting of creditors, a Liquidator would investigate any potential breaches of director's duties and report these to ASIC accordingly and assess the prospects of a claim against the Directors or Former Directors.

6.3.2 Books and records

Pursuant to Section 286 of the Act, a company must keep written financial records that correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and presented in accordance with the accounting standards.

Failure by the Company to maintain books and records in accordance with Section 286 of the Act provides a rebuttable presumption of insolvency of the company; however, this only applies in respect of a liquidator's application for compensation for insolvent trading and other actions for recoveries pursuant to part 5.7B of the Act from related entities.

In my opinion, it appears as though the books and records have been maintained in accordance with Section 286 of the Act.

Accordingly, I do not believe the presumption of insolvency afforded to a liquidator under Section 588E(4) of the Act would be available if the Company were liquidated.

6.4 Voidable transactions

The Act requires an Administrator to specify whether there are any transactions that appear to the Administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

This issue is relevant to creditors if they are being asked to choose between a DOCA and liquidation, because voidable transactions are only able to be recovered if liquidation occurs.

Voidable transactions include:

- Unfair preferences (Section 588FA)
- Uncommercial transactions (Section 588FB)
- Unfair loans to a company (Section 588FD)
- Arrangements to avoid employee entitlements (Section 596AB)
- Unreasonable director-related transactions (Section 588FDA)
- Transactions with the purpose of defeating creditors (Section 588FE(5))
- Voidable security interests (Section 588FJ).

It is important to note that such transactions are only voidable if they are considered insolvent transactions of the Company. In order for a liquidator to recover any amount it would first be necessary to establish that the Company was in fact insolvent at the time of the transaction.

Generally such actions are expensive and are likely to require Court applications. As such, should there be inadequate funds available, or the Liquidator considers it uncommercial or not in the creditors' best interests, such recovery actions may not be commenced by the liquidator.

In these circumstances, creditors wishing to fund any such actions may do so. Should any funds be recovered from these actions, the creditors providing the funding may be entitled to receive their contribution in priority to other creditors.

Litigation insurance may also be available to fund these actions. However, such funding is generally only available where legal advice indicates that there is a strong potential for success.

6.4.1 Unfair Preferences Payments (Section 588FA)

I have examined the books and records of the Company. I have identified 30 payments totalling approximately \$1,464,346.45 in payments to four creditors that may be potential unfair preferences within the six months prior to the relation back day. The largest of these claims is for \$1.3m.

In order to prove a creditor received an unfair preference payment, a liquidator must demonstrate that the Company was insolvent at the time the creditor received the payment/benefit. The creditor has a defence to a claim by a liquidator that a transaction is an unfair preference if, at the time the benefit was received the creditor had no reasonable grounds for suspecting that the Company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given.

My investigations into the date of insolvency for the Company are outlined in Section 6.5 and indicate that the Company may have been insolvent from May 2017. Of the potential unfair preference payments no payments were made since May 2017. If the Company was said to be insolvent 6 months prior to the relation back day so that the above payments were possibly preferential, I am of the opinion that the creditors concerned may have a reasonable defence that they did not have reason to suspect such insolvency. That is the Company was at all times leading up to the relation back day seeking to restructure its affairs to enable the Company to remain solvent and had sought secured funding from multiple parties.

I note also that the largest of the claims is against a US based corporation. Taking action and enforcing judgment against a company based in a foreign jurisdiction would be expensive. It is also difficult to assess that entity's capacity to pay. As liquidators it would also be likely that I would lack the funds to take such action.

As a result I have not included any recovery of preference payments in our estimate of expected returns to creditors in a liquidation in Section 7.

6.4.2 Unfair Loans (Section 588FD)

My investigations of the Company books and records has not revealed that the Company may have made or received any loans from or to any parties which committed the Company to extortionate terms.

It appears that the loans received by the Company were close to or better than what otherwise would be available at market rates given the financial position of the Company. The loans issued by the Company appear to be in the normal course of business to its wholly owned subsidiaries.

6.4.3 Uncommercial Transactions (Section 588FE)

My review of Company records to expose evidence of uncommercial transactions entered into by the Company has not identified any transactions that would constitute an uncommercial transaction.

6.4.4 Unreasonable Director-Related Transactions (Section 588FDA)

My investigations have not identified unreasonable director related transactions.

6.4.5 Arrangements to Avoid Employee Entitlements (Section 596AB)

I have not to date identified any transactions of this nature.

6.4.6 Transactions with the Purpose of Defeating Creditors (Section 588FE(5))

I have conducted a review of the transactions of the Company for the six months prior to the relation back day to identify any transactions that may have been entered into with the purpose of defeating creditors.

Aside from the potential preference payments outlined above, I have not to date identified any transactions undertaken for the purposes of defeating creditors that would be recoverable by a liquidator.

6.4.7 Circulating security interests created within Six Months (Section 588FJ)

A search of the Personal Property Securities Register (PPSR) reveals that the following floating circulating security interests have been perfected over the Company's assets in the six months prior to the relation back day:

Secured Party	PMSI Y/N	Date Perfected
Ice Cold Investments Pty. Limited ACN 006 093 518	N	21/03/2017
Harris, Bradley	N	21/03/2017
Munro & Delamare, Mr M A & Mr RP	N	21/03/2017
Thick, Philip	N	21/03/2017
L & E Fisher Nominees Pty. Ltd. ACN 064 985 315	N	21/03/2017
Roadknight Investments (Australia) Pty Limited ACN 127 498 006	N	28/03/2017
Povey, Grant	N	28/03/2017
Greatside Holdings Pty Ltd ACN 107 391 793	N	28/03/2017
Occasio Holdings Pty Ltd ACN 166 713 097	N	28/03/2017
Bearded Rooster Nominees Pty Ltd ACN 100 361 715	N	28/03/2017
Yeo, Simon David & Jennifer	N	04/04/2017
Heritage Pacific Pty Ltd ACN 076 358 051	N	04/04/2017
Rpk Nominees Pty Ltd ACN 097 515 056	N	10/04/2017
Waldon, Emma	N	31/05/2017

These security interests relate to the convertible notes issued by the Company as per Section 2.3.2 and provided the Company with funding to meet its short term operational funding obligations and accordingly, the security interests do not breach Section 588FJ.

6.5 Insolvent trading (Section 588G)

Directors have a positive duty to prevent the Company from trading whilst it is insolvent as set out in Section 588G of the Act. If a director is found to have contravened Section 588G he/she may be ordered to pay an amount of compensation to the Company equal to the amount of loss or damage suffered by creditors as a result of the contravention.

Information about possible insolvent trading is relevant to creditors when making a decision about the future of the company as directors of the company may generally only be pursued for insolvent trading if the Company is in liquidation.

As with the voidable transaction analysis above, creditors have to assess the advantages to them of a DOCA, which cannot include proceeds from insolvent trading actions, compared to the likely return in a liquidation, which could include the proceeds of any successful insolvent trading action.

My investigations have been extensive, but are preliminary. As detailed above, the Company had trading losses in FY15, FY16 and YTD17 and negative working capital for YTD17. These are both indicators of insolvency but are not uncommon in companies that are in the start-up phase of the business cycle with minimal revenues from operations.

On the basis of our preliminary investigations, it appears that the Company may have been insolvent from at least May 2017 when sources of funding from Secured Creditors/shareholders were no longer available and the proposed merger no longer likely, being a short time prior to my appointment by the Directors. Ultimately, the issue of insolvency would need to be determined on the basis of available evidence presented to a Court.

Other indicators of insolvency include:

- Continuing losses. As detailed above, the Company incurred losses in FY15, FY16 and YTD17
- Current Ratio below 1 (refer to Section 3.4 above)
- Overdue Commonwealth taxes of \$51,391.65 as per the books and records of the Company
- Inability to borrow further funds and withdrawal of further support from the Secured Creditor and Secured Convertible Note Holders in May 2017
- Inability to meet scheduled payments to IML
- Solicitor's letters, summons, judgement or warrants issued against the company. I am aware of several such claims against the Company specifically from creditors domiciled in the US. However, I note that these letters appear to be in the normal course of business for debt collection in the US and may represent claims against Moko Mobi and not Moko.

A liquidator would investigate further the possibility of taking action against the Company's directors for breaches of their duties to prevent insolvent trading. The Directors of the Company may be able to rely on certain defences to mitigate any claim brought by a liquidator. In particular, right up to the date of my appointment, the Directors were taking active steps to restructure the Company by means of merger discussions with various parties. The Directors were of the view that the merger if successful would have ensured the Company's solvency.

If it is established that a director has breached his or her duties to prevent the Company from incurring debts whilst it was insolvent, a Liquidator could recover from those directors an amount equal to the loss that has been suffered by the creditors whose debts remain unpaid.

If a Liquidator chooses to pursue an insolvent trading action, creditors are prevented from taking their own action against the Director(s) for compensation. If a Liquidator does not choose to take any action in this regard, a creditor may commence proceedings on its own behalf but only with the consent of the liquidator or the Court.

Accordingly, due to the uncertainty of any recoveries, I have not included any recoveries from insolvent trading in our estimate of expected returns to creditors in liquidation. I note that in the event that the creditors vote for the Company to execute a DOCA, the Deed Administrator will not be able to bring any claims against the Director for insolvent trading.

7 Estimated return from a winding up

7.1 Introduction

I have prepared an analysis of the likely realisation under liquidation and DOCA on two bases. Both bases High and Low are outlined below.

Both liquidation scenarios involve:

- Receipt of a R&D Claim from the Australian Taxation Office
- Closure of the Company's business
- Attempted sale of the Company's assets by the liquidator in a distressed realisation scenario
- Attempted recovery of preferences for the benefit of all creditors
- No value being realised for the business intellectual property/Apps
- Costs involved in undertaking the sale of the Company assets including the Administrator's and Liquidators' fees and sale expenses.

Both deed of company arrangement scenarios involve:

- Receipt of a R&D Claim from the Australian Taxation Office
- Injection of a loan of \$120,000 from the DOCA Proponent and a further injection of c.\$100k from the proceeds of a capital raising
- A consolidation of existing shareholders' equity on a 300:1 basis
- The conversion of all Secured Creditor claims to equity (post consolidation)

- No value being achieved for shares in the Subsidiaries
- No compromise to employee entitlements
- Secured creditors being bound by the DOCA
- My fees and disbursements in relation to the Administration and DOCA capped at \$215,000 plus GST
- The establishment of a Creditors' Trust.

Further details of the specific DOCA terms are outlined in Section 8.

7.2 Comparative scenarios

Below is a comparison of the possible scenarios that could eventuate at the second meeting of creditors:

\$ (Excl. GST)		Note	Liquidation		DOCA	
			Low	High	Low	High
Circulating assets						
Cash	4.1.3		1,138	1,138	1,138	1,138
Pre-appointment debtor	4.1.2		-	33,750	-	-
Fringe Benefits Tax refund	7.12		9,622	9,622	9,622	9,622
R&D Claim	7.3		277,697	277,697	277,697	277,697
Less: costs to realise R&D Claim	7.3		(40,000)	(40,000)	(40,000)	(40,000)
Less: ATO offset	7.3		(62,344)	(62,344)	(62,344)	(62,344)
Less: priority employee claims	4.1.10		(62,106)	(62,106)	(62,106)	(62,106)
Proponent loan to meet employee claims	8		-	-	62,106	62,106
Less: Voluntary Administrator's fees incurred in safeguarding and realising assets to 23/10/17	11		(28,694)	(28,694)	(28,694)	(28,694)
Less: Future Voluntary Administrator's fees to safeguard and realise assets	11		(2,500)	(2,500)	(2,500)	(2,500)
Less: Expenses incurred by Administrator to safeguard assets	11		(5,058)	(5,058)	(5,058)	(5,058)
Surplus/(Deficiency) available for distribution to 1st ranking secured creditor			87,754	121,504	149,860	149,860
Non-circulating assets						
Office equipment	7.4		5,000	7,000	-	-
Investments in subsidiaries	7.11		-	-	-	-
Intellectual property (IP)	7.5		-	-	-	-
Less: expenses incurred by Proponent to safeguard IP assets	7.5 & 8		-	-	(20,000)	(20,000)
Less: future expenses by Proponent to safeguard assets	8		-	-	(19,218)	(19,218)
Less: ASX listing fees	7.6		-	-	(18,676)	(18,676)
Proponent loan to meet ASX listing fees and costs to safeguard IP	8		-	-	57,894	57,894
Less: Voluntary Administrator's fees incurred in safeguarding and realising assets to 23/10/17	11		(45,423)	(45,423)	(45,423)	(45,423)
Less: Voluntary Administrator's expenses incurred in safeguarding and realising assets to 23/10/17	11		(20,097)	(20,097)	(20,097)	(20,097)
Surplus/(Deficiency) available for distribution to 1st ranking secured creditor			27,234	62,984	N/A	N/A
Surplus/(Deficiency) available in DOCA			N/A	N/A	84,340	84,340
Secured creditor claims						
Less: amounts payable to 1st ranking Secured Creditor	2.3.6 & 8		(677,000)	(677,000)	N/A	N/A
Surplus/(Deficiency) available for Secured Convertible Note Holders			(649,766)	(614,016)	N/A	N/A
Less: amounts payable to Secured Convertible Note Holders	2.3.2 & 8		(809,500)	(809,500)	N/A	N/A
Total Surplus/(Deficiency) on secured creditor claims			(1,459,266)	(1,423,516)	N/A	N/A
Surplus/(Deficiency) available for distribution					84,340	84,340
Additional Funds						
Proceeds from capital raising available for distribution	8		N/A	N/A	100,003	100,003
Surplus/(Deficiency) available for distribution			(1,459,266)	(1,423,516)	184,343	184,343
Cost of administration						
Voluntary Administrator's fees to 23 October 2017	11		(152,942)	(152,942)	(75,265)	(75,265)
Voluntary Administrator's expenses and disbursements to 23 October 2017	11		(7,647)	(7,647)	(3,763)	(3,763)
Voluntary Administrator's estimated fees to DOCA	11		-	-	(5,000)	(5,000)
Voluntary Administrator's estimated disbursements to DOCA	11		-	-	(250)	(250)
Liquidator's fees	11		(104,343)	(104,343)	N/A	N/A
Liquidator's disbursements	11		(5,217)	(5,217)	N/A	N/A
Legal fees for extending the convening period	11		(14,665)	(14,665)	(14,665)	(14,665)
Deed Administrators' fees	11		N/A	N/A	(23,000)	(23,000)
DOCA and Creditors' Trust preparation and meeting expenses	8		N/A	N/A	(15,000)	(15,000)
Deed Administrator's disbursements	11		N/A	N/A	(1,150)	(1,150)
Trustee for Creditors' Trust fees	11		N/A	N/A	(25,000)	(25,000)
Trustee for Creditors' Trust disbursements	11		N/A	N/A	(1,250)	(1,250)
Total cost of administration			(284,814)	(284,814)	(164,343)	(164,343)
Surplus/(Deficiency) available after costs of administration			(1,744,079)	(1,708,329)	20,000	20,000
Unsecured creditor claims						
Amounts owing to unsecured creditors	7.10		(2,170,501)	(1,808,751)	(2,170,501)	(1,808,751)
Total estimated surplus/(deficiency)			(3,914,581)	(3,517,081)	(2,150,501)	(1,788,751)
Potential recoveries in liquidation scenario	6.4		Unknown	Unknown	N/A	N/A
Less: recovery costs	6.4		Unknown	Unknown	N/A	N/A
Employee priority creditor dividend rate (cents per \$)						
1st ranking secured creditor dividend rate (cents per \$)			100.0	100.0	100.0	100.0
Secured Convertible Note Holder dividend rate (cents per \$)			4.02	9.30	Equity	Equity
Unsecured creditor dividend rate (cents per \$)			nil	nil	Equity	Equity
			nil	nil	0.92	1.11

Source: DOCA term sheet, Management accounts, Deloitte analysis

In a liquidation scenario, a liquidator would be unfunded and require either creditor or litigation funding to bring actions for voidable transactions or insolvent trading. The outcome of any actions would be highly uncertain.

Consequently, given our investigations to date, I am unable to attribute any value with certainty to any recoverable actions as outlined in Section 6 of this report.

The values included in the return to creditors summary above are on a forced sale basis, as discussed below:

Liquidation high scenario

These values have been included on the basis that there is potential for an increased recovery or realisation above that of a Low position for specific assets. Where there are two estimates of the value of an asset, the higher value has been included in the High calculations. Achieving these values is subject to a number of factors that would arise during the realisation process. This includes various market forces affecting the value of each asset, including the interest in each asset and the general economic status at the time of sale.

Liquidation low scenario

The values included in this calculation are considered to be on the lower range of the possible values recoverable from the specific assets of the Company. These amounts have been calculated by either discounting for a reduced return or where two values were provided for an asset, the lower value was included. We have also assumed unsecured creditors' claims are 20% higher than the value in the Company's books and records.

DOCA high scenario

These values have been included as per our anticipated return of \$278k from the R&D Claim and assumes the value of creditor claims received is as per the records of the Company.

DOCA low scenario

These values have been estimated based on a receipt from the R&D Claim of \$278k, the Proponent loan of \$120k and assumes the number of unsecured creditor claims received is 20% higher than the books and records listing.

Again, the realisations will be subject to costs and also fluctuations in various other factors outlined above. However, there is a mechanism under the DOCA Proposal to ensure a minimum distribution to unsecured creditors of \$20,000 (i.e. c.1c/\$)

7.3 R&D Claim

The recoverability of the R&D Claim will be dependent upon a number of factors including the liability upon lodgement of outstanding taxation returns and any further information the ATO may require.

I have engaged Deloitte Tax Services Pty Ltd (**Deloitte Tax**) to prepare and lodge the outstanding taxation lodgements and make the application for the R&D Claim. The returns and the R&D application have been lodged. I will be seeking creditor approval for the Deloitte Tax's fees incurred in the preparation and lodgement of the outstanding taxation returns and R&D Claim.

I note that the ATO will likely set-off the outstanding balance on the Company's integrated client account, prior to paying the R&D Claim. I estimate that the ATO could set-off \$62,343.99.

7.4 Office equipment

This relates to all plant and equipment (computers and other miscellaneous items of office equipment) owned by the Company and subject to the security interests of the Secured Creditor and the Convertible Note Holders.

A high level indicative valuation has been provided by Gregson's Valuers and Auctioneers regarding this asset at between \$5k and \$7k before selling costs.

In a DOCA scenario these assets will remain with the Company.

7.5 Intellectual property

As a business involved in the development of Apps, an important asset of the Company is the intellectual property in the source code underlying the products developed as well as the user data collected to date. As discussed at Section 5.1 none of the parties that expressed interest in Moko prescribed any particular value to the Apps, source code or user data. The Company's own accounting treatment was to expense the development costs of the Apps and so no value is listed on the balance sheet for this asset. Such assets are very difficult to value, especially when they have yet to be commercialised.

7.6 ASX listing fees

As set out in Section 2.3.1 the Company is listed on the ASX. The ASX requires that the annual listing fee is paid on or before 28 August 2017 or the Company will be automatically de-listed. The Administration is unfunded and therefore the DOCA Proponent agreed to pay these listing fees on the Company's behalf as part of the DOCA Proposal.

7.7 Secured creditors' claims

The Secured Creditors of the Company as detailed at section 2.3.5 include the Secured Creditor and the Secured Convertible Note Holders. The Secured Creditor (Rhonda Nairn) ranks first in priority and then the Secured Convertible Note Holders in order of time/date lodgement of their interests on the PPSR.

7.8 Overall realisations in liquidation scenarios

We do not anticipate that there will be a dividend to unsecured creditors in either liquidation scenario.

The return to Secured Creditors in a liquidation involves the realisation of all the circulating and non-circulating assets of the Company over which they have perfected security interests and are first ranking against the realisations from the sale of those except in the case of circulating assets which are available for the payment of employee entitlements pursuant to their priority under Section 556 of the Act.

Prior to the payment of the Secured Creditors and priority creditors, all of the costs applicable to the protection and realisation of the relevant circulating and non-circulating assets must be paid subject to there being sufficient value in those assets on liquidation.

7.9 Effect on employees

In relation to employee entitlements, a priority exists over the secured creditors in relation to circulating assets. In this case employees would likely be paid in full from the realisation of the R&D Claim on liquidation. The DOCA also provides for full payment of employee entitlements.

Should there be inadequate funds in the liquidation for the payment of employee entitlements, employees may be entitled to apply to the federally funded Fair Entitlements Guarantee (FEG).

FEG may cover successful applicants for outstanding wages, annual leave and termination notice. However, FEG does not cover outstanding superannuation entitlements, nor excluded employees, including the directors of the Company. I would assist employees in applying to FEG.

7.10 Unsecured creditor claims

As discussed at Section 4.1.11 until we formally adjudicate upon creditor claims there exists some uncertainty as to the quantum of creditor claims against Moko. This is due principally to uncertainty as to whether US based creditors are creditors of MOKO Mobi Inc. or of Moko Social Media Ltd. In the Low scenarios we have factored in an increase of 20% to allow for creditors' claims being greater than what is recorded in the Company's books and for more US based creditors being creditors of Moko. The final level of unsecured creditor claims is therefore subject to change.

7.11 Investments in subsidiaries

The Proposal provides for shares in the Subsidiaries to be transferred to the Creditors' Trust and therefore available to creditors. As outlined at Section 2, these shares appear to have no value. It is my intention that once the shares are transferred to the Creditors' Trust, no action will be taken with respect to these shares. It will then likely follow that the Subsidiaries will be automatically deregistered for failure to pay registration fees and/or in the case of MOKO Mobi a US based creditor may seek the liquidation of that entity. This will have no impact on the creditors of Moko.

7.12 Fringe benefits tax refund

It is estimated that the Company is entitled to a refund in overpaid fringe benefits tax of \$9,622.

