

ASX Release



ORPHEUS
ENERGY

12 April 2017

Orpheus Energy Ltd Signs Share Purchase Agreement with SenSen Networks Pty Ltd

Key Points:

- Subject to compliance with regulatory requirements and approvals as may be required under Australian law, Orpheus Energy Ltd ("Orpheus" or "OEG") will be acquiring 100% of SenSen Networks Pty Ltd ("SenSen"), by the purchase of all the shares in SenSen from the shareholders of SenSen ("Vendors"), in exchange for the issue of shares in Orpheus.
- SenSen is one of the world's leading suppliers of Video-IoT data driven business process enhancement solutions. Their ground breaking, highly accurate technology combines enterprise video and sensor data from IoT devices with patented data fusion, computer vision, machine learning and Artificial Intelligence algorithms into a highly scalable and configurable platform, to help their customers increase revenue and reduce the cost of their operations.
- SenSen was founded in 2007 as a spinout from the University of Technology Sydney, and now has a 30-strong global team of scientists, engineers and marketing executives, with its headquarters & R&D in Melbourne, Australia and application development & support centre in Hyderabad, India.
- SenSen has a growing list of domestic and international blue chip clients, with strong, recurring revenues in Australia, Canada, Europe, India, Singapore and UAE.
- While the company's patented software platform, SenDISA, has multiple potential applications, the current focus is on two market segments:

- **Intelligent Transportation: Using a combination of Cameras, GPS, Lidar, Radars, Tlme servers, Video-IoT analytics technologies and cloud hosted back office software, SenSen Intelligent Transportation solutions delivers civic compliance, traffic data and law enforcement solutions to city councils, national parks, road authorities and transit agencies across the globe.**
- **Casinos: Using Time of Flight cameras and patent pending Artificial Intelligence algorithms, SenSen casino gaming solution revolutionises table game operations in Casinos delivering accurate actionable insights about table occupancy, hands per hour, bet type and value for every bet placed on the gaming floor.**
- **SenSen has a highly experienced management team with strong expertise in technology development and commercialisation, gaming and traffic systems, as well as international product marketing.**
- **SenSen is well-positioned to exploit global market growth and opportunities, and this proposed ASX backdoor listing will provide SenSen both the platform and access to capital markets to rapidly further develop the company.**
- **As part of the transaction, Orpheus shareholders will be invited to participate in a Share Purchase Plan (SPP) to raise AUD1.5M and a general offer of shares will be offered to the public to raise up to AUD5M to facilitate the minimum spread and free float requirements of the ASX Listing Rules.**

Following its announcement on 31 January 2017, Orpheus (ASX:OEG) is pleased to announce that it has formally entered into a Share Purchase Agreement on 11 April 2017 with the Vendors to acquire 100% of the issued share capital of SenSen in consideration for the issue of shares in Orpheus (**Acquisition**).

The Acquisition will constitute a backdoor listing of SenSen into Orpheus (**Backdoor Listing**). The Acquisition is subject to a number of conditions precedent described below and Completion in accordance with the terms of the Share Purchase Agreement. Conditions precedent includes the approval of Orpheus Shareholders at a General Meeting and compliance with a number of regulatory approvals under the ASX Listing Rules and under Australian law.

Executive Chairman of Orpheus, Wayne Mitchell said:

“Orpheus is very excited to present this opportunity to its shareholders. Over the last year, the Board has undertaken significant work to identify and execute a transaction with an appropriate business in which to re-invent the company, and provide the

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mechanism for Orpheus shareholders to regain and grow their investment in the company.

SenSen is an amazing Australian company with cutting edge technology, has a great management team, and a well-credentialed client base including Crown Casino and multiple, domestic and international, state and local governments. Operating in one of the most dynamic sectors of the global economy, the Orpheus Board is delighted with the future prospects for SenSen and looks forward to completion of the transaction to allow SenSen's next phase of growth to accelerate".

Overview of SenSen (www.sensennetworks.com)

SenSen is one of the world's leading suppliers of business process automation and big data analytics solutions. It was founded in 2007 as a spinout from the University of Technology Sydney. It now has a 30-strong global team of scientists, engineers and marketing executives, with its headquarters in Melbourne, Australia, and support offices in Hyderabad, India.

