

PUBLIC HOLDINGS (AUSTRALIA) LIMITED

A.C.N. 000 332 918

6 June 2016

ASX Market Announcements

Public Holdings Announces Conditional Term Sheet with Mission Critical Communications Technology and Solutions Provider, Mobilicom Limited of Israel.

Public Holdings (Australia) Limited (ASX:PHA) (**the Company or PHA**) is pleased to announce that it has entered into a conditional terms sheet (**Terms Sheet**) to acquire 100% of the issued share capital of Mobilicom Limited (**Mobilicom**). The Terms Sheet sets out the agreed framework under which PHA, Mobilicom and key major Mobilicom shareholders will seek to conclude formal definitive agreements for the proposed acquisition and records the commercial terms upon which the parties have agreed any acquisition will proceed.

Transaction & Mobilicom Highlights

- Mobilicom is a privately held company founded in 2007, headquartered in Israel.
- Mobilicom has indicated that in excess of US\$10 million has been spent in developing its technology which delivers bound-free mobile private network technology and solutions for mission-critical-networks, without the need for any infrastructure.
- As a condition of the acquisition PHA intends to raise a minimum of \$5m, and a maximum of \$10m, which will enable Mobilicom to fund existing sales opportunities, sales growth and launch new product lines, based on existing technology. In addition, Mobilicom intends to increase its research and development spend with the ultimate goal of further expanding its product range, including by targeting the Commercial Drones market which is now experiencing dramatic growth.
- PHA has received binding commitments for a placement of 6.5m shares at A\$0.06 (6 cents) to wholesale and sophisticated investors to finance costs associated with implementation of the proposed transaction.

About Mobilicom

- Mobilicom develops and delivers Bound-Free Mobile Private Network technology and solutions for mission-critical-networks, without the need for any infrastructure.
- Mobilicom has leveraged 4G technology and combined it with Mobile MESH topology to develop a proven technology fully owned by Mobilicom down-to-the-bit.
- Since inception Mobilicom's innovative technology has been validated via the provision of approximately US\$3m in Grants in both Israel and Europe.

- Since sales commenced, Mobilicom has generated in excess of US\$2.5m in sales revenue and on-boarded over 30 customers in 12 countries.
- Mobilicom's existing solutions and products are targeting a diversified revenue base from Enterprise and Government in multi-billion dollar markets including;
 - Maritime (Offshore Oil, Gas & Energy)
 - Robotics / Unmanned Vehicles
 - Transportation (Trains & Subways)
 - Disaster relief & public safety
 - Homeland Security & Surveillance
- Mobilicom's technology has opportunities and use-cases in the commercial market. Mobilicom intends to expand into those commercial markets.
- Mobilicom's success in the Government sector, where Mobilicom's solutions have provided superior performance and integration into more than 15 Robotics/Drone platforms with a variety of vendors, is intended to provide a pathway into the Commercial Drone market which is currently experiencing dramatic growth.

Mobilicom Founders

The Founders of Mobilicom are Oren Elkayam and Yossi Segal.

- Mr Elkayam (CEO and Co-Founder of Mobilicom) has worked at both Business Development and CEO levels with leading companies in the wireless communications space (VP Business Development at Runcom Ltd and CEO of Sortech Ltd). Mr Elkayam has initiated and negotiated contracts with top global carrier companies such as Alcatel-Lucent, Nortel, Mitsubishi and Motorola. He has also led a number of investment rounds with US VC's. He has been a voting member on both the Institute of Electrical and Electronic Engineers (IEEE) and WiMAX international committees, and served as an officer in the Israeli Air Force in an elite R&D unit. Mr Elkayam holds B.Sc in Electrical Engineering and an MBA (magna cum lauda) all from Ben-Gurion University, Israel.
- Mr Segal (VP, R&D and Co-Founder of Mobilicom) was the former CTO and a founding member of Runcom Ltd. Mr Segal is a worldwide expert in OFDM/A and has written essential patents for OFDM/A technology, being the first to implement OFDM/A in a working product. He has also previously led the design and development groups of 3 mobile integrated circuits (IC chip) and 8 wireless broadband systems which are currently in operation and sold worldwide. Mr Segal has taken a leading role in several international wireless standards (IEEE and ETSI) as a committee voting member, and served in the Israeli Army as an officer in an elite electronic warfare R&D unit. Mr Segal holds B.Sc (magna cum lauda) and M.Sc in Electrical Engineering and an MBA all from Ben-Gurion University, Israel.

Mobilicom CEO and Founder Oren Elkayam, said: "Mobilicom is a global mission-critical-communications solution provider, developing technology and solutions without the need for infrastructure.

To date we have already invested in excess of US\$10 million in developing our innovative technology. Since sales commenced approximately 2 years ago, we have generated in excess of US\$2.5m in sales revenue and on-boarded over 30 customers in 12 countries.

Mobilicom believes that it is uniquely positioned to capture a significant share of the Commercial Drone market.

We are very excited by the opportunity to drive further growth in our business with our proposed listing on ASX. The ASX is known worldwide for its ongoing support and investment in the technology sector.”

PHA Managing Director and Chairman Bryan Frost said: “The PHA board has been actively seeking potential acquisitions to realise further value for PHA shareholders. The acquisition of Mobilicom represents an attractive opportunity to re-capitalise PHA and re-commence trading on ASX. Subject to successful completion of due diligence, the directors of PHA intend to recommend that shareholders vote in favour of the transaction when it is put to shareholders for approval in due course.”

Transaction Overview

The conditional Terms Sheet sets out the framework and key commercial terms upon which Mobilicom and the Company will seek to pursue the proposed transaction and requires the parties to negotiate to formalise the transaction through the execution of definitive binding contracts within 60 days. Set out below is a summary of the terms and conditions upon which the transaction is proposed to proceed, subject to formalisation and confirmation through the execution of binding contracts.