7.13 Conclusion

In conclusion, assuming the amount of all debts proved and accepted by the Liquidator correspond to the amounts disclosed in my analysis, we estimate that there is unlikely to be sufficient funds to meet all of the costs of the Administration and Liquidation or for a dividend to unsecured creditors, in the event that the Company is placed into liquidation.

8 Deed of Company Arrangement (DOCA)

8.1 Introduction

A DOCA has been proposed by Trevor Nairn (**Proponent**). The Proponent is the spouse of the Secured Creditor.

As discussed at Section 5.1 we received 8 other NBIO's from parties for the reconstruction of the Company via a DOCA. None of those proposals provided for the complete repayment of all secured debt and therefore would not receive the support of the Secured Creditors, which is necessary for a DOCA to be effective in this case.

8.2 Key features

A copy of the proposed DOCA is contained at Appendix E and the Creditors' Trust Deed at Appendix F, and a summary of the key features of the Proposal at Appendix D. It is intended that the final DOCA and Creditors' Trust Deed executed will be substantially in the form as attached. In summary the proposal assumes:

- Following approval of creditors at the forthcoming meeting held in accordance with Section 439A of the Act a DOCA will be executed.
- The Deed Administrator will be Jason Tracy (**Deed Administrator**).
- Within no later than 14 days of receipt of all ASX approvals and waivers required for the Proposal the Proponent will provide a loan of \$120,000 (**Loan**) to the Company at an interest rate of 10% per annum repayable from the proceeds of the Capital Raising or otherwise when the Company has sufficient funds to repay the Loan and all of its other liabilities at that time. The Loan will be non-recourse to the Deed Administrator, secured only by the data recovered by the Proponent as a result of the payment of the \$20,000 to recover the data from a third party data host. The proceeds of the Loan will be used as follows:
 - \$20,000 toward data recovery (already paid by the Proponent)
 - \$18,676 toward the Company's outstanding ASX listing fees (already paid by the Proponent)
 - \$62,106 toward the Company's employee entitlements
 - the balance \$19,218 towards further data recovery, storage and review.
- Within three business days from the satisfaction or waiver by the Proponent of the Conditions Precedent (as defined below) the Proponent will procure that the Company will pay the Deed Administrator on an irrevocable, non-refundable basis a cash payment equal to the R&D Claim of no less than \$250,000 (before set-off for any tax owing by the Company).
- Within three business days from the satisfaction or waiver by the Proponent of the Conditions Precedent the following will take place (**Completion Events**):
 - The Deed Administrator will:
 - Execute a Creditors' Trust Deed
 - Become trustee of the Creditors' Trust (**Trustee**)
 - Deliver up the Company's records to the Proponent
 - Effect the removal of any Directors and the appointment of three new directors, as nominated by the Proponent
 - Pay the R&D Claim of no less than \$250,000 (less set-off for any tax owing by the Company) into the Creditors' Trust
 - Pay the \$62,106 received from the Loan for employee entitlements into the Creditors' Trust
 - Transfer shares in the Subsidiaries to the Creditors' Trust.
 - The Proponent will:
 - Pay the Top Up Payment (as defined below) into the Creditors' Trust
 - The Company will:
 - Issue shares in respect to subscriptions received pursuant to the Capital Raising (see below)
 - Issue 12,141,667 shares to all secured creditors (Secured Creditor and Secured Convertible Note Holders) at a deemed issue price of \$0.12 per share in full and final satisfaction of their secured debt
 - Issue a total of 15,000,000 options for shares exercisable at \$0.03 per share at an issue price of \$0.0001 per share to each of the new directors of the Company
 - Issue a total of 70,000,000 options for shares exercisable at \$0.03 per share at an issue price of \$0.0001 per share to the Proponent as an arrangement fee for the loan of \$120,000 to the Company.

(the Issued Shares and Options)

- All remaining creditors' claims will be transferred to the Creditors' Trust so that creditors will no longer be creditors of the Company but will instead become beneficiaries of the Creditors' Trust. The Company will be released from all such claims from creditors. Creditors must accept their entitlement under the DOCA or the Trust Fund (as the case may be) in full satisfaction and completely discharge all debts and claims against the Company.
- Creditors' claims must have arisen before 31 May 2017 if they are to be admissible under the DOCA.
- The Trustee will be responsible to the former creditors of the Company (now beneficiaries) to ensure that the Company and any other third parties perform their obligations under the DOCA and Creditors' Trust.
- The Trustee will be responsible for adjudicating upon creditor (now beneficiary) claims and determining how each of the creditors (now beneficiaries) is entitled to receive payments from the Creditors' Trust and in due course making any distributions to the former creditors (now beneficiaries).
- The property of the Creditors' Trust (**Trust Fund**) will be comprised of the:
 - R&D Claim of no less than \$250,000 (before set-off for any tax owing by the Company)
 - \$62,106 received from the Loan for employee entitlements
 - Top Up Payment (as defined below)
 - Shares in the Subsidiaries
 - Any funds held by the Administrator and tax refunds due to the Company for the period ending with the DOCA termination.
- The Trust Fund will be applied as follows in the following order of priority:
 - \$62,304, or other such amount as is determined by the ATO, to pay the Company's existing debt owed to the ATO (which amount is to be paid by way of set-off against the R&D Claim)
 - The Administrator's, Deed Administrator's and Trustee's remuneration and liabilities, expenses and disbursements up to a maximum of \$215,000 plus GST but which does not include the following payments:
 - \$25,000 for preparing the R&D Claim
 - \$15,000 for preparing outstanding tax returns
 - \$38,000 for advertising (\$19,608), for data hosting (\$3,727) and for legal fees for extending the convening period (\$14,665)
 - Approximately \$15,000 toward DOCA and creditor meeting expenses
 - \$62,106 or such other amount to pay employee entitlements
 - \$20,000 to pay a dividend to the ordinary beneficiaries (formerly unsecured creditors).
- The Proponent will make a payment to the Creditors' Trust of such amount (**Top Up Payment**) that enables all of the above payments to be met. The Top Up payment will be met from the proceeds of the Capital Raising. The Top Up Payment may be reduced by the amount of GST receivable from the payment of expenses of the Administrator, Deed Administrator and Trustee, including advertising and other expenses. This will be subject to lodgement of BAS' and timing of receipts.
- The Trustee will adjudicate the claims of creditors and be payable in the same order of priority as per Section 556 of the Act.
- The Company will enter into an agreement with the Secured Creditors that provides for the Secured Creditors to receive for a period of 12 months after completion of the DOCA, 50% of any revenues generated directly from the data recovered by the Company (after recovery costs) but not from any other source, up to a maximum of \$1.5m. Such amount only to be paid if the Company remains solvent after making the payment(s). (**Secured Creditor and Convertible Note Holder Revenue Agreement**).
- The control of the Company will be returned to the directors or directors nominated by the Proponent following execution of the Creditors' Trust Deed. Until then the Deed Administrator will retain day to day management of the Company, save for managing the Commercial Agreements.
- All shares on issue in the Company shall be reconstructed on the basis that each shareholder shall receive 1 new share for each existing 300 shares held and options shall be reconstructed in a like manner consistent with ASX Listing Rules (**Share and Option Consolidation**).
- The Company will raise not less than \$2.25 million via a share placement and/or non-renounceable pro rata entitlement issue of not less than 112,500,000 shares at \$0.02 per share (on a post-consolidation basis) (**Capital Raising**). All costs of the Capital Raising will be met by the Proponent.

- Conditions precedent (**Conditions Precedent**) to the Proposal are as follows:
 - Approval by the Company's creditors in accordance with Section 439C of the Act
 - Receipt of all ASX approvals and waivers required for the Proposal, including confirmation that the ASX will reinstate trading of the Company's shares on the ASX, on terms satisfactory to the Proponent
 - Receipt of the Company shareholders' approval required for the Proposal within 90 days of the date of the second meeting of creditors
 - The Company receiving an R&D Claim of at least \$250,000 before any set-off for tax owing by the Company
 - All of the Company's Secured Creditors being bound by the Proposal and the DOCA and agreeing to the issue of shares in satisfaction of the debts owed to them by the Company and the release of their securities over the Company from the date the shares are issued
 - The Company lodging a prospectus with ASIC
 - At least \$2.25 million raised under the Capital Raising
 - The Company issuing the Issued Shares and Options
 - The removal of all existing Directors of the Company by the Deed Administrators, if requested by the Proponent, before the termination of the DOCA and entry into the Creditors' Trust
 - Completion of all outstanding audit and taxation requirements. Costs to be met by the Proponent
 - Completion of due diligence by the Proponent by 30 November 2017
 - Completion of the Share and Option consolidation
 - The Deed Administrator entering into certain **Commercial Agreements** on behalf of the Company
 - The Company entering into a Lead Manager Mandate and underwriting agreement for the Capital Raising
 - The Company, Deed Administrator and the Proponent entering into an agreement for the Loan
 - The Company entering into the Secured Creditor and Convertible Note Holder Revenue Agreement.
- The Deed Administrator and Trustee will have a lien over the Company's assets and the Trust Fund for payment of fees, disbursements and expenses.
- If the Conditions Precedent are not achieved or waived by the Proponent by 28 February 2018 or the Proponent advises that he will not be completing the DOCA, then the DOCA will be at an end and the Company placed into liquidation unless the Deed Administrators convene a further meeting of creditors to consider a variation to the DOCA.
- The DOCA will be complete or be fully effectuated upon satisfaction of the Completion Events.
- Related party creditors that include Directors and their related entity claims for fees, expenses and other entitlements will be treated as ordinary unsecured creditors. The total owed to these parties is approximately \$212k.

8.3 Creditors' Trust

A creditors' trust mechanism has been proposed because in order for the Proponent to meet the ASX's requirements and undertake the Capital Raising the Company must be solvent. This can only be achieved if creditors' claims are transferred to the Creditors' Trust. This is a common mechanism for restructuring listed companies. If a creditors' trust was not used then the Proposal could not go ahead and there would then not be the benefits proposed to be enjoyed by creditors. I have undertaken many creditors' trusts arrangements and consider that I have the required experience to act as trustee of the Creditors' Trust that is proposed and my professional indemnity insurance covers me for acting in such a capacity. I do not have any potential conflict of interest in acting as trustee of the Creditors' Trust.

Creditors need to be aware that in the case of the Company, circumstances may arise where the respective DOCA terminates and the Deed Fund is distributed through a Creditors' Trust mechanism. Whilst I have taken all possible steps to protect the interests of creditors by ensuring that their claims are not released and the DOCA does not terminate until the relevant conditions are met, creditors should understand that their rights under a Creditors' Trust are different to their rights under the DOCA.

Under a DOCA, creditors' rights are regulated by both the terms of the DOCA and the provisions of the Act (which deal with such matters as the right of creditors to appeal against a rejection of a proof of debt). Under a Creditors' Trust, the rights of creditors will transform into the rights of a beneficiary under the terms of the trust instrument with any additional rights under the Trusts Act. I have made attempts to ensure that the rights of creditors under a Creditors' Trust are as similar as possible to their rights under a DOCA. Further detailed disclosures of the Creditors' Trust is set out in Appendix D.

8.4 Likely returns

A summary of the net likely returns to creditors under the proposed DOCA compared to a liquidation scenario is shown in the table below:

Creditor class	Estimated DOCA dividend (c in \$)	
	Low	High
Priority creditors (employees)	100	100
Secured Creditors (doesn't include 50% of revenue figure)	Equity	Equity
Secured Convertible Note Holders	Equity	Equity
Unsecured creditors cents per \$	0.92	1.11

The Secured Creditor and Secured Convertible Note Holders will receive shares in the recapitalised Moko in exchange for their debts as well as a 50% share of possible future revenues up to a total of \$1.5m, as discussed at Section 8.2.

Creditors should note that the tax impact of receiving a distribution from a creditor's trust may be different to that of receiving a distribution from a company under a DOCA. Creditors should take their own taxation advice in this regard.

8.5 Effect on employees

In the event that the Company is wound up, employees will be able to lodge claims with FEG for their outstanding entitlements to a certain cap specified by FEG. Note that FEG does not cover unpaid superannuation.

The DOCA Proposal, if effectuated, will likely result in a return to employees of 100 cents in the dollar of their outstanding entitlements. If the Company is liquidated it is likely employees will also receive their entitlements in full if the R&D Claim is received of at least approximately \$200,000. If the R&D Claim is not received then employees would receive all their entitlements except for superannuation (c.\$8,000) under the FEG scheme.

8.6 Third party payments

The Proponent will be a party to the DOCA and will therefore be contractually bound to comply with his obligations outlined at Section 8.2. The Proponent has already made payments for recovering data (\$20,000) and for the ASX fees (\$18,676). This provides me with some comfort that the Proponent will be able to comply with his financial obligations under the DOCA, in particular to make the Loan of \$120,000.

8.7 Timing

The timing of payments to creditors will be dependent upon the completion of the Conditions Precedent. I anticipate that the Creditors' Trust may not be in funds until February 2018 and that the dividend process will then take a further two months thereafter. Creditors may therefore expect to receive payments in April 2018.

8.8 Monitoring

Monitoring and reporting arrangements under the DOCA will involve the Deed Administrators' seeking regular progress reports from the Proponent as to the status of the completion of the Conditions Precedent. The Deed Administrators' and Trustees will notify creditors should it appear that the DOCA is unlikely to be effectuated or if the timing for payment of dividends is likely to be materially delayed.

If the DOCA is unlikely to be effectuated I will convene a meeting of the creditors of the Company to consider options including that:

- The DOCA be varied; or
- That the Administration end; and
- That the Company be wound up.

8.9 Conclusion

It is apparent that the DOCA provides the following benefits over liquidation of the Company as follows:

- To maximise the chance of the Company continuing in existence
- To provide a greater return to creditors than would be available in liquidation and in a timely manner
- To facilitate a recapitalisation of the business
- To cause the Company to be released from all claims with the exception of any statutory liabilities and environmental obligations that cannot be released by a DOCA.

9 Administrator's opinion

9.1 Introduction

At the meeting of creditors to be held on 3 November 2017, creditors will be asked to resolve one of the following three courses of action, as provided for under Section 439A of the Act:

- the Company execute a deed of company arrangement; or
- the Administration end; or
- the Company be wound up

In this report I am required to form an opinion and recommend as to which course of action would be in the best interests of the creditors. I am also required to give a reason for my opinion and such other information known to me to enable creditors to make an informed decision. My comments on each of the options are as follows:

a) The Company execute a DOCA

I am of the opinion that the return to creditors would be greater under this DOCA than in a liquidation scenario and would provide greater certainty of a return.

Accordingly, I recommend that the creditors vote in favour of the DOCA at the second meeting of creditors and that the Company execute a DOCA.

b) The Administration should end

Based on my analysis, the Company is presently insolvent and unable to pay its debts as and when they fall due.

Ending the administration would not be in the best interests of creditors and would expose the Directors to the possibility of liability for insolvent trading. Accordingly, I cannot recommend that the administration end and control be returned to the Directors.

c) The Company be wound up

In my opinion, this option is not in the creditors' interest because the proposed DOCA provides a better return to creditors than in a winding up.

I note that as a Creditors' Trust is proposed, once the DOCA is accepted and the Creditors' Trust is settled (i.e. formed), creditors have no recourse against the Company. The formation of the Creditors' Trust does not change my opinion.

9.2 Recommendation

In my opinion, creditors would be best served if the Company executes a DOCA.

I reserve the right to change my recommendation to creditors should there be any change to the DOCA proposal, or if an alternate DOCA proposal is received subsequent to the date of this report.

Should I receive any new information that may be relevant to creditors between issuing this report and the date of the creditors meeting, a summary will be made available on the Administration website at www.deloitte.com/au/moko-social-media.

10 Other material information

I am not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Company's future.

11 Remuneration

At the upcoming meeting of creditors scheduled for 3 November 2017, I will be seeking approval of the Administrator's actual time costs to 23 October 2017 and the future remuneration for the Administrator's estimated time costs to 3 November 2017. Each remuneration resolution sought has been broken down in the following sections for ease of reference. The following table is a summary of the proposed remuneration resolutions:

	Administrators' time costs to 23 October 2017 (\$)	Est. time costs to 6 November 2017 (\$)	Est. time costs for DOCA (\$)	Est. time costs for Creditors' Trust (\$)	Tax return and R&D Claim costs	Est. time costs for Liquidation (\$)
Total (Excl GST)	227,059.00	7,500.00	23,000.00	25,000.00	40,000.00	104,342.50

The Administrator's remuneration is based on the firm's hourly rates which are included in Appendix G to this report. Creditor approval for fees will be sought at the second meeting of creditors where a detailed narrative will be submitted together with the fee breakdown of work performed by my staff.

Creditors are directed to the Information Sheet – Approving Fees: a guide for Creditors, a copy of can be accessed on our website www.deloitte.com/au/moko-social-media.

11.1 Voluntary Administrator's current remuneration

The time costs incurred to 23 October 2017 are as follows:

	Amount (\$)
Voluntary Administrator's Remuneration	227,059.00
GST	22,705.90
Total (including GST)	249,764.90

A summary of the time spent by me and my staff in the administration to 23 October 2017 at their respective hourly rates is attached as Appendix G.

The following resolutions will be sought in relation to the time costs of the Administrators to 23 October 2017:

To consider and, if thought fit, approve the remuneration of the Administrator, his partners and staff for the period 31 May 2017 to 23 October 2017 to be paid on a time basis in accordance with the hourly rates of Deloitte Financial Advisory Pty Ltd and be approved in the amount of \$227,059.00 plus disbursements and GST."

I note that if creditors approve the DOCA proposed then I have agreed to cap my fees so that my total fees as Voluntary Administrator, Deed Administrator and Trustee will be no more than \$215,000 plus GST.

11.2 Voluntary Administrator's future remuneration for the period 24 October 2017 to 6 November 2017

As at the date of writing this report, I am only able to provide the actual time costs to 23 October 2017. At the meeting of creditors, I will be seeking remuneration for the period of 24 October 2017 to 6 November 2017, being the day up to the next meeting of creditors. I have estimated that my time costs will be approximately \$7,500.00 (plus GST) and I will be seeking approval of the following resolution:

"To consider and, if thought fit, approve the remuneration of the Administrator, his Partners and staff for the period from 24 October 2017 to 6 November 2017 to a cap of \$7,500.00 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

If a lesser amount for future estimated fees is incurred only the amount actually incurred will be paid. These fees will be capped and accordingly I will be unable to draw fees more than this amount without further approval by creditors.

Please note that none of these fees include disbursements, which an Administrator is entitled to draw as and when incurred.

11.3 Deed Administrator's future remuneration

The Deed Administrator's remuneration is based on the firm's hourly rates which are included in Appendix G to this report. Creditor approval for fees will be sought at the second meeting of creditors where a detailed narrative will be submitted together with the fee breakdown of work performed by the Administrator's staff.

The estimated fees for the Deed Administrators from 6 November 2017 to completion of the DOCA are as follows:

	Amount (\$)
Deed Administrator's Remuneration	23,000.00
GST	2,300.00
Total (including GST)	25,300.00

A summary of the estimated time to be spent by the Deed Administrator and their staff in the DOCA from 6 November 2017 to completion of the DOCA at their respective hourly rates is attached as Appendix G.

At the second meeting of creditors, I will propose the following resolution in relation to the estimated Deed Administrator's remuneration.

"To consider and, if thought fit, approve the remuneration of the Deed Administrator, his Partners and staff for the period of the DOCA to a cap of \$23,000.00 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

If a lesser amount is incurred only the amount actually incurred will be paid. These fees will be capped and accordingly we will be unable to draw fees more than this amount without further approval by creditors.

11.4 Trustees' Future remuneration

If the DOCA is accepted by creditors and then completed, the Creditors' Trust will be formed. I estimate that my time costs as Trustee will be approximately \$25,000.00 plus GST and disbursements. Accordingly, I will be seeking approval of the following resolution:

"To consider and, if thought fit, approve the remuneration of the Trustee of the Creditors' Trust, his Partners and staff for the period of the Creditors' Trust to a cap of \$25,000.00 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

If a lesser amount is incurred only the amount actually incurred will be paid. These fees will be capped and accordingly we will be unable to draw fees more than this amount without further approval by beneficiaries of the Creditors' Trust.

11.5 Liquidator's future remuneration

If the Company is wound up, I will be seeking approval for the Liquidator's remuneration for the Company. The Liquidator's remuneration is based on the firm's hourly rates which are included in Appendix D to this report.

The estimated fees for the liquidation from 6 November 2017 to completion of the liquidation are as follows:

	Amount (\$)
Liquidator's Remuneration	104,342.50
GST	10,434.25
Total (including GST)	114,776.75

A summary of the estimated time to be spent by the Liquidator and his staff in the liquidation from 3 November 2017 to completion of the liquidation at their respective hourly rates is attached as Appendix G.

At the second meeting of creditors, I will propose the following resolution in relation to the estimated Liquidator's fees from 6 November 2017 to completion of the liquidation:

"To consider and, if thought fit, approve the remuneration of the Liquidator, his Partners and staff for the period 6 November 2017 to completion of the liquidation to a cap of \$104,342.50 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

If a lesser amount is incurred only the amount actually incurred will be paid. These fees will be capped and accordingly I will be unable to draw fees more than this amount without further approval by creditors.

11.6 Deloitte Tax remuneration

As discussed in Section 7.3, I engaged Deloitte Tax to compile and lodge outstanding taxation returns and the R&D Claim for the Company. The fees incurred to complete the analysis and lodgement has been capped at \$40,000 plus GST. Accordingly, I will be seeking approval for the following resolution:

"To consider and, if thought fit, approve the remuneration of the Deloitte Tax Services Pty Ltd, their Directors and staff for work completed in relation to Moko Social Media Limited in the amount of \$40,000 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Tax Services Pty Ltd"

12 Meeting

Pursuant to Section 439A(3) of the Act, I have attached a notice convening the second meeting of creditors to be held on 6 November 2017 at the offices of Deloitte Financial Advisory Pty Ltd, Brookfield Place, 123 St Georges Terrace Perth WA, at 11:00 AM WST (see Form 529 enclosed as Appendix H).