While much of the world is struggling to understand how the Internet of Things, Machine learning, Artificial Intelligence and Big Data applies to them, SenSen has built proven solutions that deliver quantifiable improvements in productivity, safety and new revenue sources for its customers. With a head start in intelligent transport systems and gaming markets, SenSen is poised to capture significant global opportunities in these markets and seek out new growth opportunities in other verticals including retail, manufacturing, defense, logistics and security.

Their ground breaking software combines enterprise video and sensor data from IoT devices, patented data fusion, artificial intelligence, computer vision and machine learning algorithms into a highly scalable and rapidly reconfigurable platform SenDISA. SenSen's unique capability is to integrate camera data using video analytic algorithms with other sensory data to provide novel data driven insights to its customers.

SenSen's Distributed Sensor Analytics Platform (SenDISA)

SenSen strongly believes that every customer problem is unique and there are always more and varied requirements than the customer originally conceives. To meet such varied and dynamically changing requirements, SenSen took a product-platform approach to develop its technology, products and services.

A team of exceptional scientists and engineers at SenSen have developed the SenDISA platform. It is designed to be highly reconfigurable to address all unique customer-specific requirements and respond to emerging requirements rapidly and at scale. Through its unique and scalable architecture, the SenDISA platform transforms petabytes of unstructured video and other sensory data in real-time and makes it available to business intelligence and analytics applications via industry-standard protocols and relational databases.

The platform is designed to

- capture data from a rich variety of IoT devices including cameras, Time-of-flight sensors, GPS, Radar, Lidar, as well as control a number of actuation devices like relays, alarms, pan-tilt-zoom controls etc.,

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- detect, track and classify people, vehicles and objects of interest in real-time
- use the extracted data to analyse complex human interactions and vehicular traffic patterns to provide end-to-end business process improvements, data driven customer insights to its customers
- help evolve strategies and solutions to reduce cost of operations and increase revenues of the customers.

All market specific solutions offered by SenSen are configurations of the SenDISA platform; For example, SenGAME solutions are configuration of the SenDISA platform targeted at the casino table game analytics market while SenFORCE, SenSIGN and SenPARK solutions are configurations targeted at the Intelligent Transportation Systems market.

SenSen's Key Customers

- Roads and Maritime Services (RMS), New South Wales, Australia
- Land Transport Authority, Singapore
- Growing list of City Councils (Smart Cities)
 - **Australia:** Brisbane City Council, Ipswich, Logan, Vicpark, Subiaco, Maribyrnong, Manly
 - **Europe:** Copenhagen (Denmark), Trondheim (Norway), Frederiksberg (Denmark)
 - **Canada:** Calgary
- Crown Casino, Melbourne, Australia
- National Parks of NSW, Australia

Future Growth Strategy

- **Intelligent Transportation Systems (ITS) Market:**

To globally scale the business in this market, SenSen is pursuing a channel partnership strategy. This helps SenSen reach world wide base of customers rapidly and provide appropriate levels of support to its customers.

Over the last 4 years, SenSen has established strong strategic partners globally including Cubic Transportation Systems, USA, Panstreet International, Europe, ATT Systems, Singapore. SenSen plans to further invest into expanding the global strategic partner network and provide adequate training and support to help them sell and service our products.

- **Casino Gaming Market:**

Due to its unique attributes and product offerings, SenSen plans to offer the solutions directly to the Casino market for the foreseeable future. They are targeting Casino properties across the globe with particular focus on Casino properties in ANZ region, Macau and Las Vegas.

- **Novel Product Offerings:**

Riding on the strength of the product platform SenDISA, SenSen plans to introduce new high value added products and services to existing customers in both ITS and Casino Gaming markets. The new product offerings are also used to open up new high growth market verticals like Retail, Manufacturing, Logistics, Defense, Security etc.

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- **Strategic Acquisitions:**

While primarily focusing on its existing verticals for business growth, SenSen is open to selective strategic acquisitions of earnings accretive enterprises in order to penetrate select markets, strengthen verticals and enhance service offerings to be facilitated through enhanced international capital markets access.

Key Terms of the Acquisition

Orpheus has entered into a Share Purchase Agreement with all of the shareholders of SenSen pursuant to which Orpheus will acquire all of the shares in SenSen.

1. Consideration

The consideration to be paid to the SenSen shareholders for the Acquisition is a total of 262,000,000 shares in Orpheus (**Consideration Shares**).*

Full details of the proposed issue of the Consideration Shares (and the broader Acquisition) will be provided in the Notice of Meeting to be sent to all Shareholders containing the resolutions required for the Acquisition.