Consideration

The Terms Sheet provides for PHA to acquire all of the issued capital of Mobilicom from the Mobilicom equity holders for consideration of US\$23.5 million (A\$32.5 million, assuming an exchange rate of approximately USD\$1=AUS\$1.38) to be satisfied wholly through the issue of ordinary shares of PHA at a deemed price of A\$0.10 (10 cents) per share. Assuming the above currency translation, this will result in 325,000,000 ordinary shares in PHA being issued to the Mobilicom vendors.

Conditions

As noted above, the transaction remains conditional upon the parties entering into definitive binding contracts within 60 days. Pending execution of definitive contracts the Terms Sheet provides a right for both Mobilicom and the Company to complete due diligence investigations into each other for a period of 30 days for the purposes of assessing the feasibility and suitability of the proposed transaction. The parties have agreed to mutual exclusivity during these periods.

The Terms Sheet contemplates that the transaction will be conditional upon the following:

- The parties obtaining all necessary Board, shareholder and regulatory approvals or waivers required in respect of the transaction including approvals under the Corporations Act and the ASX Listing Rules.

- Completion by the Company of a capital raising of a minimum of A\$5 million and a maximum of A\$10 million to be achieved through the issue of a minimum of 50 million and a maximum of 100 million PHA shares at an issue price of A\$0.10 per share. Further details will be contained in a prospectus to be lodged with ASIC in due course. PHA will provide details on how to obtain a copy of the prospectus at that time. Any investors wishing to participate in the capital raising will need to consider the prospectus and complete the application form accompanying it.

Funds raised under the capital raising will (after costs) be applied to the development of the Mobilicom business including advancing existing sales opportunities, sales growth and the launch of new product lines, based on existing technology. In addition, Mobilicom intends to increase its research and development spend with the ultimate goal of further expanding its product range.

- There being no material adverse change in respect of Mobilicom or PHA prior to completion of the transaction.
- PHA obtaining the conditional confirmation from ASX that, subject to and upon completion of the acquisition, it will have re-complied with Chapters 1 and 2 of the ASX Listing Rules and will have its ordinary shares reinstated to quotation.
- All necessary third party consents, approvals or waivers required for the transaction being obtained, including (without limitation) Mobilicom obtaining the approval of the Israeli Office of Chief Scientist and various pre-rulings from Israeli tax authorities.

Further Proposed Acquisition Terms

In addition to the above, the Terms Sheet requires that PHA make a A\$100,000 payment to Mobilicom within 7 days of the execution of formal binding contracts (subject also to the satisfaction of due diligence) which is non-refundable except where the transaction is terminated as a result of a material breach by, or negligence of, Mobilicom.

The Terms Sheet also provides for the payment of advisor and consultancy fees which include a A\$100,000 consultancy fee due within 7 days of the execution of the Terms Sheet and the issue of 3.5 million PHA shares (1 million shares due upon execution of formal binding contracts and 2.5 million shares due subject to shareholder approval upon completion of the transaction).

Upon completion of the acquisition it is proposed that the Board of the Company will comprise nominees of Mobilicom. The Company will provide a further update on the details of the proposed nominees once known.

Upon completion of the transaction the name of the Company will be changed to Mobilicom Limited.

Anticipated Timeline

The Terms Sheet contemplates that the transaction will proceed in accordance with the following indicative timeline. However, the parties have agreed to act reasonably to extend the dates below to accommodate delays experienced in the course of implementing the transaction if necessary.

Event	Indicative Date
Completion of Due Diligence	6 July, 2016
Execution of formal sale contracts with Mobilicom shareholders	5 August, 2016
PHA obtaining all necessary shareholder, regulatory and third party consents	Not later than 3 November 2016
Completion of the capital raising and completion of the acquisition of Mobilicom	Not later than 3 November 2016

Re-Compliance with Chapters 1 & 2 of ASX Listing Rules

Following consultation with ASX, the Company confirms that the transaction with Mobilicom will constitute a significant change in nature and scale of the Company's activities. The Company will therefore seek approval for the transaction from shareholders under ASX Listing Rule 11.1.2.

ASX has also indicated that it intends to exercise its discretion under ASX Listing Rule 11.1.3 to require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, in accordance with ASX policy, the Company's shares will be suspended from the date of this announcement pending re-compliance. The acquisition of Mobilicom, and the issue of a prospectus in connection with the capital raising that forms a condition to the acquisition, are intended to enable the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Indicative Capital Structure and Effect of the Company

The indicative capital structure of the Company, assuming the capital raise proceeds at an offer price of \$0.10 per share, is set out in the table below:

Shareholder	Shares
Existing [#]	40,458,000 [#] (8.7%)
Vendor Consideration Shares (assuming exchange rate of approximately 1USD=1.38AUD to result in A\$32.5m at \$0.10 per share)	325,000,000 (69.8%)
Capital Raising	100,000,000 (21.5%)

(assuming maximum raising of A\$10 million)	
Total	465,458,000

Includes the issuance of 6.5 million ordinary shares to wholesale and sophisticated investors to raise \$390k (before costs). It also includes the proposed issue of a further 3.5 million ordinary shares prior to, or at, completion of the transaction which issue is contemplated under the Terms Sheet and described above. The Company will provide further details regarding any further issues in an Appendix 3B released at the time of issue.

The transaction will have a material effect on the Company's total assets and total equity interests. This information will be set out in documentation provided to the shareholders in connection with implementing the transaction including the prospectus to be issued in connection with the capital raising.

The Company will provide further updates on the progress of the transaction in due course.

For and on behalf of the Board



Bryan J. Frost
Chairman