At this meeting creditors will be asked to resolve whether:

- the Company execute a deed of company arrangement; or
- the Administration end; or
- the Company be wound up.

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 (copy attached as Appendix J).

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with the Administrators prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with the Administrators within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Proof of Debt or Claim (copy attached) to be entitled to vote at the second meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with me prior to the commencement of the meeting.

Creditors wishing to attend the second meeting of creditors by telephone are advised that they will still require a Proof of Debt or Claim to be lodged prior to the commencement of the meeting.

Teleconference details are as follows:

+61 1800 762 325 (Australia)	English (Australia)
+61 2 9308 3700 (Australia)	English (Australia)
+61 3 8519 8600 (Australia)	English (Australia)

Conference ID: 459147230

If a creditor wishes to rely upon the Proof of Debt or Claim that they lodged with me at the first meeting of creditors, held on 13 June 2017, they must make reference to that Proof of Debt or Claim when submitting a proxy, or when attending the second meeting of creditors.

I trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact Jordan Basso of this office on (08) 9365 7849.

Yours faithfully



Jason Tracy
Administrator

Dated this 27th day October 2017

Appendix A - Declaration of Independence, Relevant Relationships and Indemnities

Declaration of Independence, Relevant Relationships and Indemnities

Moko Social Media Ltd (the Company)
ACN 111 082 485

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - (i) the circumstances of the appointment;
 - (ii) any relationships with the company and others within the previous 24 months;
 - (iii) any prior professional services for the company within the previous 24 months;
 - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and Deloitte Financial Advisory Pty Limited (**Deloitte**).

A. Independence

We, Jason Mark Tracy and Timothy Joseph Heenan of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i. Circumstances of appointment

This appointment was referred to us by Ms Emma Waldon, being a Director and Company Secretary of the Company. Ms Waldon was a full time employee at Deloitte until 21 December 2013 and a contractor to Deloitte from 11 April 2014 to 25 August 2015. It is our opinion that these past dealings do not present a conflict or impediment to our independence as we are not bound to provide any services to Ms Waldon as an individual and Ms Waldon is not bound to provide future services to Deloitte.

On 22 January 2017 Ms Waldon contacted Mr Jude Morris, an employee of Deloitte, and asked to meet to discuss the affairs of the Company. On 23 January 2017 Mr Tracy and Mr Morris met with Ms Waldon. The purpose of this meeting was to discuss the affairs of the Company, in particular its financial position and Mr Tracy discussed options that may be available to the Company.

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Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

On 31 May 2017 Ms Waldon contacted Mr Morris and advised that the Company's financial position was now such that she believed the directors of the Company would need to appoint voluntary administrators. Later that day Ms Waldon again called Mr Morris and confirmed that the directors of the Company had decided that the Company must appoint voluntary administrators. Later that evening Mr Tracy and Mr Morris met with Ms Waldon, Mr Trevor Nairn and Mr Russell Kane (shareholders and secured creditors of the Company). The purpose of this meeting was to discuss the voluntary administration process and potential options for a deed of company arrangement.

Later on the evening of 31 May 2017 the directors of the Company resolved to appoint us as voluntary administrators.

We have received no remuneration so far for any of our dealings with the Company and its directors.

In our opinion these dealings do not affect our independence for the following reasons:

- These dealings were in the nature of a pre-appointment discussions and were limited to the financial position of the Company
- During all discussions and meetings, advice was limited to verbal discussions of the potential options available
- It is our opinion that these dealings do not present a conflict or impediment as we do not consider ourselves to be bound to provide services to the Company in relation to this matter or in any way obligated to deliver a favourable outcome to any party, nor will the advice provided be subject to review and challenge during the course of the voluntary administration
- The Courts and the ARITA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.

We have provided no other information or advice to the Company, the directors and its advisors prior to our appointment beyond that outlined in this DIRRI.

ii. Relevant Relationships (excluding Professional Services to the Company)

Neither we, nor our firm, have, or have had within the preceding 24 months, any relationships with the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property.

I, or a member of my firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why not an impediment or conflict
Emma Waldon, Director and Company Secretary of Moko Social Media Ltd.	Former employee and contractor of Deloitte	Ms Waldon ceased being a full time employee of Deloitte on 21 December 2013, more than 3 years ago. Ms Waldon then became a casual employee until 11 April 2014 and then a contractor to Deloitte until 25 August 2015 for the sole reason to complete one ongoing assignment that she was involved with whilst she was a full time employee. Once the assignment was complete Ms Waldon was not engaged by Deloitte for any other assignments. Ms Waldon's work on this assignment was only ad hoc and temporary and not comparative to a full or part-time basis. Ms Waldon was paid \$3,000 for her services in the two years preceding the appointment. We do not consider Ms Waldon's prior relationship with the Company provides a conflict given the length of time that has elapsed since she was engaged by Deloitte, the assignment she was involved in did not involve the Company, there is no expectation or requirement for engaging Ms Waldon in the future and the amount paid to her was

Name	Nature of relationship	Reasons why not an impediment or conflict
		immaterial. Therefore there is no ongoing relationship with Ms Waldon which in our view would restrict us from properly exercising our judgment and duties in relation the appointment.
Mr Philip Thick Secured Creditor	Mr Thick was formerly the Managing Director of New Standard Energy Ltd. Deloitte performs tax advisory and compliance services for New Standard Energy Ltd.	We do not consider that these services provide a conflict as Mr Thick is no longer an officer or employee of New Standard Energy Ltd. Therefore there is no relationship with Mr Thick which in our view would restrict us from properly exercising our judgment and duties in relation the appointment.

iii. Prior Professional services to the Company

Neither we, nor our firm, have provided any professional services to the Company in the previous 24 months.

iv. No other relevant relationships to disclose

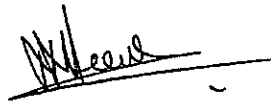
There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially the whole of the Company's property that should be disclosed.

v. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 6 June 2017


Jason Mark Tracy


Timothy Joseph Heenan

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Appendix B - Information sheet – offences, recoverable transactions, etc.

Please refer to www.deloitte.com/au/moko-social-media

If you are unable to access this website please contact Deloitte on (08) 9365 7849 to request a copy of this document

Appendix C - Approving fees: A guide for creditors

Please refer to www.deloitte.com/au/moko-social-media

If you are unable to access this website please contact Deloitte on (08) 9365 7849 to request a copy of this document

Appendix D – Creditors' Trust Information Sheet

Disclosure	Comments
Reasons	<p>By proposing a Creditors' Trust the DOCA can be accepted by creditors and wholly effectuated in a time efficient manner.</p> <p>On successful creation of the Creditors' Trust, the Company will come out of Administration. The Administrator believes that a quick exit from Administration is warranted in this instance as it will put the Proponent in the best position to meet the ASX's requirements and undertake the Capital Raising by ensuring that the Company is solvent. The Proposal put forward is at this stage the only workable proposal that has the agreement of the Secured Creditor.</p> <p>There is no material effect on creditors' claims under the proposed Creditors' Trust compared to under a DOCA.</p> <p>Creditors should be aware that upon the creation of the proposed Creditors' Trust, they will become beneficiaries and the protective aspects of Part 5.3A of the Act will cease to apply.</p>
Key Events	<p>We anticipate the following key events:</p> <ul style="list-style-type: none"> • On the creditors agreeing to the DOCA, the DOCA will be executed shortly after the meeting of creditors. • Upon execution of the DOCA, the Administrator will remain in control of the Company's affairs. • Upon execution the Proponent will attend to the following: <ul style="list-style-type: none"> ○ Apply to the ASX for approvals necessary to obtain conditional approval for reinstatement of the Company's shares to trade on the ASX ○ Lodge a Prospectus with ASIC ○ Arrange for the Capital Raising of at least \$2.25m. In this regard the Company will enter into a Lead Manager Mandate and underwriting agreement with applicable costs to be met by the Proponent ○ Seek shareholder approval within 90 days of the second creditors' meeting for: <ul style="list-style-type: none"> ▪ Consolidation of the Company's existing shares and options on the basis that every 300 shares or options will be consolidated into one share or option ▪ The issue of 12,141,667 shares to the Secured Creditor and the Convertible Note Holders as set out in Schedule 1 of Appendix E ▪ The issue a total of 15,000,000 options for shares exercisable at \$0.03 per share at an issue price of \$0.0001 per share to each of the new directors of the Company

	<ul style="list-style-type: none"> ▪ The issue a total of 70,000,000 options for shares exercisable at \$0.03 per share at an issue price of \$0.0001 per share to the Proponent as an arrangement fee for the loan of \$120,000 to the Company ▪ The Company to raise not less than \$2.25 million via a share placement and/or non-renounceable pro rata entitlement issue of not less than 112,500,000 shares at \$0.02 per share (on a post-consolidation basis) and to issue those shares ▪ Such other shareholder approvals as the Proponent may require. <ul style="list-style-type: none"> ○ Attend to outstanding taxation and audit requirements (at the Proponent's expense) ○ Conduct due diligence (to be complete by 30 November 2017). <ul style="list-style-type: none"> • The Deed Administrator will attend to the removal of the existing Directors and the appointment of additional directors as nominated by the Proponent. • The Company to receive an R&D Claim from the ATO of not less than \$250,000 (before any set-off for tax owed by the Company). The relevant tax return and R&D Claim documentation has been lodged with the ATO. • The Secured Creditor will enter into an agreement with the Company agreeing to be bound by the terms of the DOCA and agreeing to irrevocably release and fully discharge all of her rights under and in connection with her security over the Company in exchange for the issue of shares as set out in Schedule 1 of Appendix E. • The Convertible Note Holders will enter into an agreement with the Company agreeing to be bound by the terms of the DOCA and agreeing to irrevocably release and fully discharge all of their rights under and in connection with their Convertible Notes in exchange for the issue of shares as set out in Schedule 1 of Appendix E. • Upon receiving the ASX approvals the Company will then issue the shares to the Secured Creditor and Convertible Note Holders and issue options to the Proponent and the new directors. • Following shareholder and ASX approvals the Share and Option Consolidation will take place. • The Deed Administrator will execute certain Commercial Agreements on behalf of the Company as the Proponent reasonably requires. Such agreements not to require the Deed Administrator to incur any costs on behalf of the Company or themselves personally. • The Company, Deed Administrator and the Proponent entering into a loan agreement for \$120,000. The Loan will be provided to the Company within 14 days after receiving the conditional ASX approvals for reinstatement. The Loan is only repayable from funds raised under the Capital Raising or otherwise if the Company has sufficient funds to do so. The Loan is secured only by certain data
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	<p>assets recovered by the Proponent. The Loan will be applied as follows:</p> <ul style="list-style-type: none"> ○ \$20,000 toward data recovery (already paid by the Proponent) ○ \$18,676 toward payment of ASX listing fees (already paid by the Proponent) ○ \$62,106 toward employee entitlements ○ The balance toward future data recovery, storage and review. <ul style="list-style-type: none"> • The Company will enter into an agreement with the secured creditors that provides for the secured creditors to receive for a period of 12 months after completion of the DOCA, 50% of any revenues generated directly from the data recovered by the Company (after recovery costs) but not from any other source, up to a maximum of \$1.5m. Such amount only to be paid if the Company remains solvent after making the payment(s). • Once the above items have been achieved/satisfied the DOCA will be complete and the Creditors' Trust will be settled and the Trust Fund will thereafter be held by the Trustee on trust for creditors. The Trust Fund will be comprised of: <ul style="list-style-type: none"> ○ \$62,106 for employee entitlements funded from the Loan ○ Funds received from the R&D Claim of not less than \$250,000 before set-off of amounts owed in Company taxes to the ATO ○ Any funds held by the Administrator or Deed Administrator and any refunds due from the ATO ○ The Top Up Payment, being such amount that is required to ensure there are sufficient funds in the Trust Fund to make payment of the agreed Administrator's, Deed Administrator's and Trustee's fees and expenses, any shortfall on employee entitlements, and \$20,000 for unsecured creditors. This amount will be paid from the Capital Raising. ○ Shares in the Subsidiaries. • All creditors' claims against the Company will be extinguished and their claims will become a right to a distribution from the Creditors' Trust. For the avoidance of doubt, following the termination of the DOCA, the creditors will no longer have any claims against the Company and their only rights will be a right to prove for a distribution under the Creditors' Trust. • Once the Creditors' Trust has been formed and the assets the subject of the Trust Fund transferred to the Creditors' Trust, the DOCA will be wholly effectuated and the Company no longer be subject to "Deed of Company Arrangement". • The Trustee will first pay all pay any outstanding remuneration of the Administration of the Company, the Deed Administration of the Company, the administration of the Creditors' Trust up to a cap of
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	<p>\$215,000 excluding GST and costs of approximately \$93,000. The Trustee will then pay a dividend to employees of approximately \$62,106, and \$20,000 to be shared pro-rata among ordinary unsecured creditors.</p> <ul style="list-style-type: none"> The Trustee of the Creditors' Trust will become solely responsible to the beneficiaries, and will need to ensure that payment is received by them in accordance with the Trustee's obligations under the Creditors' Trust. The dividend will be paid as soon as practical after all creditors' claims have been received and adjudicated.
Return to Creditors	<p>On current estimations the likely distribution to beneficiaries, being ordinary unsecured creditors, is between 0.92 and 1.11 cents in the dollar. Employee beneficiaries will receive 100 cents in the dollar and secured creditors will receive equity in the Company. Ordinary unsecured creditors should note that this return is contingent on the actual value of creditors' claims received by the Trustee.</p> <p>Timing of the distribution will be as soon as practical once all creditors' claims have been received and adjudicated.</p> <p>The potential return to creditors would be the same if the Trust Fund were a fund distributed under a DOCA and the proposal did not involve a Creditors' Trust.</p>
Trustee Particulars	<p>The Deed Administrator will be the Trustee of the Creditors' Trust.</p> <p>The Deed Administrator is a Registered Liquidator and appropriately qualified to hold this position. In additional, he has the necessary civil liability insurance (including professional indemnity and fidelity insurance), as required by ASIC. The Deed Administrator therefore has the appropriate skills and qualifications to be appointed as Trustee of the Creditors' Trust.</p>
Remuneration	<p>It is proposed that the remuneration of the Administrator, Deed Administrator and Trustee be paid out of the Creditors' Trust up to a total amount of \$215,000 excluding GST and out of pocket disbursements.</p> <p>This amount will be subject to the approval of creditors at the second meeting of creditors.</p> <p>The fee rates proposed will be in accordance with the scale of fees normally charged by Deloitte Financial Advisory Pty Ltd and annexed to this report.</p>
Indemnities	<p>The DOCA and the Creditors' Trust provides for the Administrator, Deed Administrator and Trustee to be indemnified out of the property of the Trust for his fees and expenses incurred in the course of acting as Administrator, Deed Administrator and as Trustee of the Creditors' Trust.</p>
Powers	<p>The powers granted to the Trustee are substantially the same as those granted to the Deed Administrator. This will allow the Trustee to carry out his duties in the most time and cost efficient manner.</p> <p>I have not identified any deficiencies in the proposed powers available to the Trustee that might require an application to court to seek directions or clarify these powers. However, the ability to make such an application to court exists if necessary.</p>
Claims	<p>Since all creditors' claims are unsecured against the Company and have been transferred to the Creditors' Trust, all claims under the Creditors' Trust will rank in accordance with priorities set out in Section 556 of the Corporations</p>

	<p>Act and the distribution will be paid proportionately in line with the statutory processes.</p> <p>The Creditors' Trust Deed will afford appropriate rights to the Trustee to have unrestricted access to the books and records of the Company. This will assist in the adjudication of the claims process and aide the efficient administration of the Trust.</p>
Other creditor/beneficiary differences	The Creditors' Trust Deed will include protection mechanisms available to the beneficiaries of the trust.
Compliance Opinion	I am satisfied that the Proponent of the DOCA has sufficient available funds to progress the Proposal and in particular, to make the Loan to the Company and to fund the costs of attending to the recapitalisation.
Solvency Statement	<p>The Proposal incorporates a provision whereby the Company will be released from the creditor claims following the contribution being made to the Creditors' Trust.</p> <p>The Proponents have also advised that they intend to inject funds into the Company following and from the Capital Raising.</p> <p>We have formed the opinion that the Company will be solvent pursuant to Section 95A of the Act at the time of the effectuation of the DOCA.</p>
Tax (company/trust)	<p>The establishment of a Creditors' Trust gives rise to an obligation upon Trustees to prepare and lodge Business Activity Statements (BAS) and Income Tax returns (ITR) on the trusts' behalf. A company subject to DOCA is only required to prepare and lodge a BAS.</p> <p>No assets are proposed to be transferred to the Creditors' Trust that would require realising by the Trustees, save shares in the Subsidiaries. The shares in the Subsidiaries have no apparent value and the Trustee does not intend realising this asset. In this regard there are not expected to be any capital gains tax consequences.</p> <p>Through the Creditors' Trust, participating creditor claims against the Company will be released in full, which may fall within the debt forgiveness provisions of the Income Tax Assessment Act. Therefore, where a Creditors' Trust is used it is possible that the value of the debts forgiven may reduce the value of the Company's carried forward tax losses.</p> <p><u>Disclaimer</u></p> <p>It is important to note that this is a complex area of tax law and the general comments set out above are information purposes only. Accordingly, no creditor should rely upon the comments made above and should seek independent tax advice to ensure that they are complying with all relevant tax legislation.</p>
Tax (creditor/beneficiary)	Under a DOCA, unsecured creditors would receive a proportion of their claim by way of a dividend payment. Where the creditor is a commercial entity this dividend would be treated as income and taxed accordingly.
Other	<p>Creditors should be aware of the following risks:</p> <ul style="list-style-type: none"> • The estimated R&D Claim may not be realised in the event that the ATO deems that it is not a valid R&D claim. Receipt of the R&D Claim is a condition precedent to the establishment of the Creditors' Trust and therefore Creditors' interests are adequately protected. • There is a risk that the Proponent is unable to obtain the required ASX approvals for reinstatement. Such approvals are a condition

	<p>precedent to the making of the Loan to meet employee entitlements and to the Top Up Payment. Creditors' interests are protected as such approvals are a condition precedent to the establishment of the Creditors' Trust.</p> <ul style="list-style-type: none">• It is possible that the claims of unsecured creditors are greater than the value that appears in the Company's records. If this is the case then the return to creditors may be lower than what has been estimated.• If employee entitlements are greater than initial estimates and a second Top Up Payment is required, there is a risk that the Company does not honour the terms of the DOCA and Creditors' Trust to make this payment. The Trustee would have a contractual right to sue for payment from the Company.
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Appendix E – Draft Deed of Company Arrangement

JASON MARK TRACY
(Administrator)

and

MOKO SOCIAL MEDIA LIMITED
(ADMINISTRATOR APPOINTED)
ACN 111 082 485
(Company)

and

TREVOR DOUGLAS NAIRN
(Proponent)

DEED OF COMPANY ARRANGEMENT

BETWEEN

JASON MARK TRACY of Deloitte Touche Tohmatsu of Brookfield Place, Tower 2, 123 St Georges Terrace, Perth, WA 6000 (**Administrator**);

AND

MOKO SOCIAL MEDIA LIMITED (ADMINISTRATOR APPOINTED) (ACN 111 082 485) of Suite 5, Level 1, 442-446 Beaufort Street, Highgate, WA 6003 (**Company**);

AND

TREVOR DOUGLAS NAIRN of 33 Stoneham Road, Attadale, WA 6156 (**Proponent**).

RECITALS

- A.** On the Appointment Date, Jason Mark Tracy and Timothy Joseph Heenan of Deloitte Touche Tohmatsu were appointed as joint and several voluntary administrators of the Company. Timothy Joseph Heenan ceased to be an administrator of the Company on 20 September 2017.
- B.** On [insert] 2017, at a meeting convened pursuant to section 439A of the Act (**Meeting**) the Creditors of the Company resolved that the Company execute a deed of company arrangement substantially in accordance with the terms of this Deed and that the Administrator be appointed to act as deed administrator of this Deed.
- C.** The Deed Administrator consents to his appointment as deed administrator of this Deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

Admitted Claim means the Claim of a Participating Creditor the proof of debt for which has been accepted by the Deed Administrator or Trustee.

Appointment Date means 31 May 2017.

ASIC means Australian Securities and Investments Commission.

Arrangement Period means the period commencing on the Commencement Date and ending on the Termination Date.

ATO Debt has the meaning given in clause 8.4(a)(i).

Available Property means:

- (a) the R&D Rebate;
- (b) the Employee Loan;

- (c) the Top Up Payment;
- (d) any funds held by the Administrator or Deed Administrator and any business activity statement refunds or other tax refunds from the Australian Taxation Office due to the Company, the Administrator or the Deed Administrator for the period ending on the Termination Date; and
- (e) the shares held by the Company in the Subsidiaries as at the Commencement Date.

Business Day means a day that is not a Saturday, Sunday or public holiday in Perth, Western Australia, and on which banks are open for business generally in Perth, Western Australia.

Capital Raising means the offer by the Company of a minimum of 112,500,000 Shares (and a maximum of 137,500,000 Shares) at an issue price of \$0.02 each to raise a minimum of \$2,250,000 (and a maximum of \$2,750,000) (all on a post Consolidation basis) to be undertaken either by a non-renounceable pro rata entitlement offer to shareholders or by a private placement of Shares.