2. Conditions precedent

The Acquisition is conditional upon, and subject to, a number of conditions. Material conditions precedents include:

- **Due Diligence:** Completion of legal, financial and technical due diligence on SenSen to the satisfaction of Orpheus in its absolute discretion and completion of legal, financial and technical due diligence by SenSen and its advisors on Orpheus to the satisfaction of SenSen in its absolute discretion;
- **Independent Expert's Report:** receipt of an independent expert's report by Orpheus's directors confirming that the Acquisition is fair and reasonable, or not fair but reasonable to Orpheus, or is deemed by Orpheus, in its absolute discretion, to be satisfactory and sufficient to proceed with seeking Shareholder approval for the Acquisition;
- **Compliance with ASX Listing Rules and the Corporations Act:** Orpheus has received all necessary or desirable regulatory approvals to effect the Acquisition as required under the Corporations Act and the ASX Listing Rules;
- **Capital Raising:** raising of up to AUD1,500,000 under a Share Purchase Plan to be put to Orpheus Shareholders and raising up to AUD5,000,000 under a General Offer Prospectus (total AUD6,500,000) (**Capital Raising**);
- **Acquisition Resolutions:** the members of OEG have approved the resolutions in the Notice of General Meeting referred to as the 'Acquisition Resolutions'. The 'Acquisition Resolutions' include the following:
 - Under ASX Listing Rule 11.1.2, the change in the nature and scale of OEG's activities;

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- Under section 254H(1) of the Corporations Act, a share consolidation on a 10 to 1 basis;
- Under ASX Listing Rule 7.1, section 611 paragraph 7 and section 208 of the Corporations Act, approval for the issue of Consideration Shares to the proposed holders of a relevant interest above the threshold in Section 606(1) of the Corporations Act;
- Under ASX Listing Rule 7.1, the issue of the a maximum of 65,000,000 OEG Consolidated Shares under the Capital Raising;
- Under ASX Listing Rule 10.11, the participation of OEG's directors in the Capital Raising;
- Under OEG's constitution, the appointment of the proposed directors; and
- Under section 157(1)(a) of the Corporations Act, the change of name of OEG;
- **Change of name:** the members of OEG have approved the change of name of OEG;
- **Director/Officer Loan Conversion:** the members of OEG have approved the issue of OEG Shares to each person that has an outstanding Director/Officer Loan, such number of shares (rounded up to the next whole OEG share) calculated by dividing 50% of each person's Director/Officer Loan by the issue price under the general public offer of the Capital Raising;
- **ASX waiver:** the ASX grants a waiver in respect of ASX Listing Rules 2.1 Condition 2 and the members of OEG have approved the issue price under the Capital Raising;
- **ASX Listing Rules Chapters 1 and 2:** OEG receives from the ASX written confirmation that the ASX will re-admit OEG to the Official List of the ASX subject to the terms and conditions (if any) as are prescribed by the ASX or the ASX Listing Rules;
- **Convertible Note or Indonesian Receivable receipt:**
 - the raising of up to \$500,000 by OEG by way of a convertible note issue convertible into OEG Shares at Backdoor Listing completion at a 20% discount to the Capital Raising price (**Convertible Notes**) (or binding commitments to subscribe for Convertible Notes), or
 - the receipt of at least \$500,000 by OEG from the repayment, settlement or sale of the Indonesian Receivable,

There is no obligation to issue Convertible Notes after at least \$500,000 from payment, settlement or sale of the Indonesian Receivable is received by OEG;

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- **Release:** full discharge and release of all Security Interests granted by OEG over its assets and/or undertaking so that OEG is not subject to any registered or unregistered charges, Security Interests or other Encumbrances as at the Completion Date.

The SPA otherwise contains terms that are usual and customary for a transaction of this nature.

Consolidation, Capital Raising and Director loan equitisation

As part of the Backdoor Listing, Orpheus will be undertaking the following corporate activities:

- a share consolidation on a 1 for 10 basis (ie the 183,476,469 shares in Orpheus currently on issue at \$0.01 per share will be consolidated to 18,347,650 shares at \$0.10 per share).
- a Capital Raising by way of:
 - an offer of shares in OEG under a Share Purchase Plan (**SPP**) to all eligible Orpheus shareholders to raise AUD1.5M at a price of \$0.10 per share. The SPP is expected to be fully underwritten; and
 - a general offer of shares in OEG (**General Offer**) to new investors to raise up to AUD5.0M at a price of \$0.10 per share.