Claim means any debt payable by, or a claim against, the Company (whether present or future, certain or contingent, ascertained or sounding only in damages) being a debt or claim the circumstances giving rise to which occurred on or before the Appointment Date being a debt or claim the circumstances giving rise to which occurred on or before the Appointment Date that would have been admissible to proof against the Company in accordance with Division 6 of Part 5.6 of the Act if the Company had been wound up.

Commencement Date means the date on which this Deed is executed by the Company, the Deed Administrator and the Proponent.

Commercial Agreements has the meaning given in clause 3.1(l).

Completion means completion on the Completion Date in accordance with clause 5.

Completion Date means that date which is 3 Business Days after the satisfaction or waiver of the last of the Conditions (or such other date as is agreed in writing between the Deed Administrator and the Proponent).

Conditions means those conditions as set out in clause 3.1.

Consolidation means consolidation of the Company's issued share capital on the basis that every three hundred (300) Shares will be consolidated into one (1) Share and every three hundred options for Shares will be consolidated in the same manner in compliance with the ASX Listing Rules.

Convertible Note Holders means those parties who hold convertible notes issued by the Company and noted as convertible note holders in Schedule 1.

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

Creditor means any person who has a Claim.

Creditors' Trust means the trust established under the Creditors' Trust Deed for the benefit of the Participating Creditors.

Creditors' Trust Deed means the trust deed, in the form or substantially in the form of Annexure "A" to this Deed, under which the Trustee is obliged to hold the Trust Fund on trust for the Participating Creditors, as set out in clause 8.

Deed means this Deed of Company Arrangement as amended from time to time.

Deed Administrator means Jason Mark Tracy in his capacity as voluntary administrator of the Company and deed administrator.

Deed Completion Date means the date as prescribed in section 445C of the Act.

Directors means a director of the Company as at the Commencement Date.

Employee means a past or present employee of the Company who has a Claim for Employee Entitlements.

Employee Entitlements means any right or entitlement of:

- (a) an Employee which, if the Company were being wound up, that Employee would be entitled to receive pursuant to section 556 and 561 of the Act in priority to all other Creditors of the Company; or
- (b) any other person, which if the Company were wound up, that person would be entitled to receive pursuant to section 560 of the Act, in priority to all other Creditors of the Company.

Employee Loan has the meaning given in clause 3.7(b).

End Date means 28 February 2018, unless extended by mutual agreement in writing between the Proponent and the Deed Administrator.

Excluded Creditors means the Secured Creditor and the Convertible Noteholders.

GST has the meaning given to that term in the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

Lead Manager means 708 Capital Pty Ltd (ACN 142 319 202) (AFSL No. 386279).

Lead Manager Mandate means the mandate proposed to be entered into by the Proponent, the Lead Manager, the Deed Administrator and the Company in respect of the Capital Raising.

Loan Agreement(s) means the agreement(s) proposed to be entered into by the Proponent (or its nominee(s)), the Deed Administrator and the Company for the provision by the Proponent (or its nominee(s)) to the Company of the Loan Payment.

Loan Arrangement Options means 70,000,000 options for Shares exercisable at \$0.03 each on or before the fifth anniversary of their issue with an issue price of \$0.0001 each (on a post Consolidation basis).

Loan Payment means the loan of up to \$120,000 proposed to be made by the Proponent (or its nominee(s)) to the Company in accordance with the Loan Agreement.

Meeting has the meaning given in Recital B.

New Director Options means 15,000,000 options for Shares exercisable at \$0.03 each on or before the fifth anniversary of their issue with an issue price of \$0.0001 each (on a post Consolidation basis).

Participating Creditor means all Creditors other than the Excluded Creditors.

Party means a party to this Deed.

Prospectus means the prospectus to be lodged by the Company with ASIC to:

- (a) conduct the Capital Raising (if required);
- (b) issue the Shares to the Secured Creditor and Convertible Note Holders referred to in clauses 3.1(d) and 3.1(e) respectively (if required);
- (c) issue the Loan Arrangement Options (if required); and
- (d) issue the New Director Options (if required).

R&D Rebate means the research and development tax incentive rebate payable to the Company from the Australian Taxation Office in relation to the period from 1 July 2016 to 30 June 2017.

Records mean all originals and copies of all statutory registers, books, records, reports, correspondence, files, manuals and other documents and information created by or owned by the Company or its subsidiaries, whether in printed, electronic or any other form, including financial, legal and tax papers.

Recovered Data means all recovered data from the user database in respect of the Company's applications.

Reinstatement means reinstatement of all of the Shares to trading on ASX following Completion.

Resolution means a resolution passed at a meeting of Creditors convened in accordance with this Deed.

Resolution Date means the date on which the Creditors of the Company resolved that the Company execute a deed of company arrangement being [insert] 2017.

Secured Creditor means Rhonda Marie Nairn of 33 Stoneham Road, Attadale, WA 6156.

Security means any mortgage, security interest, charge (whether fixed or floating), lien, pledge or other encumbrance which secures the payment of any debt or monetary liability or the performance of any obligation and which, for non-real property, complies with the *Personal Property Securities Act 2009* (Cth).

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

Shareholder Approvals means approval of the shareholders of the Company in a general meeting for:

- (a) the Consolidation;

- (b) the issue of 12,141,667 Shares (on a post Consolidation basis) to the Secured Creditor (or her nominee) and the Convertible Note Holders as set out in Schedule 1;
- (c) the issue of the New Director Options to the additional directors to the Company as nominated by the Proponent to be appointed at Completion;
- (d) the issue of the Loan Arrangement Options to the Proponent (or its nominee(s)) as an arrangement fee in respect of the Loan Payment;
- (e) the issue of Shares under the Capital Raising (if required);
- (f) the removal of the existing Directors;
- (g) the appointment of additional directors to the Company as nominated by the Proponent; and
- (h) such other shareholder approvals as the Proponent requires.

Subsidiaries means Tagroom Pty Ltd (ACN 163 260 688), Paper Tree Ltd, a company incorporated in the British Virgin Islands and Moko Mob Inc., a company incorporated in the United States of America.

Superannuation Contribution has the same meaning as in section 556 of the Act.

Superannuation Guarantee Charge has the same meaning as in the *Superannuation Guarantee (Administration) Act 1992* (Cth).

Termination Date means the date on which this Deed terminates.

Top Up Payment has the meaning given in clause 9.7(c).

Trustee means Jason Mark Tracy in his capacity as trustee of the Creditors' Trust.

Trust Fund means the fund constituted by the Creditors' Trust Deed which shall comprise the Available Property.

1.2 Interpretation

In this Deed, unless the subject or context otherwise requires:

- (a) a reference to 'dollar' or '\$' is a reference to Australian currency;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing any one gender include the other gender and vice versa;
- (d) words importing natural persons include corporations, firms, unincorporated associations, partnerships, trusts and any other entities recognised by law and vice versa;
- (e) words written and in writing include any means of visible reproduction of words in a tangible and permanently visible form;
- (f) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;

- (g) reference to clauses and schedules are references to clauses and schedules of this Deed;
- (h) references in this Deed to any statutory enactment or law must be construed as references to that enactment or law as amended or modified or re-enacted from time to time and to the corresponding provisions of any similar enactment or law of any other relevant jurisdiction;
- (i) references in this Deed to sections must be construed as references to sections in the Act;
- (j) references to (or to any specified provision of) this Deed or to any other agreement or document must be construed as references to (that provision of) this Deed or that other agreement or document as amended, substituted, novated, supplemented, varied or replaced with the agreement of the relevant parties and in force at any relevant time;
- (k) a construction that would promote the purpose or object underlying this Deed (whether or not stated in this Deed) is to be preferred to a construction that would not promote that purpose or object;
- (l) headings in this Deed are for the purpose of more convenient reference only and do not form part of this Deed or affect its construction or interpretation;
- (m) a term or expression not otherwise defined in this Deed must have the same meaning, if any, as provided for in the Act provided that the meaning is not inconsistent with the purpose or object of this Deed; and
- (n) no rule of construction applies to the disadvantage of a Party because that Party was responsible for the preparation of this Deed or any part of it.

1.3 Inconsistency with Act or Corporations Regulations

If there is any inconsistency between the provisions of this Deed and the Act or Corporations Regulations, this Deed prevails to the extent permitted by law.

1.4 Other Inconsistencies

If there is any inconsistency between the provisions of this Deed and the constituent documents of the Company and any other obligation binding on the Company, the provisions of this Deed shall prevail to the extent of any inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which shall be borne by the Company.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is required by this Deed to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.

1.6 Governing Law

This Deed is governed by and must be construed in accordance to the law applying in Western Australia.

2. COMMENCEMENT

2.1 Commencement date

This Deed commences on the Commencement Date.

2.2 Deed Administrator

The Deed Administrator is to be the deed administrator of this Deed.

2.3 Purpose and Objects of the Deed

The purposes and objects of this Deed are to:

- (a) provide for the business, property and affairs of the Company to be administered in a way that maximises the chances of the Company, or as much as possible, its business, continuing in existence; and
- (b) provide a greater return for a Participating Creditor than would result from an immediate winding up of the Company.

2.4 Creditors' Trust

This Deed contemplates the entry into the Creditors' Trust whereby:

- (a) upon establishment of the Creditors' Trust under clause 8, all Claims of Participating Creditors will effectively be transferred to the Creditors' Trust and the Company will be released from such Claims;
- (b) upon establishment of the Creditors' Trust under clause 8, the Deed Administrator will be entitled to terminate the Deed in accordance with clause 13.2; and
- (c) the property available to pay the Claims of Participating Creditors will be the Available Property which shall be paid or transferred to the Trustee of the Creditors' Trust and form part of the Trust Fund from which the Participating Creditors will be entitled to receive a rateable distribution in accordance with the Creditors' Trust Deed.

2.5 Interim effect

Insofar as a person would be bound by this Deed if it had already been executed, the person must not, at any time after the Resolution Date but before the Commencement Date, do anything inconsistent with the terms of this Deed except with the leave of a Court.

3. CONDITIONS PRECEDENT

3.1 Conditions

Completion in accordance with this Deed is subject to the satisfaction (or waiver by mutual agreement in writing by the Deed Administrator and the Proponent) of the following conditions on or before the End Date:

- (a) receipt by the Company of all regulatory approvals necessary to give effect to the transactions contemplated under this Deed, including but not limited to, the ASX:
 - (i) giving its conditional approval to Reinstatement occurring on terms satisfactory to the Proponent as soon as practicable following Completion; and
 - (ii) confirming that ASX Listing Rule 11.1.3 will not apply in relation to the transactions contemplated in this Deed;
- (b) receipt by the Company of the Shareholder Approvals within 90 days of the Meeting (or such later date as is agreed in writing);
- (c) the Company receiving an R&D Rebate of at least \$250,000 (before any set-off for tax owed by the Company);
- (d) the Secured Creditor entering into an agreement with the Company agreeing to be bound by the terms of this Deed and agreeing to irrevocably release and fully discharge all of her rights under and in connection with her Security over the Company in exchange for, and to occur contemporaneously with, the issue of Shares as set out in Schedule 1;
- (e) the Convertible Note Holders each entering into an agreement with the Company agreeing to be bound by the terms of this Deed and agreeing to irrevocably release and fully discharge all of their rights under and in connection with the convertible notes in the Company issued to them in exchange for the issue of Shares as set out in Schedule 1;
- (f) the Company lodging the Prospectus with ASIC;
- (g) the Company receiving valid subscriptions for Shares pursuant to the Capital Raising to raise at least \$2,250,000;
- (h) if requested by the Proponent, the Deed Administrator removing the Directors;
- (i) the Company satisfying all of its outstanding taxation and audit requirements;
- (j) on or prior to 30 November 2017, the Proponent being satisfied with the outcome of its due diligence investigations in relation to the Company's business, assets and operations;
- (k) completion of the Consolidation;
- (l) the Deed Administrator executing such commercial agreements (**Commercial Agreements**) on behalf of the Company as the Proponent reasonably requires to develop the business and assets of the Company on such terms as may be agreed to by the Deed Administrator, acting reasonably, and which:
 - (i) do not adversely affect the Company or the prospect of this Deed completing;

- (ii) do not put the Deed Administrator at risk of personal liability; and
 - (iii) do not require the Deed Administrator to incur any costs, expenses or significant time.
- (m) the Company, the Proponent and the Lead Manager entering into the Lead Manager Mandate and an underwriting agreement in respect of the Capital Raising on terms satisfactory to the Proponent and the Company;
 - (n) the Company, the Proponent (or its nominees) and the Deed Administrator entering into the Loan Agreement(s) and the Loan Payment being provided to the Company by the Proponent (or its nominees) no later than 14 days after the satisfaction of the Condition set out in clause 3.1(a); and
 - (o) the Company entering into binding obligations with the Secured Creditor and the Convertible Note Holders to the effect that, for a period of 12 months post Completion, the Company will pay to the Secured Creditor and the Convertible Note Holders pro rata, 50% of any revenues generated by the Company directly from data recovered by the Company, after recovery of costs incurred, (but not generated from any other source such as the Company's apps) up to a maximum of \$1,500,000 provided that the Company has sufficient assets to make that payment and continue to meet all of its other liabilities as and when they arise. For the avoidance of doubt, if revenue is generated from data recovered by the Company via strategic partnerships, then the right to 50% of revenues generated relates only to 50% of the Company's portion of revenue.

3.2 Satisfaction of the Conditions

- (a) Each Party must use their best efforts to satisfy (or procure the satisfaction of) the Conditions on or before the End Date.
- (b) Each Party must provide all reasonable assistance to each other Party as is necessary to satisfy (or procure the satisfaction of) the Conditions.

3.3 Proponent's Obligations

The Proponent must at its own expense (for which it shall be entitled to be reimbursed by the Company out of the proceeds of the Capital Raising, subject to the Company, at the time of the reimbursement, having sufficient funds to meet all of its liabilities as and when they arise) promptly prepare or procure the following documents or approvals:

- (a) this Deed for approval and execution;
- (b) Shareholder meeting documents to seek the Shareholder Approvals;
- (c) all ASX listing requirements approvals and fees;
- (d) any ASIC lodgements, approvals or re-listing fees;
- (e) completion of all outstanding financial reporting, audit and taxation requirements or obtain an ASX waiver as appropriate; and

- (f) all Capital Raising costs including Prospectus and accounts preparation.

3.4 Proponent's access

For the purposes of satisfying the Conditions (including preparing the notice of meeting to seek the Shareholder Approvals), the Deed Administrator and the Company must procure that the Proponent is given reasonable access on reasonable notice to the Company's assets and the Records in their possession.

3.5 Notice

The Deed Administrator and the Proponent must promptly notify the other in writing if any of the Conditions are satisfied or cannot be satisfied.

3.6 Failure of Conditions

If the Conditions are not satisfied (or waived in writing by the Proponent) on or before the End Date, then the Deed Administrator, in his absolute discretion, may either:

- (a) by a notice in writing to the Creditors, terminate this Deed, in which case:
 - (i) save for this clause 3.6 and clauses 9.7, 9.8, 10, 11, 13 and 16, the provisions of this Deed shall have no further force and effect; and
 - (ii) this Deed will terminate and the Company will be wound up pursuant to clause 13.5; or
- (b) convene a meeting of Creditors, at which meeting the Creditors may resolve to:
 - (i) vary the terms of this Deed; or
 - (ii) terminate this Deed, wind up the Company and appoint the Deed Administrator as liquidator of the Company.

3.7 Loan Payment

- (a) The Parties agree that the Loan Payment shall accrue interest at 10% per annum, be secured by the Company granting a Security in favour of the Proponent over all of the Recovered Data, be non-recourse against the Deed Administrator, be repayable from the proceeds of the Capital Raising, or otherwise at such time as the Company has sufficient funds to repay the Loan and all of its other debts and liabilities at that time and be on such other terms as are set out in the Loan Agreement agreed between the Parties.
- (b) The Parties agree that the Loan Payment will be applied as follows:
 - (i) \$20,000 toward data recovery (already paid by the Proponent);
 - (ii) \$18,676 toward the Company's outstanding ASX listing fees;
 - (iii) \$62,106 toward the Employee Entitlements of the Company (**Employee Loan**); and

- (iv) as to the balance, towards further data recovery, storage and review.

3.8 Commercial Agreements

The Proponent and the Deed Administrator agree that:

- (a) if the Commercial Agreements require the Company to incur expenditure or otherwise contribute funds, the Proponent will be responsible for satisfying such expenditure or contributions and such funding will not be applied or contributed to the Creditors' Trust or otherwise dealt with by the Deed Administrator; and
- (b) if any revenues are generated and payable to the Company pursuant to the Commercial Agreements, such revenues will not be applied or contributed to the Creditors' Trust or otherwise be paid to or dealt with by the Deed Administrator and shall instead be ringfenced from the administration process in a bank account controlled by the Proponent.

4. CAPITAL RAISING

- (a) The Proponent must procure the Company to conduct the Capital Raising as soon as practicable following satisfaction (or waiver) of the Conditions in clauses 3.1 (a), (b), (c), (j) and (m). The Deed Administrator must provide both the Proponent and the Company with all reasonable assistance where required in order for the Company to effectively carry out and conduct the Capital Raising in accordance with this Deed.
- (b) The Proponent (or its nominee) will be responsible for the drafting of the Prospectus (if required) and any associated due diligence documents and will be reimbursed by the Company out of the funds raised under the Capital Raising for all reasonable costs and expenses incurred (including legal and accounting fees) by the Proponent (or its nominee) associated with:
 - (i) the Capital Raising, including liaising with the Convertible Note Holders as part of the proposed debt for equity swap under clause 3.1 (e) and any dealings with ASIC and ASX; and
 - (ii) this Deed, the Creditors' Trust Deed and the Loan Agreement,to be made payable to the Proponent (or its nominee) at Completion.
- (c) The Lead Manager will act as lead manager to the Capital Raising in accordance with the terms set out in the Lead Manager Mandate.

5. COMPLETION

5.1 Place of Completion

Completion will take place at the offices of the Deed Administrator in Perth.

5.2 Completion

Completion must take place on the Completion Date.

5.3 Completion Events

- (a) At Completion, the following shall occur:
- (i) the Deed Administrator shall deliver to the Proponent (or its nominee) the Records;
 - (ii) the Deed Administrator shall effect the removals of any Directors and the appointments of three new directors as are nominated by the Proponent to the Deed Administrator prior to Completion, including Shannon Robinson;
 - (iii) the Trustee must execute, and the Deed Administrator shall procure the Company to execute the Creditors' Trust Deed;
 - (iv) the Deed Administrator shall, to the extent that the Trust Fund is held by them, transfer the Trust Fund to the Trustee including, without limitation a cash payment equal to the R&D Rebate less any set off for tax owing by the Company; ;
 - (v) the Company shall issue Shares to the Secured Creditor and the Convertible Note Holders as set out in Schedule 1 in full satisfaction of their respective Claims against the Company;
 - (vi) the Company shall issue Shares in respect of the subscriptions received pursuant to the Capital Raising;
 - (vii) the Company shall issue the Loan Arrangement Options and the New Director Options;
 - (viii) the Company shall transfer its shares in the Subsidiaries to the Trustee; and
 - (ix) the Proponent will procure payment of the Top Up Payment to the Trustee as provided for in clause 9.7(c) (if required).
- (b) The actions to take place under this clause 5.3:
- (i) are interdependent and must take place, as nearly as possible, simultaneously; and
 - (ii) any actions may be waived by mutual agreement in writing between the Deed Administrator and the Proponent.

6. MORATORIUM

6.1 Deed binds all persons

Subject to the rights of the Secured Creditor and the Convertible Note Holders under the agreements referred to at clauses 3.1(d) and 3.1(e), this Deed binds all Creditors, the Deed Administrator and the Company along with the officers and members of the Company.

6.2 Moratorium

Subject to section 444E of the Act, there will be a moratorium in favour of the Company from the Commencement Date until the Termination Date for all

Claims and during that moratorium a Creditor, (and for the avoidance of doubt, excluding the Secured Creditor) must not:

- (a) wind up or take or concur in any step to wind up the Company or (without limiting the generality of the foregoing), present any applications in the winding up of the Company or continue to prosecute any application presented on or before the Commencement Date for the winding up of the Company;
- (b) except for the purpose and to the extent provided in this Deed, institute or prosecute any legal proceedings after the Commencement Date or continue to prosecute any legal proceedings instituted on or before the Commencement Date in relation to any debt or liability incurred or alleged to have been incurred by the Company on or before the Commencement Date or in relation to its property;
- (c) take or concur in any step or further steps for the purpose of enforcing, whether by way of legal or equitable execution or otherwise any judgment debt owed by the Company or arbitration award against the Company at the Commencement Date or any interest on such judgment debt or award;
- (d) exercise any right of set off or defence, cross claim or cross action to which the Creditor would not have been entitled had the Company been wound up on the Commencement Date; or
- (e) commence or take any further steps in any arbitration against the Company or to which the Company is a party in relation to any matter arising or occurring before the Commencement Date.

6.3 Release and extinguishment

Upon Completion occurring, all Claims of Participating Creditors will be released in full and extinguished and this Deed may be pleaded by the Company against any Participating Creditor in barring a Claim by that person. Each Participating Creditor will, if called upon to do so, properly execute and deliver to the Company such form of release of its Claim as the Deed Administrator or the Company may require.

6.4 No Interest

Interest will not accrue, and will not be payable, in respect of Admitted Claims.

6.5 Superannuation Contribution Debts not admissible

The Deed Administrator must determine that the whole of a debt or a particular part of a debt by way of a Superannuation Contribution is not admissible to proof against the Company if:

- (a) a debt by way of a Superannuation Guarantee Charge;
 - (i) has been paid; or
 - (ii) is, or is to be, admissible to proof against the Company; and
- (b) the Deed Administrator is satisfied that the Superannuation Guarantee Charge is attributable to the whole of the first mentioned debt in the

case of the whole of a debt or part of the first mentioned debt in the case of part of the a debt.