The SPP and General Offer will be contained in a full prospectus (**Prospectus**). Full detail will be provided in the Prospectus and the Notice of Meeting to be issued to shareholders.

- conversion of 50% of outstanding debt to Orpheus Directors/CFO into Orpheus shares at a price of \$0.10 per share.

Each of the above will require the approval of Orpheus Shareholders at the General Meeting for the Backdoor Listing and are inter-conditional with the resolutions for the Backdoor Listing being approved.

The issue price of \$0.10 under the SPP and the General Offer is subject to Orpheus receiving a waiver of ASX Listing Rule 2.1 Condition 2, to allow Orpheus to issue shares with an issue price of less than \$0.20. On 8 March 2017, the ASX issued a decision that it is likely to grant the above waiver.

Indicative Capital Structure

The indicative capital structure of Orpheus immediately post completion of the Backdoor Listing is set out below:	Shares
Existing Orpheus shareholders (post consolidation)	18,347,650
Transaction Financing (from the issue of Convertible Notes)	7,187,500
Share Purchase Plan for Orpheus shareholders	15,000,000
Orpheus Directors/CFO 50% debt conversion	9,822,420

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Total Orpheus shareholding (13.35%)	50,357,570
Consideration Shares to be issued to SenSen (72.55%)	273,764,706*
Shares to be issued to SenSen adviser in lieu of fees	3,209,201
General Offer (13.25%)	50,000,000
TOTAL	377,331,477*

**This number includes the number of shares which may be issued to SenSen should SenSen undertake a pre-IPO maximum capital raise of AUD1.0M*

Financial effect of the Acquisition

Orpheus will shortly provide detail on the likely financial effect of the Acquisition on Orpheus including the consolidated total assets, annual revenue, EBITDA and annual profit before tax.

Board and Management of the Combined Group

Following completion of the Acquisition, the Board of the combined group will comprise:

- Mr Subhash Challa (Executive Chairman)
- Mr David Smith (Executive Director and Company Secretary)
- Mr Zenon Pasieczny (Non-Executive Director)
- Mr Jason Ko (Non-Executive Director)

A further independent, Non-Executive Director may be appointed prior to listing.

Full detail of proposed Board appointments will be provided in the Notice of Meeting, which will require approval from shareholders.

Change of Name

Orpheus will change its name on completion of the Backdoor Listing to SenSen Networks Limited. Details of the name change will be provided in the Notice of Meeting, which will require approval from shareholders.

Change to Nature and Scale of Activities

The Acquisition of SenSen will constitute a change to the nature and scale of Orpheus's activities. Orpheus will therefore need to:

- re-comply with Chapters 1 and 2 of the ASX Listing Rules;
- put the Acquisition to Orpheus shareholders for approval.

Shareholders will receive a Notice of Meeting setting out the various resolutions relating to the Acquisition. A detailed explanatory statement will accompany the Notice of Meeting and will be distributed to all shareholders prior to the meeting.

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Proposed indicative timetable

The indicative timetable for the Acquisition is set out below:

Item	Date
Entry into Share Purchase Agreement	11 April 2017
Due Diligence Period Expiry	5 May 2017
Lodgment of Notice of Meeting with ASIC and the ASX for review	22 May 2017
Despatch of Notice of Meeting seeking approval	14 June 2017
Lodgment of SPP & General Offer Prospectus with ASIC	14 June 2017
Opening date of Offers under the Prospectus	28 June 2017
General Meeting of Shareholders to approve the Acquisition	14 July 2017
Closing date of Offers under the Prospectus	14 July 2017
SPA Completion	21 July 2017
Re-quotation of Orpheus Shares on the ASX	27 July 2017

Advisors to the transaction

HWL Ebsworth Lawyers is the Australian Legal Advisor to Orpheus.

Tat Capital is the corporate advisor to SenSen and its shareholders, and PKF is the Advisor to the SenSen Board.

For further information, please contact:

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Disclaimer – Forward looking statements

This release may contain forward-looking statements. These statements are based upon management's current expectations, estimates, projections and beliefs in regards to future events in respect to Orpheus's business, the industry in which it operates. These forward looking statements are provided as a general guide and should not be relied upon as an indication or guarantee of future performance. The bases for these statements are subjected to risk and uncertainties that might be out of control of Orpheus Energy Limited and may cause actual results to differ from the release. Orpheus Energy Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release. The Acquisition contemplated herein is subject to applicable regulatory approvals.

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