7. MANAGEMENT OF THE COMPANY

7.1 Responsibility for management of the Company

Subject to clause 3.8, during the Arrangement Period, the Deed Administrator, to the extent permitted by the Act, will retain the day to day management, control, supervision and administration of the Company's business and affairs and will exercise all or any of the powers conferred by this Deed.

7.2 Directors

Throughout the Arrangement Period, the Directors shall:

- (a) cooperate with and assist the Deed Administrator in the performance of the obligations under this Deed;
- (b) provide to the Deed Administrator the Records;
- (c) comply immediately with all reasonable requests of the Deed Administrator in relation to the Company's business and affairs and this Deed; and
- (d) not, unless without first obtaining the written consent of the Deed Administrator:
 - (i) dispose of any of the assets of the Company; or
 - (ii) pay to any Creditor a payment to satisfy any debt of the Company incurred prior to the Commencement Date.

7.3 Role of Deed Administrator and Trustee

- (a) This Deed must be administered by the Deed Administrator who will have the powers, functions and duties conferred on them by this Deed and the Act.
- (b) In exercising the powers conferred by this Deed and carrying out the duties arising under this Deed, the Deed Administrator is taken to act as agent for and on behalf of the Company.
- (c) The Trustee's role will be to act as trustee under the Creditors' Trust Deed and to ensure the obligations of the Company to the Trustee under the Creditors' Trust Deed are performed. The Trustee shall have the powers specified in the Creditors' Trust Deed.

8. CREDITORS' TRUST

8.1 Trust Fund

- (a) The assets of the Trust Fund shall comprise the Available Property.
- (b) The Trustee will hold and administer the Trust Fund in accordance with the terms of the Creditors' Trust Deed.

- (c) Subject to the provisions of this Deed and the Creditors' Trust Deed, the property that is available to pay the Admitted Claims of Participating Creditors are the assets of the Trust Fund.
- (d) For the purpose of determining the admissibility and ranking of the Claims of Participating Creditors, in the Creditors' Trust, Regulations 5.6.39 to 5.6.72 of the Corporations Regulations and Sub-divisions A to E of Division 6 of Part 5.6 of the Act shall apply to the Creditors' Trust and the Trustee as if the references to a Liquidator were references to the Trustee, references to winding up were references to the Creditors' Trust and with such other modifications as are necessary to give effect to the Creditors' Trust.

8.2 Claims

Upon Completion occurring:

- (a) the Company will be released from all Claims of Participating Creditors;
- (b) all Claims of Participating Creditors against the Company will be extinguished;
- (c) all Claims of Participating Creditors against the Company will be replaced by a right to participate in the Creditors' Trust;
- (d) the Deed Administrator will be entitled to terminate this Deed in accordance with clause 13.2; and
- (e) Participating Creditors must accept their right to prove under the Creditors' Trust Deed in full satisfaction and complete discharge of all Claims which they have or claim to have against the Company and each of them will, if called upon to do so, execute and deliver to the Company such forms of release of any such Claim as the Deed Administrator or Trustee may require.

8.3 No moneys payable under Deed

No moneys will be available for distribution to the Participating Creditors under this Deed and the only moneys that shall be available for distribution to the Participating Creditors are those constituted by the Trust Fund under the Creditors' Trust Deed.

8.4 Distribution under Creditors' Trust Deed

- (a) Subject to clause 8.5, the Trust Fund shall be distributed by the Trustee in accordance with the following order of priorities:
 - (i) first, \$62,344, or such other amount as is determined by the Australian Taxation Office to pay the Company's existing debt owed to the Australian Taxation Office (which amount is to be paid by way of a set-off against the R&D Rebate) **(ATO Debt)**;
 - (ii) second, subject to clause 9.7, in satisfaction of the Administrator's, Deed Administrator's and Trustee's respective remuneration, costs, fees, liabilities, expenses and disbursements incurred by them in their capacity as voluntary administrator, and deed administrator and trustee respectively, subject to a maximum of \$215,000 in aggregate (exclusive of GST);

- (iii) third, the amount of the Employee Entitlements; and
 - (iv) fourth, \$20,000 to Participating Creditors pro rata in accordance with their Admitted Claims.
- (b) In the event that there is a surplus balance after the Participating Creditors have received their distribution in accordance with this clause, such surplus balance shall be transferred from the Trust Fund to the Company.

8.5 Superannuation Contribution Debts not Admissible

The Trustee must determine that the whole of a debt or a particular part of a debt by way of a Superannuation Contribution is not admissible to proof if:

- (a) a debt by way of a Superannuation Guarantee Charge;
- (b) has been paid; or
- (c) is, or is to be, admissible to proof for a dividend out of the Trust Fund; and

the Trustee is satisfied that the Superannuation Guarantee Charge is attributable to the whole of the first mentioned debt in the case of the whole of a debt or part of the first mentioned debt in the case of part of a debt.

8.6 Corporations Act provisions

Subject to the specific provisions of clause 8.4, the terms of sections 556, 560 and 561 of the Act shall apply as if the references to a Liquidator were references to the Trustee and references to winding up were references to the Creditors' Trust and with such other modifications as are necessary to give effect to the terms of this Deed.

9. DEED ADMINISTRATOR

9.1 Consent

The Deed Administrator consents to his appointment as deed administrator of this Deed from the date of this Deed.

9.2 Role of Deed Administrator

The Deed Administrator must administer this Deed during the Arrangement Period or until the Deed Administrator retires or is removed from office in accordance with this Deed or the Act.

9.3 Powers under Schedule 8A

For the purposes only of administering this Deed, the Deed Administrator shall have all of the powers set out in paragraph 2 of Schedule 8A to the Corporations Regulations.

9.4 Agent of the Company

In exercising the powers conferred by this Deed and carrying out the duties arising under this Deed, the Deed Administrator shall act as agent for and on behalf of the Company.

9.5 Powers

Without limiting clause 9.3, during the Arrangement Period, the Deed Administrator's powers will include the power:

- (a) to obtain any information from the Directors, any servant or agent of or adviser to the Company, Creditors or any other person as they may require to perform their duties under this Deed;
- (b) to inspect and gain access to all books and records of the Company as they may require to perform their duties under this Deed;
- (c) to do anything that is incidental to exercising a power set out in this Deed;
- (d) to call for and adjudicate upon Creditors' proofs of debt in the manner and timeframe specified in this Deed;
- (e) to engage solicitors and consultants on such terms as the Deed Administrator may decide; and
- (f) to do anything else that is necessary or convenient for the purpose of exercising his powers to administer this Deed.

9.6 Obligations of Deed Administrator

During the Arrangement Period, the Deed Administrator's obligations are:

- (a) (if applicable) to pay any moneys or property received which is to be part of the Trust Fund to the Trustee;
- (b) to monitor the Company's compliance with its obligations pursuant to the Deed; and
- (c) to call meetings of Creditors as required by the Act or under this Deed for the purpose of considering the further variation or termination of this Deed.

9.7 Administrator, Deed Administrator and Trustee remuneration and costs

- (a) Subject to clauses 9.7(b) and 9.7(c), the Administrator, Deed Administrator and Trustee shall be entitled to be remunerated from the Trust Fund in respect of their respective remuneration, costs, fees, liabilities, expenses and disbursements incurred by them in their capacity as voluntary administrator and deed administrator and trustee respectively, subject to a maximum of \$215,000 in aggregate (exclusive of GST).
- (b) The Parties agree that the maximum cap of \$215,000 (exclusive of GST) on the Administrator, Deed Administrator and Trustee's respective remuneration, costs, fees, liabilities, expenses and disbursements shall not include the following liabilities, expenses and disbursements (all amounts inclusive of GST):
 - (i) approximately \$25,000 in respect of the R&D Rebate preparation by the Administrator;

- (ii) approximately \$15,000 in respect of the Company tax return preparation by the Administrator;
 - (iii) approximately \$38,000 to pay administration expenses as follows:
 - (A) \$19,608 for advertising;
 - (B) \$3,727 for online data hosting;
 - (C) \$14,665 for the extension of the convening period (legal fees plus disbursements); and
 - (iv) approximately \$15,000 toward the Deed and Creditor meeting expenses,
- but shall include the following:
- (v) any costs of the process of the winding up or dissolution of the Subsidiaries; and
 - (vi) legal fees other than those referred to in clause 9.7(b)(iii)(C) above.
- (c) At Completion, the Proponent will make a payment (**Top Up Payment**) to the Trustee out of the proceeds of the Capital Raising (if required), upon completion of the Capital Raising, to ensure that the Administrator is paid the maximum cap of \$215,000 referred to in clause 9.7(a), calculated in accordance with clause 9.7(b) (**Administration Fee**) on the basis that the following amounts will be satisfied from the R&D Rebate (less the ATO Debt), prior to the payment of the Administration Fee:
- (i) the expenses referred to at 9.7(b)(i) to (iv);
 - (ii) \$20,000 to be paid to Participating Creditors pro rata in accordance with their Admitted Claims pursuant to clause 8.4(a)(iv); and
 - (iii) any shortfall with respect to Employee Entitlements after the Employee Loan is applied.
- (d) In the event that, by reason of a shortfall with respect to the Employee Entitlements, it is determined that the Top Up Payment is not sufficient to pay the Administration Fee in full, the Proponent will pay or procure payment to the Trustee of sufficient funds to ensure that the Administration Fee is paid in full.
- (e) Any expenses of the Administrator, Deed Administrator or Trustee in addition to or in excess of, those amounts set out above in this clause 9.7, must be agreed between the Proponent and the Administrator, Deed Administrator and Trustee and will be payable upon the Company being re-admitted to the Official List of the ASX from the proceeds of the Capital Raising.

9.8 Limitation of liability

Subject to the Act, in the performance or exercise, or purported performance or exercise, of any of the Deed Administrator's functions, powers and duties under this Deed, the Deed Administrator will not be personally liable for:

- (a) any debt, liability or other obligation which the Deed Administrator may incur on behalf of the Company pursuant to this Deed; or
- (b) any loss or damage caused by any act, default or omission by the Deed Administrator or on behalf of the Deed Administrator in the performance of the Deed Administrator's powers, functions and duties under this Deed other than loss or damage caused by the dishonesty, gross negligence or wilful default of the Deed Administrator.

9.9 Resignation

The Deed Administrator may resign by notice in writing to the Company.

10. INDEMNITY OF ADMINISTRATOR, DEED ADMINISTRATOR AND TRUSTEE

10.1 Indemnity

The Administrator, Deed Administrator and the Trustee are entitled to be indemnified out of the property and assets of the Company for:

- (a) subject to clause 9.7, their remuneration, costs, fees and expenses incurred by them in compliance with this Deed;
- (b) subject to clause 9.7, all liabilities incurred in the course of the administration of this Deed; and
- (c) all actions, suits, proceedings, accounts, claims and demands, other than where the same is brought by the Company, which may be commenced, incurred by or made against the Administrator as voluntary administrator of the Company, the Deed Administrator as deed administrator of this Deed and the Trustee, their partners or their staff by any person and against all costs, charges and expenses incurred by the Administrator, Deed Administrator and the Trustee in respect of them,

PROVIDED THAT the Administrator, the Deed Administrator or the Trustee shall not be entitled to an indemnity in respect of any liabilities or demands if the Administrator, the Deed Administrator or the Trustee, or any partner, employee, authorised agent or delegate of them has acted fraudulently or dishonestly.

10.2 Releases

- (a) The Proponent releases the Administrator, the Deed Administrator and the Trustee from all actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) whatsoever which the Proponent now has, or may at any time have, against the Administrator, the Deed Administrator or the Trustee in connection with the implementation of this Deed, except to the extent that such actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) are caused, or contributed to, by the negligence or recklessness of the Administrator, the Deed Administrator or the Trustee.

- (b) The Company releases, and agrees to, indemnify the Administrator, the Deed Administrator and the Trustee against, all actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) whatsoever which the Administrator, the Deed Administrator or the Trustee now have, or may at any time suffer, in connection with this Deed, except to the extent that such actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) are caused, or contributed to, by the negligence or recklessness of the Administrator, the Deed Administrator or the Trustee.
- (c) Save by way of enforcement of this Deed, this Deed shall operate as an absolute bar to all actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses), threatened, brought, or attempted to be brought, by, or in the name of, the Company or the Proponent against the Administrator, the Deed Administrator or the Trustee in connection with, or arising from, this Deed, except to the extent that such actions, suits, causes of action, proceedings, claims, accounts, demands, costs and expenses (including legal costs and expenses) are caused, or contributed to, by the negligence or recklessness of the Administrator, the Deed Administrator or the Trustee.
- (d) For the avoidance of doubt, any provision of this Deed which requires the Proponent to procure that the Company do something at the Proponent's cost and risk does not, subject to the implementation of the Deed, as between the Proponent and the Company, prejudice or affect the Proponent's right to seek reimbursement, after Completion, from the Company of reasonable costs and expenses incurred in doing that thing where those costs and expenses would, but for this Deed, have been properly payable by the Company.

10.3 Priority of Indemnity

The right of indemnity and lien have priority in accordance with the Act including but not limited to priority over the Claims of Creditors.

10.4 Continuing Indemnity

The indemnity under this clause 10, will take effect on and from the Appointment Date and will be without limitation as to time and will operate notwithstanding the removal of the Administrator, the Deed Administrator or the Trustee and the appointment of a new deed administrator or a new trustee or the termination of this Deed or the Creditors' Trust Deed for any reason whatsoever.

10.5 Indemnity not to be affected or prejudiced

The indemnity under this clause 10, will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Administrator, Deed Administrator or Trustee and will extend to all actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Administrator, Deed Administrator or Trustee, the approval and execution of this Deed or the Creditors' Trust Deed or otherwise; or

- (b) affect or prejudice all or any rights that the Administrator, Deed Administrator or Trustee may have against the Company or any other person to be indemnified against the costs, charges, expenses and liabilities incurred by the Administrator, Deed Administrator or Trustee of or incidental to the exercise or performance of any of the powers of authorities conferred on the Administrator, Deed Administrator or Trustee by this Deed or the Creditors' Trust Deed or otherwise.

10.6 Paramount lien

The Administrator, Deed Administrator and Trustee shall have a first and paramount lien over all of the assets and property of the Company and the Trust Fund as security for the indemnity granted under this clause 10.

11. MEETINGS

11.1 When convened

The Deed Administrator may convene a meeting of Creditors at any time in accordance with section 445F of the Act.

11.2 Application of Corporations Regulations

Except to the extent that they are varied by or inconsistent with the express terms of this Deed, the provisions of Regulations 5.6.12 to 5.6.36A inclusive of the Corporations Regulations apply to meetings of Creditors with modifications as are necessary, as if the reference to the "liquidator" and "provisional liquidator" were references to the Deed Administrator.

12. VARIATIONS OF THIS DEED

This Deed may be varied by a Resolution passed at a meeting of Creditors convened under clause 11, but only if the variation is not materially different from the proposed variation set out in the notice convening the meeting. Nothing in the varied Deed shall limit the operation of sections 445D and 445E of the Act.

13. TERMINATION OF THIS DEED

13.1 Termination

This Deed will terminate upon the earlier of:

- (a) Completion occurring pursuant to clause 5, in which case clause 13.2 shall apply;
- (b) the date the Deed Administrator executes a notice to terminate this Deed pursuant to clause 3.6(a);
- (c) the date any Court makes an order pursuant to section 445D of the Act;
- (d) the date of the Creditors passing a Resolution at a meeting of Creditors under section 445F of the Act to terminate this Deed; or
- (e) the date of the Creditors passing Resolutions to:
 - (i) terminate this Deed under section 445F of the Act; and

- (ii) wind up the Company pursuant to section 445E of the Act.

13.2 Termination where Deed achieves Purpose

- (a) The Deed Administrator will terminate this Deed in relation to the Company as soon as reasonably practicable after Completion has occurred.
- (b) Where the Deed Administrator terminates this Deed pursuant to clause 13.2(a), the Deed Administrator must certify in writing that this Deed has been fully effectuated and lodge with ASIC a notice of termination of the Deed in the approved form in respect to the Company.
- (c) Where the Deed Administrator terminates this Deed pursuant to clause 13.2(a) control of the Company will return to its then Directors:
- (d) Clauses 6.3, 8, 9, 10, 13 and 16 of this Deed shall survive termination if this Deed terminates pursuant to clause 13.2(a).

13.3 Early Termination or variation of Deed

Without limiting the operation of sections 445C, 445E or 445F of the Act, if the Deed Administrator determines that it is no longer practical or desirable either to continue or implement or carry out this Deed, or the Court so orders, the Deed Administrator must convene a meeting of Creditors for the purposes of passing a resolution that:

- (a) the terms of this Deed be varied; or
- (b) this Deed terminates; or
- (c) this Deed terminates and the Company be wound up; or
- (d) the terms of this Deed be enforced; or
- (e) any other proposal permitted under the Act be approved.

13.4 Previous operation of Deed preserved

- (a) In accordance with section 445H of the Act, the termination or avoidance, in whole or in part, of this Deed does not affect the previous operation of this Deed.
- (c) Upon termination of this Deed pursuant to clause 13.2:
 - (1) to the extent that the Company or any other party bound by this Deed makes a covenant under this Deed which, by its terms, takes effect after termination of this Deed, the Company covenants in favour of the Trustee for the Trustee's benefit and for the benefit of the Participating Creditors, with the intent that those covenants will continue, subject to the terms of this Deed, in full force and effect after the termination of this Deed; and
 - (2) to the extent that any other party bound by this Deed gives a covenant, which covenant is repeated, in substance, in the Trust Deed, that party agrees to be bound by the Creditors' Trust Deed as if that party had executed the same.

13.5 Winding up

Upon the termination of this Deed pursuant to clauses 3.6(a), 13.1(b), 13.1(c) or 13.1(e) the Company will be wound up under section 446A of the Act.

14. GST

- (a) If GST is payable under the consideration to be paid or provided by any Party for any taxable supply made under this Deed (**Basic Consideration**) or any part thereof or if any Party is liable to pay GST in connection with any taxable supply made under this Deed then the Party may increase the Basic Consideration (or the relevant part thereof) by an amount which is equal to the GST rate, then the Company is liable to pay the increased Basic Consideration.
- (b) Where the Basic Consideration is increased to account for GST pursuant to clause 14(a), the relevant Party shall in the month in which the Basic Consideration is to be paid, issue a tax invoice or an adjustment note to the Company.
- (c) Clause 14 shall survive termination of this Deed.

15. COMMITTEE OF INSPECTION

15.1 Operation of this Part

This clause shall apply only if the Creditors have resolved that a committee of inspection be appointed.

15.2 Shareholder representative

The Creditors in a meeting may resolve that one shareholder representative be a full member of any committee of inspection.

15.3 Paragraph 11 of Schedule 8A

Paragraph 11 of Schedule 8A to the Corporations Regulations shall apply in relation to any committee of inspection that is appointed except that the word "must" appearing in the first line of sub-paragraph (a) therefore shall be replaced by the word "may".

16. GENERAL

16.1 Execution of further documents

The Company, the Directors and other officers of the Company, the Creditors and the Deed Administrator must do all further acts and execute and deliver all further documents required by law or reasonably requested by any other Party to give effect to this Deed.

16.2 Severance

- (a) If a clause or a part of a clause of this Deed can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable or valid, it must be read in the latter way.

- (b) If any clause or part of a clause of this Deed is illegal, unenforceable or invalid, that clause or part of a clause is to be treated as removed from this Deed, but the rest of this Deed is not affected.

16.3 Notice

All notices, requests, demands, consents, approvals, agreements or other communications to or by a Party shall be in writing and may be given, subject to the technical facilities available to the Parties, by any of the following means:

- (a) facsimile transmission;
- (b) delivery to or being left at:
 - (i) the registered office (in the case of a company);
 - (ii) the address disclosed in this Deed;
 - (iii) the last known business address; or
 - (iv) such other address as may be notified for the purposes of this clause; or
- (c) by being posted in the pre-paid letter addressed to that Party at any one of the foregoing addresses.

16.4 Counterparts

This Deed may be executed in any number of counterparts and all those counterparts taken together shall constitute one and the same instrument.

16.5 No reliance

No representations, warranties or conditions are made by the Company, the Administrator or the Deed Administrator with respect to this Deed, the Creditors' Trust Deed or any assets of the Company.

EXECUTED by the Parties as a Deed.

SIGNED by **JASON MARK TRACY** in the)
presence of:)
)

Signature of witness

Signature

Name of witness

EXECUTED by **MOKO SOCIAL MEDIA**)
LIMITED (ADMINISTRATOR APPOINTED))
ACN 111 082 485)
by the person(s) who are authorised to)
sign for the Company:

Signature of Voluntary Administrator

Signature of Witness

Name of Voluntary Administrator

Name of Witness

*please delete as applicable

SIGNED by **TREVOR DOUGLAS NAIRN** in)
the presence of:)
)

Signature of witness

Signature

Name of witness

SCHEDULE 1 – SECURED CREDITOR AND CONVERTIBLE NOTE HOLDERS

CREDITORS NAME	AMOUNT (\$)	NO. SHARES
Registered Secured Creditor		
NAIRN	\$677,000	5,641,667
Total	\$677,000	5,641,667
Convertible Note Holders		
ICE COLD INVESTMENTS PTY LTD	\$105,000	875,000
ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM TD S/F A/C>	\$105,000	875,000
BRADLEY HARRIS	\$90,000	750,000
MR M A MUNRO & MS R P DELAMARE - MUNRO SUPER FUND A/C	\$10,000	83,333
PHILIP ANDREW THICK	\$50,000	416,667
ROADKNIGHT INVESTMENTS (AUSTRALIA) PTY LTD ATF YATES FAMILY TRUST	\$100,000	833,333
GRANT POVEY	\$25,000	208,333
L & E FISHER NOMINEES PTY LTD - FISHERS S/F A/C	\$10,000	83,333
GREATSIDE HOLDINGS PTY LTD	\$25,000	208,333
BEARDED ROOSTER PTY LTD	\$10,000	83,333
OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	\$50,000	416,667
BRADLEY HARRIS	\$110,000	916,667
RPK NOMINEES PTY LTD <R & C KANE SUPER FUND A/C>	\$25,000	208,333
MR SIMON DAVID YEO + MRS JENNIFER YEO <CAPE INVESTMENT A/C>	\$25,000	208,333
HERITAGE PACIFIC PTY LTD <DOOLAN FAMILY TRUST>	\$20,000	166,667
EMMA WALDON	\$20,000	166,667
TOTAL	\$780,000	6,500,000
TOTAL CREDITORS	\$1,457,000	12,141,667

ANNEXURE A – CREDITORS' TRUST DEED

JASON MARK TRACY
(Trustee)

and

MOKO SOCIAL MEDIA LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 111 082 485
(Company)

CREDITORS' TRUST DEED

THIS DEED is made the

day of

2017

BETWEEN

JASON MARK TRACY of Deloitte Touche Tohmatsu of Brookfield Place, Tower 2, 123 St Georges Terrace, Perth, WA 6000 (**Trustee**);

AND

MOKO SOCIAL MEDIA LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) (ACN 111 082 485) of Suite 5, Level 1, 442-446 Beaufort Street, Highgate, WA 6003 (**Company**).

RECITALS

- A. The Company entered into a deed of company arrangement with the Deed Administrator and the Proponent on [insert] 2017 (**DOCA**) pursuant to resolutions of the Creditors of the Company obtained at a meeting held on [insert] 2017.
- B. The DOCA provides for the establishment of a Trust for the benefit of Participating Creditors in accordance with the terms of this Deed.
- C. The Participating Creditors have agreed to accept their entitlements under this Deed in satisfaction of their Claims.
- D. The Trustee consents to becoming the trustee under the Trust on the terms of this Deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

Administration Period means the period commencing on the Appointment Date and ending on the Commencement Date.

Administrator means Jason Mark Tracy.

Admitted Claim means a Claim in respect of a Participating Creditor the proof of debt for which has been accepted by the Trustee.

Appointment Date means 31 May 2017.

Available Property has the meaning given to that term in the DOCA.

Business Day means a day that is not a Saturday, a Sunday or a public holiday in Perth, Western Australia and on which banks are open for business generally in Perth, Western Australia.

Capital Raising has the meaning given to it in the DOCA.

Claim means a debt which prior to the operation of the DOCA would have been payable by, or a claim which prior to the operation of the DOCA would have been against, the Company (whether present or future, certain or

contingent, ascertained or sounding only in damages) being a debt or claim the circumstances giving rise to which occurred on or before the Appointment Date that would have been admissible to proof against the Company in accordance with Division 6 of Part 5.6 of the Act if the Company had been wound up.

Commencement Date means the date upon which the Company, the Proponent and the Deed Administrator executed the DOCA.

Completion means completion on the Completion Date as defined in the DOCA.

Convertible Note Holders means those parties who hold convertible notes issued by the Company and noted as convertible note holders in Schedule 1.

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

Court means any Court having jurisdiction to hear and determine matters under the Trustees Act.

Creditor means any person who has a Claim.

Deed means this trust deed, as amended from time to time.

Deed Fund means the fund established and controlled by the Deed Administrator in accordance with the DOCA.

Deed Administrator mean Jason Mark Tracy in his capacity as voluntary administrator of the Company and deed administrator under the DOCA.

DOCA has the meaning given in Recital A.

Employee means a past or present employee of the Company who has a Claim for Employee Entitlements.

Employee Entitlements means any right or entitlement of:

- (a) an Employee which, if the Company were being wound up, that Employee would be entitled to receive pursuant to section 556 and 561 of the Act in priority to all other Creditors of the Company; or
- (b) any other person, which if the Company were wound up, that person would be entitled to receive pursuant to section 560 of the Act, in priority to all other Creditors of the Company.

Employee Loan has the meaning given to that term in the DOCA.

Entitlement means, in relation to an Admitted Claim, the amount payable to the Participating Creditor as determined by the Trustee in accordance with the provisions of this Deed.

Excluded Creditors means the Secured Creditor and the Convertible Noteholders.

GST has the meaning given to that term in the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

Participating Creditor means all Creditors other than the Excluded Creditors.

Proponent means Trevor Douglas Nairn of 33 Stoneham Road, Attadale, WA 6156.

Records has the meaning given to that term in the DOCA.

R&D Rebate has the meaning given to that term in the DOCA.

Secured Creditor means Rhonda Marie Nairn of 33 Stoneham Road, Attadale, WA 6156.

Security means any mortgage, security interest, charge (whether fixed or floating), lien, pledge or other encumbrance which secures the payment of any debt or monetary liability or the performance of any obligation and which, for non-real property, complies with the *Personal Property Securities Act 2009* (Cth).

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

Superannuation Contribution has the same meaning as in section 556 of the Act.

Superannuation Guarantee Charge has the same meaning as in the *Superannuation Guarantee (Administration) Act 1992* (Cth).

Trust means the trust established hereunder.

Trust Fund means the trust fund created in accordance with clause 3.1.

Trustees Act means *the Trustees Act 1962* (WA).

1.2 Interpretation

In this Deed, unless the subject or context otherwise requires:

- (a) a reference to 'dollar' or '\$' is a reference to Australian currency;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing any one gender include the other gender and vice versa;
- (d) words importing natural persons include corporations, firms, unincorporated associations, partnerships, trusts and any other entities recognised by law and vice versa;
- (e) words written and in writing include any means of visible reproduction of words in a tangible and permanently visible form;
- (f) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (g) reference to clauses and schedules are references to clauses and schedules of this Deed;
- (h) references in this Deed to any statutory enactment or law must be construed as references to that enactment or law as amended or modified or re-enacted from time to time and to the corresponding provisions of any similar enactment or law of any other relevant jurisdiction;

- (i) references in this Deed to sections must be construed as references to sections in the Act;
- (j) references to (or to any specified provision of) this Deed or to any other agreement or document must be construed as references to (that provision of) this Deed or that other agreement or document as amended, substituted, novated, supplemented, varied or replaced with the agreement of the relevant parties and in force at any relevant time;
- (k) a construction that would promote the purpose or object underlying this Deed (whether or not stated in this Deed) is to be preferred to a construction that would not promote that purpose or object;
- (l) headings in this Deed are for the purpose of more convenient reference only and do not form part of this Deed or affect its construction or interpretation;
- (m) a term or expression not otherwise defined in this Deed must have the same meaning, if any, as provided for in the Act provided that the meaning is not inconsistent with the purpose or object of this Deed; and
- (n) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Deed or any part of it. and

1.3 Inconsistency with Act or Corporations Regulations

If there is any inconsistency between the provisions of this Deed and the Act or Corporations Regulations, this Deed prevails to the extent permitted by law.

1.4 Other Inconsistencies

If there is any inconsistency between the provisions of this Deed and the constituent documents of the Company and any other obligation binding on the Company, the provisions of this Deed shall prevail to the extent of any inconsistency, and all persons bound by this Deed agree to sign all documents and do all things necessary to remove such inconsistency, the costs of which shall be borne by the Company.

1.5 Business Days

Except where otherwise expressly provided, if the day on or by which any act, matter or thing is required by this Deed to be done is a day other than a Business Day, such act, matter or thing must be done on the immediately succeeding Business Day.

1.6 Governing Law

This Deed is governed by and must be construed in accordance to the law applying in Western Australia.

1.7 Incorporated terms

Capitalised terms or expressions used in this Deed which are defined in the DOCA have the same meaning in this Deed as given to them in the DOCA, unless expressly defined otherwise in this Deed.

2. COMMENCEMENT

2.1 Commencement date

This Deed shall come into effect upon the date of execution of this Deed by all the parties to this Deed.

2.2 Sequence of Events

- (a) On Completion of the DOCA occurring:
 - (i) to the extent that Available Property is held by the Deed Administrator or the Company, the Available Property shall be transferred to the Trustee;
 - (ii) the Claims of Participating Creditors will be released and extinguished as against the Company;
 - (iii) all Claims of Participating Creditors will be replaced by a right to participate in the Trust; and
 - (iv) the Trustee must distribute the Trust Fund as soon as practicable in accordance with clause 8.1.
- (b) Participating Creditors must accept their Admitted Claims under this Deed in full satisfaction and complete discharge of all Claims which they have or allege they have as at the Appointment Date and each will, if called upon to do so, execute and deliver to the Company or Trustee such forms of release of any such Claim as the Trustee may require.

2.3 Appointment of Trustee

In accordance with the terms of the DOCA, each Participating Creditor and the Company appoint the Trustee as trustee of this Deed.

2.4 Irrevocable

Subject to clause 13, the appointment of the Trustee is irrevocable prior to the distribution of the Trust Fund pursuant to this Deed. Once the Trust Fund has been fully distributed and the Trustee and the Deed Administrator have received all costs and expenses and remuneration payable to them, this Deed shall be at an end.

3. DECLARATION OF TRUST

3.1 Declaration of Trust

The Trustee acknowledges and declares that:

- (a) the Available Property;
- (b) the benefits of any covenants made in the Trustee's favour in the DOCA and this Deed;
- (c) any income accruing on the assets of the Trust (such income to be applied in the same manner as the principal upon which it accrued);

- (d) all moneys, investments and property paid to, transferred to or accepted by the Trustee as additions to the Trust;
- (e) the proceeds of any disposal of the assets of the Trust Fund; and
- (f) the benefit of any reinvestment of the assets of the Trust Fund,

are or will be held on trust by the Trustee for the Participating Creditors and the Trustee.

3.2 Name of Trust

The name of the trust constituted by this Deed is the "Moko Social Media Creditors' Trust".

3.3 Duties of the Trustee

The Trustee must:

- (a) administer the Trust Fund in accordance with the provisions as set out in this Deed;
- (b) ensure that the obligations of the Company under the DOCA and this Deed are fulfilled and to take such legal proceedings and other steps as the Trustee thinks fit to enforce those obligations;
- (c) ensure that the obligations of the Proponent under the DOCA are fulfilled and to take such legal proceedings and other steps as the Trustee thinks fit to enforce those obligations;
- (d) fulfil the Trustee's obligations under this Deed; and
- (e) distribute the proceeds of the Trust Fund in accordance with clause 8 of this Deed; and
- (f) determine whether or not there is any value in the shares of the Subsidiaries and, if, acting reasonably the Trustee determines:
 - (i) there is value, then to realise that value; or
 - (ii) there is no value, then, at the absolute discretion of the Trustee, either take steps to wind up the Subsidiaries or not.

3.4 Powers of the Trustee

Without limiting the Trustee's powers in accordance with the Trustees Act, for the purposes of administering the Trust, the Trustee shall have the following powers:

- (a) to administer the assets of the Trust Fund in accordance with the provisions of this Deed and the DOCA;
- (b) to admit Claims to proof in accordance with the provisions of this Deed;
- (c) to enforce compliance with the terms of this Deed and the DOCA;
- (d) to make interim or other distributions from the Trust Fund;

- (e) to appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustee determine, including the receipt and payment of money;
- (f) to appoint a solicitor, accountant or other professionally qualified person to advise or act for the Trustee;
- (g) to compromise any Claim on such terms as the Trustee considers fit;
- (h) to do all things in relation to the assets in the Trust Fund that an administrator is empowered to do in relation to a company under a deed of company arrangement which incorporates the prescribed provisions contained in Schedule 8A of the Regulations to the Corporations Act, to the extent such provisions are not inconsistent with this Deed;
- (i) to invest the Trust Fund in any form of investment as if the Trustee was the absolute and beneficial owners of the Trust Fund, and at any time to vary any investment;
- (j) to do anything that is incidental to exercising a power set out in this clause;
- (k) to do anything else that is necessary or convenient for administering the Trust; and
- (l) to determine if there is any value in the shares of the Subsidiaries.

3.5 Conflicts

All powers and discretions of the Trustee may be exercised notwithstanding that any person being a partner, employee or related party of the Trustee, is a Participating Creditor or may have been a Participating Creditor or has or may have a direct, indirect or personal interest (in whatever capacity) in the manner of, or as a result of exercising such power or discretion or may benefit directly or indirectly as a result of any such power or discretion.

4. BENEFICIARIES OF THE TRUST

The Trustee shall receive and hold the Trust Fund on behalf of the Trustee and the Participating Creditors in respect of their Claims.

5. PERPETUITY PERIOD

Notwithstanding any other provision of this Deed, each:

- (a) interest in property; and
- (b) the Trustee's powers over or in connection with property,

created or granted by this Deed, that, but for this provision, might vest, take effect, or be exercisable, after the expiry of eighty (80) years commencing on the date of this Deed but has not vested or taken effect by that date,

- (c) will vest or take effect on the last day of that period; and
- (d) is exercisable only on or before the last day of that period.

6. RECORDS

Upon reasonable notice from the Trustee, the Company shall:

- (a) allow the Trustee to inspect the Records; and
- (b) provide the Trustee with copies of any Records reasonably requested by the Trustee.

7. CLAIMS

7.1 Making Claims

Unless expressly stated to the contrary or modified by this Deed, Subdivisions A, B, C, D and E of Division 6 of Part 5.6 of the Act apply to Claims made under this Deed as if references to the liquidator were references to the Trustee and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.

7.2 Proof of Claims

Unless expressly stated to the contrary or modified by this Deed, Regulations 5.6.39 to 5.6.72 (inclusive) of the Corporations Regulations apply to Claims made under this Deed and the Trustee as if references to the liquidator were references to the Trustee and references to winding up were references to this Deed, and with such other modifications as are necessary to give effect to this Deed, except to the extent that those provisions are varied or excluded expressly or impliedly by this Deed.

7.3 Determination of Entitlements

- (a) The Trustee may, in his absolute discretion:
 - (i) admit all or part of any Claim of a Participating Creditor;
 - (ii) reject all or part of any Claim of a Participating Creditor; or
 - (iii) pay any Admitted Claim,in accordance with the provisions of this Deed.
- (b) Where the Trustee proposes to reject all or part of any Claim, the Trustee shall send a notice to the Claimant informing the Claimant of the proposed rejection and giving the party 21 days within which to make an application to the Court to determine the questions relating to the Claim.

7.4 Abandonment of Claims

A Participating Creditor will have abandoned, and will be taken to have abandoned, all Claims and other Entitlements (if any) to the Trust Fund if the Participating Creditor:

- (a) fails to submit a formal proof of debt or claim in respect of the Participating Creditor's Claim with the Deed Administrator or Trustee

before the declaration of a final distribution to be made in accordance with this Deed; or

- (b) having submitted a formal proof of debt or claim in respect of the Participating Creditor's Claim which is rejected, fails to appeal to the Court against the rejection within the specified time allowed under clause 7.3.

7.5 Part payment of Entitlements

The Trustee may in his absolute discretion pay Entitlements by instalments.

7.6 No Interest

Interest will not accrue, and will not be payable, in respect of the Admitted Claims.

7.7 Call for Proofs

Subject to clause 7.8, the Trustee shall call for formal proofs of debt or claim and adjudicate and determine Claims for the purposes of distributions to be made under this Deed.

7.8 Discretion to pay Claims

The Trustee has the discretion to pay Claims at any time without the need for a formal proof of debt or claim process as set out in clause 7.7 and without the need to formally advertise the fixing of a time on or before which a Participating Creditor must submit particulars of their Claim.

8. DISTRIBUTION OF FUND

8.1 Distribution of Trust Fund

- (a) The Trust Fund shall be distributed by the Trustee in accordance with the following order of priorities:
 - (i) first, \$62,344, or such other amount as is determined by the Australian Taxation Office to pay the Company's existing debt owed to the Australian Taxation Office (which amount is to be paid by way of a set-off against the R&D Rebate);
 - (ii) second, subject to clause 9.7 of the DOCA, to the Administrator, Deed Administrator and Trustee in satisfaction of their respective remuneration, costs, fees, liabilities, expenses and disbursements incurred by them in their capacity as voluntary administrator and deed administrator and trustee respectively, subject to a maximum of \$215,000 in aggregate (exclusive of GST);
 - (iii) third, the amount of the Employee Entitlements; and
 - (iv) fourth, \$20,000 to Participating Creditors pro rata in accordance with their Admitted Claims.
- (b) In the event that there is a surplus balance after the Participating Creditors have received their distribution in accordance with this clause, such surplus balance shall be transferred from the Trust Fund to the Company.

8.2 Claims of a Class to rank equally

The Claims of any class referred to in clause 8.1 will rank equally between themselves, and must be paid in full, unless the Trust Fund is insufficient to meet them, in which case they must be paid proportionately.

8.3 Manner and Timing of Distributions

- (a) The Trustee may distribute the Trust Fund to any Participating Creditor by one or more instalments and at such times as the Trustee in his absolute discretion may resolve.
- (b) The Trustee shall not be liable for any loss suffered or incurred in the event that some Creditors do not receive their full or proportionate Entitlements due to the fact that there are insufficient moneys remaining in the Trust Fund provided that the Trustee, in making any distributions out of the Trust Fund, reasonably believed that there would be sufficient moneys remaining in the Trust Fund to meet the Claims of all Participating Creditors either in full or proportionately.

8.4 Superannuation Contribution

The Trustee must determine that the whole of a debt or a particular part of a debt by way of a Superannuation Contribution would not have been admissible to proof against the Company prior to the operation of the DOCA and therefore vests no corresponding entitlement to a dividend or distribution under this Deed if:

- (a) a debt by way of a Superannuation Guarantee Charge;
 - (i) has been paid; or
 - (ii) is, or is to be, admissible to proof against the Company prior to the operation of the DOCA and therefore vests a corresponding entitlement to a dividend or distribution under this Deed; and
- (b) the Trustee is satisfied that the Superannuation Guarantee Charge is attributable to the whole of the first mentioned debt in the case of the whole of a debt or part of the first mentioned debt in the case of part of a debt.

8.5 Creditors not to Enforce

A Participating Creditor shall not take any actions or steps to enforce the Participating Creditor's rights to recover the whole or part of the Claim or Entitlement owed to the Participating Creditor whilst the Trustee remains the Trustee of the Participating Creditor in terms of this Trust Deed.

8.6 Entitlements

Each Admitted Creditor's Entitlement under this Trust Deed is limited to the amount distributed in accordance with clause 8 and determined in accordance with clause 7.

8.7 Release and extinguishment

The Participating Creditors accept their Entitlements under this Deed in full satisfaction and complete discharge of their Claims and if called upon to do so, shall properly execute and deliver to the Trustee such forms of release of any such Claims as the Trustee may require.

8.8 Bar

After distribution of the Trust Fund, the Trustee may plead this Deed in bar to any Claim.

8.9 Corporations Act provisions

Subject to the specific provisions of clause 8.1, the terms of sections 556, 560 and 561 of the Act shall apply as if the references to a Liquidator were references to the Trustee and references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the terms of this Deed.

9. INDEMNITY AND REMUNERATION

9.1 Remuneration

- (a) The Trustee, Deed Administrator and Administrator shall be entitled to be remunerated from the Trust Fund in respect of their respective remuneration, costs, fees, liabilities, expenses and disbursements incurred by them in their capacity as trustee and deed administrator and administrator respectively subject to a maximum of \$215,000 in aggregate (exclusive of GST) as set out in clause 9.7 of the DOCA.
- (b) Any future remuneration of the Trustee, not yet already approved by Creditors, is subject to approval of Participating Creditors at a meeting convened in accordance with clause 10 or by the Court.
- (c) Any expenses of the Administrator, Deed Administrator or Trustee in addition to or in excess of, those amounts set out in clause 9.7 of the DOCA, must be agreed between the Proponent and the Administrator, Deed Administrator and Trustee and will be payable upon the Company being re-admitted to the Official List of the ASX from the proceeds of the Capital Raising.

9.2 Indemnity

The Trustee, Deed Administrator and Administrator are entitled to be indemnified out of the Trust Fund for:

- (a) subject to clause 8.1 of this Deed and to clause 9.7 of the DOCA, their remuneration, costs, fees and expenses incurred by them in compliance with this Deed;
- (b) subject to clause 8.1 of this Deed and to clause 9.7 of the DOCA, all liabilities incurred during the period of operation of the Trust and during the period of the DOCA and the Administration Period; and
- (c) all actions, suits, proceedings, accounts, claims and demands, other than where the same is brought by the Company, which may be commenced, incurred by or made against the Trustee, the Deed

Administrator or Administrator, their partners or their staff by any person and against all costs, charges and expenses incurred by the Trustee, Deed Administrator and Administrator in respect of them,

PROVIDED that the Administrator, the Deed Administrator and the Trustee shall not be entitled to an indemnity in respect of any liabilities or demands if the Administrator, the Deed Administrator or the Trustee, or any partner, employee, authorised agent or delegate of them has acted fraudulently or dishonestly.

9.3 Priority of Indemnity

The right of indemnity and lien herein shall have priority over the Claims of all Participating Creditors.

9.4 Continuing Indemnity

The indemnity granted under clause 9.2, will take effect on and from the Appointment Date and will be without limitation as to time and will operate notwithstanding the removal of the Administrator, Deed Administrator or the Trustee and the appointment of a new deed administrator or a new trustee or the termination of the DOCA or this Deed for any reason whatsoever.

9.5 Indemnity not to be affected or prejudiced

The indemnity granted under clause 9.2, will not:

- (a) be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Administrator, Deed Administrator or Trustee and will extend to all actions, suits, proceedings, accounts, liabilities, claims and demands arising in any way out of any defect in the appointment of the Administrator, Deed Administrator or Trustee, the approval and execution of the DOCA or this Deed or otherwise; or
- (b) affect or prejudice all or any rights that the Administrator, Deed Administrator or Trustee may have against the Company or any other person to be indemnified against the costs, charges, expenses and liabilities incurred by the Administrator, Deed Administrator or Trustee of or incidental to the exercise or performance of any of the powers of authorities conferred on the Administrator, Deed Administrator or Trustee by the DOCA or this Deed or otherwise.

9.6 Paramount Lien

The Administrator, Deed Administrator and the Trustee shall have a first and paramount lien over the Trust Fund as security for the indemnity granted under clause 9.2.

10. MEETINGS OF CREDITORS

10.1 Meetings of Creditors

The Trustee:

- (a) may convene a meeting of Participating Creditors at any time; and
- (b) must convene a meeting of Participating Creditors if so requested in writing by the Participating Creditors (or Excluded Creditors under

clause 9.3) the value of whose Admitted Claims is not less than 10% of the total value of Admitted Claims.

10.2 Procedure

Except to the extent (if any) they are excluded or modified by or are inconsistent with the terms of this Deed, regulations 5.6.11 to 5.6.36A of the Corporations Regulations apply, with such modifications as are necessary, to meetings of the Participating Creditors as if the references to the "liquidator" and "provisional liquidator" were references to the Trustee.

10.3 Excluded Creditors

Excluded Creditors will not participate in the right to receive any Entitlement from the Trust Fund in respect of their Claims but they will be entitled to vote at all meetings of Participating Creditors and may for that purpose lodge with the Trustee any proof of debt which includes any Claim for the purpose of ascertaining the entitlement of the Excluded Creditor to vote at any meeting.

11. LIABILITY

11.1 Exclusion of Liability

- (a) The Trustee is not liable to any Participating Creditor, future trustee or any other person for any loss, damage, cost or expense which may result from the exercise or attempted exercise by the Trustee of their duties and powers under this Deed in the absence of wilful default, fraud, gross negligence or breach of trust.
- (b) The Trustee is not liable to a greater extent than the investments, cash and other property to which the Trustee is entitled and do recover through their right of indemnity from the Trust Fund vested in the Trustee in accordance with this Deed.
- (c) Where the Trustee acts in reliance upon the advice of any solicitor instructed on behalf of the Trust, which advice is obtained in relation to the interpretation of the provisions of this Deed or any document or statute or any matter concerning the administration of the Trust, the Trustee is not liable to any person in respect of any act done or omitted to be done by the Trustee in accordance with that advice.

12. BOOKS OF ACCOUNT AND RECEIPTS

12.1 Trustee to keep accounts

The Trustee must keep or cause to be kept proper accounts in respect of all receipts and payments on account of the Trust Fund and of all dealings connected with the Trust Fund.

12.2 Financial statements

As soon as practicable after the end of each financial year, the Trustee must prepare or cause to be prepared a financial statement showing the financial position of the Trust Fund at the end of that accounting period.

12.3 Register of Creditors

The Trustee shall maintain a register of Participating Creditors including, but not limited to, a register of distributions made by the Trustee to the relevant Participating Creditor.

13. TRUSTEE'S RESIGNATION

13.1 Retirement

The Trustee may resign at any time by giving not less than 14 days prior written notice to the Creditors, effective on the appointment of a replacement trustee by the retiring Trustee.

13.2 Replacement Trustee to execute Deed

The replacement trustee and the retiring Trustee must execute a deed of retirement and appointment in the form required by the retiring Trustee in which the replacement trustee undertakes to be bound from the effective date of retirement and appointment by the provisions of this Deed. From the effective date of the deed of retirement and appointment, the replacement trustee will have the same powers, rights and obligations under this Deed as if the replacement trustee were originally a party to this Deed.

13.3 If replacement trustee not appointed

If, after giving notice of their intention to retire pursuant to clause 13.1, the Trustee cannot identify a replacement trustee, then the Trustee must convene a meeting in accordance with clause 10 to seek a resolution to terminate the Trust.

14. TERMINATION OF TRUST

14.1 Termination of the Trust

- (a) Subject to clauses 14.2 and 14.3, the Trust will terminate and the Trustee shall resign on the earlier of:
 - (i) as soon as reasonably practicable after distribution of the final distribution from the Trust Fund; or
 - (ii) the expiry of the perpetuity period referred to in clause 5; or
 - (iii) if after realisation of all assets in the Trust Fund, and application of the Trust Fund by the Trustee to satisfy the liabilities of the Trust, the Trustee determines that there is no likelihood of any further funds being available for distribution.
- (b) If the Trust is to terminate in accordance with clause 14.1(a), the Trustee will give written notice of the termination of the Trust to the Participating Creditors and the Trust will automatically terminate on the expiry of a period of 5 days after the date of notice of termination.

14.2 Meeting of Admitted Creditors

The Trustee must convene a meeting of the Participating Creditors to consider a resolution to vary this Deed or terminate the Trust if:

- (a) any of the assets referred to in clause 3 are not received by the Trustee when payable; or
- (b) at any time prior to the termination of this Trust, the Trustee determines that it is no longer practicable or desirable to continue to implement or carry out this Deed or the Court so orders.

14.3 Termination of the Trust by Court order or resolution

- (a) This Trust will terminate if:
 - (i) a Court so orders; or
 - (ii) the Participating Creditors pass a resolution terminating this Trust at a meeting convened pursuant to clause 10.
- (b) If the Trust terminates in accordance with this clause 14.3, then subject to any orders of the Court, the assets comprising the Trust Fund will be distributed to the Participating Creditors in respect of their Admitted Claims in accordance with clause 8 to the extent possible.
- (c) If it is not possible for the Trust Fund to be dealt with in accordance with clause 14.3(b), the assets will be paid into Court.

14.4 Report to Creditors

Upon a meeting being convened, the Trustee must send to each Participating Creditor prior to the meeting a report setting out:

- (a) a statement explaining the circumstances which has caused the Trustee to convene a meeting of claimants; and
- (b) a statement that this Trust will be terminated if the meeting so resolves.

14.5 Previous Operation of Deed preserved

The termination or avoidance, in whole or in part, of this Trust does not affect the efficacy of any act done prior to the termination or avoidance.

14.6 Variation of Deed

This Deed may be varied by resolution passed at a meeting held in accordance with clause 10 if:

- (a) the Trustee has previously consented or subsequently consent to the variation; and
- (b) the variation is not materially different from the proposed variation set out in the notice of that meeting.

15. GENERAL

15.1 Trustee's discretions and powers

Except where there is an express contrary provision in this Deed, every discretion given to the Trustee is absolute and uncontrolled and every power given to them is exercisable in their absolute and uncontrolled discretion.

15.2 Delegation of powers

The Trustee may by power of attorney or otherwise delegate to any person any of the discretions or powers given to them under this Deed. The exercise of any of the discretions or powers of this Deed by an attorney or delegate is valid and effectual and binds all persons interested under this Deed.

15.3 Invalidity

If any provision of this Deed is invalid for any reason whatsoever, it will be deemed to have been deleted and will not affect the validity or operation of the remainder of the Deed.

15.4 Assurance

Each of the parties to this Deed will do, execute, provide, acknowledge and deliver all further acts, deeds, assignments, charges, guarantees, covenants, assurances, documents and things reasonably required to most expeditiously fulfil the purposes and intentions of this Deed.

15.5 Notice

Any notices or other communications required or permitted to be given under this Deed to any person a party to it shall be in writing and be deemed to have been served if sent by pre-paid post to the address given for that person in this Deed or as held in the register established under clause 12.3 of this Deed or any other address notified by that person in writing. Any notice or communication so served shall be deemed to have been received at the time that it would have been delivered in the ordinary course of post.

15.6 Waiver

A failure to exercise or a delay in exercising any rights, power or remedy of a party under this Deed will not operate nor be construed to operate as a waiver of that right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

15.7 Counterparts

This Deed may be executed in any number of counterparts and all of those counterparts taken together constitute one and the same instrument.

15.8 Stamp Duty

The Trustee shall pay out of the Trust Fund any stamp duty payable in connection with this Deed, any Security or other transaction contemplated by this Deed.

15.9 GST

- (a) Words used in this clause which have a defined meaning in the GST law have the same meaning as in the GST law unless the context otherwise indicates.
- (b) Unless expressly included, the consideration for any supply under or in connection with this Deed is exclusive of GST.

- (c) To the extent that any supply made by a party (**Supplier**) under or in connection with this Deed is a taxable supply, the consideration for that supply is increased by, and the recipient of the supply (**Recipient**) must pay to the Supplier, an additional amount equal to the GST payable on the supply (**Additional Amount**).
- (d) The Recipient need not pay the Additional Amount until it receives a tax invoice from the Supplier for the relevant taxable supply.

EXECUTED by the Parties as a Deed.

SIGNED by **JASON MARK TRACY** in the)
presence of:)
)

Signature of witness

Signature

Name of witness

EXECUTED by **MOKO SOCIAL MEDIA**)
LIMITED (SUBJECT TO DEED OF COMPANY)
ARRANGEMENT))
ACN 111 082 485)
by the person(s) who are authorised to
sign for the Company:

Signature of Voluntary Administrator

Signature of Witness

Name of Voluntary Administrator

Name of Witness

*please delete as applicable

SCHEDULE 1 – SECURED CREDITORS AND CONVERTIBLE NOTE HOLDERS

CREDITORS NAME	AMOUNT (\$)	NO. SHARES TO BE ISSUED
Registered Secured Creditor		
NAIRN	\$ 677,000	5,641,667
Total	\$ 677,000	5,641,667
Convertible Note Holders		
ICE COLD INVESTMENTS PTY LTD	\$ 105,000	875,000
ICE COLD INVESTMENTS PTY LTD <BROWNS CHELTENHAM TD S/F A/C>	\$ 105,000	875,000
BRADLEY HARRIS	\$ 90,000	750,000
MR M A MUNRO & MS R P DELAMARE - MUNRO SUPER FUND A/C	\$ 10,000	83,333
PHILIP ANDREW THICK	\$ 50,000	416,667
ROADKNIGHT INVESTMENTS (AUSTRALIA) PTY LTD ATF YATES FAMILY TRUST	\$ 100,000	833,333
GRANT POVEY	\$ 25,000	208,333
L & E FISHER NOMINEES PTY LTD - FISHERS S/F A/C	\$ 10,000	83,333
GREATSIDE HOLDINGS PTY LTD	\$ 25,000	208,333
BEARDED ROOSTER PTY LTD	\$ 10,000	83,333
OCCASIO HOLDINGS PTY LTD <OCCASIO UNIT A/C>	\$ 50,000	416,667
BRADLEY HARRIS	\$ 110,000	916,667
RPK NOMINEES PTY LTD <R & C KANE SUPER FUND A/C>	\$ 25,000	208,333
MR SIMON DAVID YEO + MRS JENNIFER YEO <CAPE INVESTMENT A/C>	\$ 25,000	208,333
HERITAGE PACIFIC PTY LTD <DOOLAN FAMILY TRUST>	\$ 20,000	166,667
EMMA WALDON	\$ 20,000	166,667
TOTAL	\$ 780,000	6,500,000
TOTAL SECURED CREDITORS	\$ 1,457,000	12,141,667

Appendix G - Remuneration report

Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

Time based / hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

Fixed Fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of a voluntary administration, my remuneration has been calculated on time based / hourly rates basis. This is because:

- I will only be paid for work done, subject to sufficient realisations of the Company's assets
- It ensures creditors are only charged for work that is performed. My time is recorded and charged in six minute increments and staff are allocated to duties according to their relevant experience and qualifications
- I am required to perform a number of tasks which do not relate to the realisation of assets, e.g. responding to creditor enquiries, reporting to ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001
- I am unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this Administration.

Deloitte Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage. All rates are show exclusive of GST.

Deloitte Restructuring Services

Title	Description	Hourly Rate (excl GST)
Appointee	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$655.00
Partner	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$655.00
Director	Typically CA or CPA qualified with in excess of 8 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$550.00
Manager	Typically CA or CPA qualified with 6 to 8 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$490.00
Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$410.00
Analyst	Typically studying towards CA or CPA qualification with 2 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$330.00
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork. This may include staff located in other offices of Deloitte overseas. These staff work under the supervision of Australian staff with insolvency experience.	\$240.00

Deloitte Private – tax services

Title	Description	Hourly Rate (excl GST)
Partner	Senior tax professional with in excess of 8 years' experience	\$600.00
Manager	Typically CA or CPA qualified with 6 to 8 years' experience working on complex tax matters	\$475.00

Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years tax experience.	\$300.00
Analyst	Typically studying towards CA or CPA qualification with 2 to 4 years tax experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$180.00
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on tax matters. Works under supervision of more senior staff in performing day-to-day fieldwork. This may include staff located in other offices of Deloitte overseas. These staff work under the supervision of Australian staff with tax experience.	\$95.00

Deloitte Tax Services – Research and Development tax services

Title	Description	Hourly Rate (excl GST)
Partner	Senior tax professional with in excess of 8 years' experience	\$1,100.00
Director	Typically CA or CPA qualified with 6 to 8 years' experience working on complex research and development tax matters	\$875.00
Manager	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years research and development tax experience.	\$750.00
Analyst	Typically studying towards CA or CPA qualification with 2 to 4 years research and development tax experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$420.00
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on research and development tax matters. Works under supervision of more senior staff in performing day-to-day fieldwork. This may include staff located in other offices of Deloitte overseas. These staff work under the supervision of Australian staff with research and development tax experience.	\$90.00

My best estimate for the cost of the Administration to completion is \$274,559, to complete the DOCA and Creditors' Trust is \$48,000.00 and to complete the liquidation is \$104,342.50. Should the DOCA be approved, I will only be able to draw \$215,000 plus GST and \$40,000 plus GST for tax return and R&D Claim preparation.

Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.

- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

I am not required to seek creditor approval for disbursements, but must account to creditors. Details of the basis of recovering internal disbursements in this Administration are provided below. Full details of any actual costs incurred will be provided with future reporting.

Basis of disbursement claim

Internal disbursements	Rate (Excl GST)
Advertising	At Cost
Postage	At Cost
Courier	At Cost
Photocopying - external	At Cost
Staff vehicle use	\$0.70 per km
Stationery, printing, photocopying, telephone and faxes	5% of incurred insolvency fees

Scale applicable for financial year ending 30 June 2018.

Remuneration Request Approval Report

Part 1: Declaration

I, Jason Tracy of Deloitte Financial Advisory Pty Ltd, have undertaken a proper assessment of this remuneration claim for my appointment Administrator of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed in the conduct of the administration.

Part 2. Executive Summary

This remuneration report details approvals sought for fees related to the period 31 May 2017 to 23 October 2017, from 24 October 2017 to completion of the Voluntary Administration and fees to completion of the DOCA/Creditors' Trust or Liquidation, subject to the outcome of the second meeting of creditors.

I estimate this to be \$227,059.00 excl GST approval required for the period 31 May 2017 to 23 October 2017 and \$7,500.00 excl GST for work from 24 October 2017 to completion of the Voluntary Administration and \$40,000.00 excl GST for taxation return and research and development tax refund preparation. Accordingly, I will be requesting fee approval totalling \$227,059.00 excl GST for work completed 31 May 2017 to 23 October 2017 (Resolution 1), \$7,500.00 excl GST (Resolution

2) for work completed between 24 October 2017 to completion of the Voluntary Administration in order to coordinate and hold the second meeting of creditors, and \$40,000.00 excl GST (Resolution 3) for work completed on and research and development tax refund preparation from 13 July 2017.

In the event that the creditors vote in favour of the DOCA proposal, we will seek approval for DOCA fees estimated to be \$23,000.00 excl GST (Resolution 4) and fees to be incurred in administering the Creditors' Trust, estimated to be \$25,000.00 excl GST (Resolution 5). In the event that the creditors vote in favour of placing the Company in liquidation we will seek approval for Liquidation fees estimated to be \$104,342.50 excl GST (Resolution 6).

Period	Report Reference	Amount (Excl GST)
Current Voluntary Administration remuneration approval sought:		
Resolution 1: 31 May 2017 – to 23 October 2017	11.1	\$227,059.00
Resolution 2: 24 October 2017- to completion of Voluntary Administration	11.2	\$7,500.00
Resolution 3: taxation preparation services to completion	11.6	\$40,000.00
Total current remuneration sought		\$274,559.00
Future remuneration approval sought (in event of a DOCA)*:		
Resolution 4: Deed Administrator's estimated fees	11.3	\$23,000.00
Resolution 5: Trustee for Creditors' Trust estimated fees	11.4	\$25,000.00
Total future remuneration sought in event of a DOCA		\$48,000.00
Future remuneration approval sought (in event of Liquidation)*:		
Resolution 6: Liquidator's estimated fees	11.5	\$104,342.50
Total future remuneration sought in event of Liquidation		\$104,342.50

*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the Administration/DOCA/Liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

Should the DOCA be approved, the actual amount that will be drawn for Administrator's, Deed Administrator's and Trustee's fees will be capped at \$215,000 plus GST. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

Please refer below for full details of the calculation and composition of the remuneration approval sought.

Part 3. Description of work completed

Description of Work Completed from 31 May 2017 to 23 October 2017 (Resolution 1)

Task Area	General Description	Includes
Assets 175.60 hours \$ 74,117.00	Sale of business as a going concern	Preparing an confidentiality agreement and information memorandum Liaising with interested parties Review of non-binding indicative offers received Arranging for appropriate advertising for the business Internal meetings to discuss/review offers received
	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings Arranging collection of assets and indicative realisable values by auctioneers
	Research and Development Claim	Liaising with former employees regarding status of R&D Claim application Briefing Deloitte Tax Services Pty Ltd on current status of R&D Claim application Review of Company records to facilitate R&D Claim application Safeguarding cloud based data of the Company for R&D Claim application Liaising with Deloitte Tax Services Pty Ltd regarding outstanding taxation lodgements Providing Deloitte Tax Services Pty Ltd with information required to compile outstanding taxation lodgements Liaising with former employees as to accuracy of lodgement information Liaising with former employees as to location of data for R&D Claim application
	Debtors	Correspondence with debtors Reviewing and assessing debtor ledgers
	Other	Review various licence agreements Correspondence and discussions with IM Leagues and Big Teams
Creditors 167.60 hours \$ 67,848.00	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Secured creditors	Preparing letters to secured creditors Responding to secured creditors' queries Review security documents and PPSR registrations
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors

Task Area	General Description	Includes
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting Attend to extension to convening period
	Shareholder enquires	Initial day one letters Responding to any shareholder requests Drafting ASX notices ITAA Section 104-145(1) declarations
Employees 23.2 hours \$8,920.00	Employees enquiry	Receive and follow up employee enquiries via telephone Review and prepare correspondence to employees and their representatives via facsimile, email and post Preparation of employee group certificates Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	FEG	Correspondence with FEG as required
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and Company's books and records Reconciling superannuation accounts Reviewing awards
	Workers compensation claims	Review insurance policies Correspondence with Willis regarding initial and ongoing workers compensation insurance requirements Correspondence with previous brokers to facilitate refund of premium paid
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
	Conducting investigation	Collection of Company books and records Reviewing company's books and record

Task Area	General Description	Includes
Investigation 11.30 hours \$ 5,252.00		Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Preparation of investigation file
Administration 140.80 hours \$ 70,922.00	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Attend to receipts into bank account
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates
	ASX compliance	Correspondence with ASX regarding appointment Maintaining continuous disclosure requirements as per ASX listing rules
	Planning / Review	Discussions regarding status of administration
	First Day/Week documents	Preparation and sending first day/week notifications ASX announcements

Task Area	General Description	Includes
	DOCA	Review DOCA Proposals Discussions and meetings with the Proponent Review of draft DOCA and Creditors' Trust Deeds Liaise with solicitors Provide due diligence data to the Proponent Assess status of Subsidiaries and potential liquidation/deregistration
	Other	Discussions, meetings and correspondence with Directors and Former Directors Review RATA Attend to extension to convening period

Calculation of the Voluntary Administrators' remuneration for the period 31 May 2017 to 23 October 2017 (Resolution 1)

Employee	Position	\$ /hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Jason Tracy	Appointee	655	51.2	\$33,536.00	1.8	\$1,179.00	3.8	\$2,489.00	0.0	\$0.00	0.0	\$0.00	45.6	\$29,868.00
Tim Heenan	Appointee	655	1.0	\$655.00	1.0	\$655.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00
Jude Morris	Director	550	122.5	\$67,375.00	31.1	\$17,105.00	35.6	\$19,580.00	3.3	\$1,815.00	6.0	\$3,300.00	46.5	\$25,575.00
Grant Boxall	Director	550	31.0	\$17,050.00	31.0	\$17,050.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00
Tyron Lopes	Senior Analyst	410	196.3	\$80,483.00	68.0	\$27,880.00	88.3	\$36,203.00	13.7	\$5,617.00	4.0	\$1,640.00	22.3	\$9,143.00
Jordan Basso	Graduate	240	116.5	\$27,960.00	42.7	\$10,248.00	39.9	\$9,576.00	6.2	\$1,488.00	1.3	\$312.00	26.4	\$6,336.00
Total			518.5	\$227,059.00	175.6	\$74,117.00	167.6	\$67,848.00	23.2	\$8,920.00	11.3	\$5,252.00	140.8	\$70,922.00
GST				\$22,705.90										
Total (Inc. GST)				\$249,764.90										
<i>Average hourly rate</i>				\$437.92		\$422.08		\$404.82		\$384.48		\$464.78		\$503.71

Future Voluntary Administration fees

Description of to be completed from 24 October 2017 to the end of the Voluntary Administration (Resolution 2)

Task Area	General Description	Includes
Assets 8.9 hours \$ 2,531.00	Asset realisation and protection	Attend to recovery of the R&D Claim Liaise with auctioneers as to storage of plant and equipment
Creditors 11.4 hours \$ 4,291.50	439A Report	Finalise 439A report Mail to creditors
	Dealing with proofs of debt	Receipting and filing POD's Responding to POD's as required
	Meeting of Creditors	Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Administration 1.7 hours \$ 677.50	Document maintenance/file review/checklist	Administration review Filing of documents File reviews Updating checklists
	Insurance	Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	Preparing correspondence in relation to bank accounts Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Completing group certificates
	Finalisation of Voluntary Administration	Notifying ATO of finalisation of Voluntary Administration Completing checklists Finalising WIP

	Books and records / storage	Dealing with records in storage Sending job files to storage
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Calculation of the Administrator's estimated remuneration for the period 24 October to completion of Voluntary Administration (Resolution 2)

24 October 2017 to completion of Voluntary Administration

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Jason Tracy	Appointee	655	3.0	\$1,965.00	0.4	\$262.00	2.1	\$1,375.50	0.0	\$0.00	0.0	\$0.00	0.5	\$327.50
Tim Heenan	Appointee	655	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00
Jude Morris	Director	550	1.5	\$825.00	0.3	\$165.00	1.0	\$550.00	0.0	\$0.00	0.0	\$0.00	0.2	\$110.00
Tyron Lopes	Senior Analyst	410	3.0	\$1,230.00	0.8	\$328.00	2.2	\$902.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00
Jordan Basso	Graduate	240	14.5	\$3,480.00	7.4	\$1,776.00	6.1	\$1,464.00	0.0	\$0.00	0.0	\$0.00	1.0	\$240.00
Total			22.0	\$7,500.00	8.9	\$2,531.00	11.4	\$4,291.50	0.0	\$0.00	0.0	\$0.00	1.7	\$677.50
GST				\$750.00										
Total (Inc. GST)				\$8,250.00										
<i>Average hourly rate</i>				\$340.91	\$0.00		\$376.45		\$0.00		\$0.00		\$398.53	

Current remuneration for Deloitte Tax Services

Calculation of the fees incurred by Deloitte Tax Services to compile and complete the Company's tax returns and research and development claim application for the period from 13 July 2017 (Resolution 3)

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Ron van Beek	Partner	1100	4.3	\$4,730.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	4.3	\$4,730.00
Antoinette Quinlan	Director	875	7.5	\$6,562.50	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	7.5	\$6,562.50
Angela Reid	Director	475	9.3	\$4,417.50	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	9.3	\$4,417.50
Charles Ng	Manager	750	42.1	\$31,575.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	42.1	\$31,575.00
Monica Lei	Senior Analyst	300	20.1	\$6,030.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	20.1	\$6,030.00
Zoie Vo	Analyst	420	39.4	\$16,548.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	39.4	\$16,548.00
Jessica Ved	Graduate	95	5.5	\$522.50	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	5.5	\$522.50
Shinii Augustine	Graduate	95	3.0	\$285.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	3.0	\$285.00
Kausar Sattar	Graduate	95	1.0	\$95.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	1.0	\$95.00
Monika Yadav	Graduate	90	13.5	\$1,215.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	13.5	\$1,215.00
Jeetamrit Das	Graduate	90	9.5	\$855.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	9.5	\$855.00
Total			155.2	\$72,835.50	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	155.2	\$72,835.50
GST				\$7,283.55										
Total (Inc. GST)				\$80,119.05										
<i>Average hourly rate</i>				\$469.30	\$0.00		\$0.00		\$0.00		\$0.00		\$469.30	

Resolution 3 will only seek for approval for fees for Deloitte Tax Services to a capped amount of \$40,000.00 excl GST and disbursements.

Part 4: Description of future work to be completed

Description of to be completed in the event that a Deed Administrator is appointed (Resolution 4)

Task Area	General Description	Includes
Assets 22.0 hours \$ 8,837.50	Oversee DOCA	Monitor and review the execution of the DOCA Review the completion of the DOCA Tasks associated with reviewing the DOCA milestones and completion Attend to tasks required to assist the Proponent with completing conditions precedent to effecting the DOCA Liaise with solicitors as required
Creditors 18.5 hours \$ 5,677.50	Creditor Queries	Receive and respond to creditor queries as required Notifications to creditors as required Maintain creditor query register
Employees 3.5 hours \$ 2,135.00	Employees enquiries	Receive and follow up employee enquiries via telephone and email
Administration 16.0 hours \$ 6,350.00	Bank account administration	Preparing correspondence in relation to bank accounts Bank account reconciliations Correspondence with bank regarding specific transfers
	Planning /Review	Discussions regarding status of DOCA Filing Preparation of statutory notifications

Calculation of estimated Deed Administrator's remuneration from the execution of the DOCA to the effectuation of the DOCA (Resolution 4)

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Jason Tracy	Appointee	655	7.0	\$4,585.00	3.5	\$2,292.50	0.5	\$327.50	2.0	\$1,310.00	0.0	\$0.00	1.0	\$655.00
Tim Heenan	Appointee	655	1.0	\$655.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00	1.0	\$655.00
Jude Morris	Director	550	9.4	\$5,170.00	3.5	\$1,925.00	0.9	\$495.00	1.5	\$825.00	0.0	\$0.00	3.5	\$1,925.00
Tyron Lopes	Senior Analyst	410	13.9	\$5,699.00	6.0	\$2,460.00	4.4	\$1,804.00	0.0	\$0.00	0.0	\$0.00	3.5	\$1,435.00
Jordan Basso	Graduate	240	28.7	\$6,891.00	9.0	\$2,160.00	12.7	\$3,051.00	0.0	\$0.00	0.0	\$0.00	7.0	\$1,680.00
Total			60.0	\$23,000.00	22.0	\$8,837.50	18.5	\$5,677.50	3.5	\$2,135.00	0.0	\$0.00	16.0	\$6,350.00
GST				\$2,300.00										
Total (Inc. GST)				\$25,300.00										
<i>Average hourly rate</i>				<i>\$383.25</i>		<i>\$401.70</i>		<i>\$306.68</i>		<i>\$610.00</i>		<i>\$0.00</i>		<i>\$396.88</i>

Future estimated Creditors' Trust fees

Description of to be completed in the event that a Creditors' Trust is established (Resolution 5)

Task Area	General Description	Includes
Assets 8.0 hours \$ 2,740.00	Creditors' Trust	Establish the Creditor's Trust Maintain the Creditor's Trust in accordance with relevant Legislation Receipt of Trust Fund Seek additional Top Up payment is required
Creditors 23.0 hours \$ 8,715.00	Creditor Reports	Tasks associated with drafting reports to creditors Mail of reports to creditors
	Dealing with Proofs of Debt	Call for formal Proofs of Debt Adjudicate formal Proofs of Debt Respond to creditor queries regarding formal Proofs of Debt Provide written notice should a Proof of Debt not be accepted Engage solicitors regarding any Proofs of Debt that may be challenged
	Distribution of funds	Distribute funds to creditors as required Correspondence with creditors to ensure that funds are received Lodge any unclaimed monies with ASIC
Employees 8.5 hours \$ 3,585.00	Employees enquiries	Receive and follow up employee enquiries via telephone and email
	Post appointment entitlements	Calculating employee entitlements for pre appointment period Payment of outstanding entitlements as required Reviewing awards and employment contracts

Task Area	General Description	Includes
Dividend 20.0 hours \$ 6,855.00	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of PODs Maintain POD register Adjudicating PODs Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Administration 8.5 hours \$ 3,105.00	Document maintenance/file review/checklist	Administration review Filing of documents File reviews Updating checklists
	Creditor's Trust administration	Preparing correspondence in relation to trust bank account Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Completing group certificates

Calculation of estimated fees to administer the Creditors' Trust (Resolution 5)

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Dividend		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Jason Tracy	Appointee	655	5.0	\$3,275.00	0.0	\$0.00	2.0	\$1,310.00	1.0	\$655.00	1.0	\$655.00	1.0	\$655.00
Tim Heenan	Appointee	655	1.0	\$655.00	0.0	\$0.00	1.0	\$655.00	0.0	\$0.00	0.0	\$0.00	0.0	\$0.00
Jude Morris	Director	550	9.0	\$4,950.00	1.0	\$550.00	3.0	\$1,650.00	2.0	\$1,100.00	2.0	\$1,100.00	1.0	\$550.00
Tyron Lopes	Senior Analyst	410	20.0	\$8,200.00	3.0	\$1,230.00	6.0	\$2,460.00	3.0	\$1,230.00	6.0	\$2,460.00	2.0	\$820.00
Jordan Basso	Graduate	240	33.0	\$7,920.00	4.0	\$960.00	11.0	\$2,640.00	2.5	\$600.00	11.0	\$2,640.00	4.5	\$1,080.00
Total			68.0	\$25,000.00	8.0	\$2,740.00	23.0	\$8,715.00	8.5	\$3,585.00	20.0	\$6,855.00	8.5	\$3,105.00
GST				\$2,500.00										
Total (Inc. GST)				\$27,500.00										
<i>Average hourly rate</i>				<i>\$367.65</i>		<i>\$342.50</i>		<i>\$378.91</i>		<i>\$421.76</i>		<i>\$342.75</i>		<i>\$365.29</i>

Future estimated Liquidators' fees

Description of to be completed in the event that the Company is placed into liquidation (Resolution 6)

Task Area	General Description	Includes
Assets 18.5 hours \$ 7,475.00	Plant & equipment	Appoint auctioneer to market and sell assets including office furniture and IT equipment
	Debtors	Correspondence with Debtors Reviewing and assessing debtor ledgers Issue follow up letters of demand Liaise with lawyers if required
	Other assets	Tasks associated with realising other assets including recovery of R&D Claim
Creditors 45.5 hours \$ 19,115.00	Creditor Reports	Tasks associated with convening meetings of creditors and drafting reports to creditors Mail to creditors
	Dealing with proofs of debt	Receipting and filing POD's Responding to POD's as required
	Meetings of Creditors	Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Employees 40.0 hours \$ 15,670.00	Employees enquiries	Receive and follow up employee enquiries via telephone and email
	Post appointment entitlements	Calculating employee entitlements Payment of outstanding entitlements as required

Task Area	General Description	Includes
		Liaise with FEG as required Reviewing awards and employment contracts
Investigation 82.0 hours \$ 32,335.00	Conducting Investigation	Liaising with directors regarding certain transactions Maintenance of an investigation file Issue demands for voidable transactions if required Engage solicitors if required Lodgement of investigation with ASIC Preparation and lodgement of a supplementary report to ASIC if required
	ASIC Reporting	Preparing statutory investigation reports Liaising with ASIC as required
Administration 76.5 hours \$ 29,747.50	Document maintenance/file review/checklist	Administration review Filing of documents File reviews Updating checklists
	Insurance	Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	Preparing correspondence in relation to bank accounts Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Completing group certificates
	Finalisation of Liquidation	Notifying ATO of finalisation of Liquidation Completing checklists Finalising WIP
	Planning /Review	Discussions regarding status of liquidation
	Books and records / storage	Dealing with records in storage Sending job files to storage

Calculation of the Liquidators' estimated remuneration to the completion of the Liquidation (Resolution 6)

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Jason Tracy	Appointee	655	24.5	\$16,047.50	2.0	\$1,310.00	6.0	\$3,930.00	3.0	\$1,965.00	6.0	\$3,930.00	7.5	\$4,912.50
Tim Heenan	Appointee	655	5.0	\$3,275.00	0.0	\$0.00	2.0	\$1,310.00	1.0	\$655.00	1.0	\$655.00	1.0	\$655.00
Jude Morris	Director	550	41.5	\$22,825.00	3.0	\$1,650.00	7.5	\$4,125.00	6.0	\$3,300.00	15.0	\$8,250.00	10.0	\$5,500.00
Tyron Lopes	Senior Analyst	410	95.5	\$39,155.00	7.5	\$3,075.00	15.0	\$6,150.00	15.0	\$6,150.00	30.0	\$12,300.00	28.0	\$11,480.00
Jordan Basso	Graduate	240	96.0	\$23,040.00	6.0	\$1,440.00	15.0	\$3,600.00	15.0	\$3,600.00	30.0	\$7,200.00	30.0	\$7,200.00
Total			262.5	\$104,342.50	18.5	\$7,475.00	45.5	\$19,115.00	40.0	\$15,670.00	82.0	\$32,335.00	76.5	\$29,747.50
GST				\$10,434.25										
Total (Inc. GST)				\$114,776.75										
<i>Average hourly rate</i>				<i>\$397.50</i>		<i>\$404.05</i>		<i>\$420.11</i>		<i>\$391.75</i>		<i>\$394.33</i>		<i>\$388.86</i>

Part 5: Statement of remuneration claim

Current Resolution 1 for fees incurred from 31 May 2017 to 23 October 2017:

"To consider and, if thought fit, approve the remuneration of the Administrator, his partners and staff for the period 31 May 2017 to 23 October 2017 be paid on a time basis in accordance with the hourly rates of Deloitte Financial Advisory Pty Ltd and be approved in the amount of \$227,059.00 plus disbursements and GST."

Prospective Resolution 2 for future fees from 24 October 2017 to finalisation of the Administration:

"To consider and, if thought fit, approve the remuneration of the Administrator, his Partners and staff for the period from 24 October 2017 to 6 November 2017 to a cap of \$7,500.00 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

Current Resolution 3 for fees incurred by Deloitte Tax Services Pty Ltd:

"To consider and, if thought fit, approve the remuneration of the Deloitte Tax Services Pty Ltd, their Directors and staff for work completed in relation to Moko Social Media Limited to the amount of \$40,000 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Tax Services Pty Ltd"

Prospective Resolution 4 for future fees to administer the Deed of Company Arrangement:

"To consider and, if thought fit, approve the remuneration of the Deed Administrator, his Partners and staff for the period of the DOCA to a cap of \$23,000.00 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

Prospective Resolution 5 for future fees to administer the Creditors' Trust:

"To consider and, if thought fit, approve the remuneration of the Trustee of the Creditors' Trust, his Partners and staff for the period for Creditors' Trust to a cap of \$25,000.00 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

Prospective Resolution 6 for fees from the commencement of the Liquidation to completion of the liquidation

To consider and, if thought fit, approve the remuneration of the Liquidator, his Partners and staff for the period for Moko Social Media Limited to a cap of \$104,342.50 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

Part 6: Disbursements

Disbursements are divided into three types: **A, B1, B2.**

- A Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- B1 Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- B2 Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Liquidation, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

I have undertaken a proper assessment of disbursements claimed for Moko Social Media Ltd in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

The following disbursements have been paid by the Administration to my firm for the period from 31 May 2017 to 23 October 2017. Where payments to third parties are paid directly from the Administration bank account, they are only included in the receipts and payments listing at section 5.2 of the creditors' report and not below.

Disbursements for the period 31 May 2017 to 23 October 2017

Type	Detail	\$
A	Advertising appointment, sale of business	19,914.30
B1	Search and filing fees, travel/parking and mileage, staff amenities, IT consumables	3,420.75
B2	Photocopying, telephone & faxes etc.	11,352.95
Total disbursements (excl. GST)		34,688.00
GST		3,468.80
Total disbursements (incl. GST)		38,156.80

Part 7: Information Sheet

Please refer to http://download.asic.gov.au/media/1310767/Approving_fees_guide_for_creditors.pdf for a copy of this guide.

If you are unable to access this website please contact Deloitte on (08) 9365 8027 to request a copy of this document.

Part 8: Queries

Should you have any queries regarding this remuneration report, please contact Jude Morris on 08 9365 7258 or by email on judmorris@deloitte.com.au.

Appendix H - Notice of Meeting

FORM 529

CORPORATIONS ACT 2001
Section 439A

Subregulation 5.6.12(6)

NOTICE OF MEETING OF CREDITORS
MOKO SOCIAL MEDIA LIMITED (ADMINISTRATORS APPOINTED)
ACN 111 082 485

NOTICE is given that a meeting of the creditors of the company will be held at the Offices of Deloitte Financial Advisory Pty Ltd, Level 9, Tower 2, Brookfield Place, 123 St Georges Terrace, Perth WA 6000 on 6 November 2017 at 11:00 AM AWST.

A G E N D A

1. To receive a Statement about the Company's business, property, affairs and financial circumstances.
2. To receive the report of the Administrator
3. To address any questions from creditors
4. For creditors to resolve:
 - a. that the Company execute a deed of company arrangement; or
 - b. that the Administration should end; or
 - c. that the Company be wound up.
5. To fix the remuneration of the Joint and Several Administrators
6. If the Company is to execute a Deed of Company Arrangement to fix the remuneration of the Deed Administrator
7. If the Company is to execute a Deed of Company Arrangement to fix the remuneration of the Trustee for the Creditors' Trust
8. If the Company is wound up, to consider appointing a Committee of Inspection
9. If the Company is wound up, to fix the remuneration of the Liquidator
10. To fix the remuneration of the Company's taxation agents
11. To consider the destruction of the books and records at the conclusion of the winding up
12. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Joint & Several Administrators by 4.00pm on the day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D.

There will be teleconference facilities available at this meeting.

Teleconference details are as follows:

+61 1800 762 325 (Australia)	English (Australia)
+61 2 9308 3700 (Australia)	English (Australia)
+61 3 8519 8600 (Australia)	English (Australia)

Conference ID: 459147230

Please note under Corporations Regulations 5.16.13A:

- (a) A person, or the proxy or attorney of a person, who wishes to participate in the meeting by telephone must give to the Liquidator, not later than the second-last working day before the day on which the meeting is to be held, written statement setting out:
 - (i) the name of the person and of the proxy or attorney (if any); and
 - (ii) an address to which notices to the person, proxy or attorney may be sent; and

- (iii) a telephone number at which the person, proxy or attorney may be contacted; and
 - (iv) any facsimile transmission number to which notices to the person, proxy or attorney may be sent.
- (b) A person, or the proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the company.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with the Corporations Regulations and that clause has been admitted for voting purposes wholly or in part by the voluntary administrator.

Dated this 27th day of October 2017.



JASON TRACY
ADMINISTRATOR

Deloitte Financial Advisory Pty Ltd
Tower 2
Brookfield Place
123 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9365 7849
Fax: (08) 9365 7001

Appendix J - Form of Proxy

FORM 532

Regulation 5.6.29

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

MOKO SOCIAL MEDIA LIMITED (ADMINISTRATORS APPOINTED)
ACN 111 082 845

*I/*We
(1)

.....
of

.....
a creditor of Moko Social Media Limited, appoint (2)

.....
or in his or her absence

.....
as *my/our *general/special proxy to vote at the meeting of creditors to be held at the offices of Deloitte Financial Advisory Pty Ltd, Tower 2, Brookfield Place, Level 9, 123 St Georges Terrace, Perth WA 6000 on Thursday, 6 July 2017 at 11.00am (WST), or at any adjournment of that meeting and to vote:

- 1.
- a. to vote on all matters arising at the meeting (IF GENERAL PROXY) ☐
- OR**
- b. to vote for or against the following resolutions (IF SPECIAL PROXY) ☐

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE

Please circle your preferred voting option.

2. To consider and if thought fit, pass one of the following resolutions (choose **ONE** of a, b or c):

- a. "That the Company execute a deed of company arrangement" **OR**

FOR / AGAINST / ABSTAIN

- b. "That the administration end" **OR**

FOR / AGAINST / ABSTAIN

- c. "That the Company be wound up and Jason Tracy be appointed Joint and Several Liquidators"

FOR / AGAINST / ABSTAIN

3. **To consider and if thought fit, approve the Administrator's current remuneration:**

"To consider and, if thought fit, approve the remuneration of the Administrator, his partners and staff for the period 31 May 2017 to 23 October 2017 be paid on a time basis in accordance with the hourly rates of Deloitte Financial Advisory Pty Ltd and be approved in the amount of \$227,059.00 plus disbursements and GST."

FOR / AGAINST / ABSTAIN

4. **To consider and if thought fit, approve the Joint and Several Administrators' future remuneration:**

"To consider and, if thought fit, approve the remuneration of the Administrator, his Partners and staff for the period from 24 October 2017 to 6 November 2017 to a cap of \$7,500.00 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

FOR / AGAINST / ABSTAIN

5. **To consider and if thought fit, approve the Deed Administrators' future remuneration:**

"To consider and, if thought fit, approve the remuneration of the Deed Administrator, his Partners and staff for the period of the DOCA to a cap of \$23,000.00 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

FOR / AGAINST / ABSTAIN

6. **To consider and if thought fit, approve the Trustees of the Creditors' Trust future remuneration:**

"To consider and, if thought fit, approve the remuneration of the Liquidator, his Partners and staff for the period for Moko Social Media Limited to a cap of \$104,342.50 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

FOR / AGAINST / ABSTAIN

7. **To consider and if though fit, appoint a Committee of Inspection comprising the following members:**

1.
2.
3.
4.
5.

FOR / AGAINST / ABSTAIN

8. **In the event that the Creditors vote to wind up the Company, to consider and if thought fit, approve the Joint and Several Liquidators' future remuneration:**

"To consider and, if thought fit, approve the remuneration of the Liquidator, his Partners and staff for the period for Moko Social Media Limited to a cap of \$104,342.45 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Financial Advisory Pty Ltd"

FOR / AGAINST / ABSTAIN

9. To consider and if thought fit, approve the remuneration of Deloitte Tax Services Pty Ltd:

"To consider and, if thought fit, approve" the remuneration of the Deloitte Tax Services Pty Ltd, their Directors and staff for work completed in relation to Moko Social Media Limited in the amount of

\$40,000 plus GST and disbursements calculated on a time basis in accordance with the scale of fees charged by Deloitte Tax Services Pty Ltd"

FOR / AGAINST / ABSTAIN

10. In the event that the Creditors vote to wind up the Company, to consider and if thought fit, approve the destruction of the Company's books and records at the conclusion of the winding up:

FOR / AGAINST / ABSTAIN

DATED this day of 2017.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I,
of

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.