

15 February 2016

Orpheus Energy Ltd Signs Share Purchase Agreement with Wavetronic Solutions Private Ltd (to be renamed Prognos Solutions Private Ltd)

Key Points:

- Subject to compliance with regulatory requirements and approvals as may be required under both Australian and Indian law, Orpheus Energy Ltd ("Orpheus") will be acquiring 100% of M/s. Wavetronic Solutions Private Ltd ("Wavetronic"), to be renamed M/s. Prognos Solutions Private Ltd ("Prognos"), by the purchase of all the shares in Wavetronic from the shareholders of Wavetronic ("Vendors"), in exchange for shares and options in Orpheus.
- Wavetronic provides highest quality, versatile, one-stop technology solutions to a global client base.
- Business verticals include software development, mobile application development, geographical information systems, and professional services.
- Wavetronic has approximately 40 international clients, with most revenues currently generated in the US from repeat customers in the focus sectors of education, health care, media & entertainment, and telecommunications.
- Strong, recurring and growing gross revenues for 2015 (March year-end) of US\$35.9M (~AUD\$47.1M) and for the nine months to December 2015 of US\$30.0M (~AUD\$41.05M)
- EBITDA for 2015 (March year-end) was US\$5.0M (~AUD\$6.58M) and for the nine months to December 2015 was US\$3.9 (~AUD\$5.34M)
- Wavetronic has a highly experienced management team with expertise across multiple geographies and industry sectors and since its establishment in 2004, has grown its global employees to over 250 IT professionals, business development managers and C-Level executives.
- Wavetronic is well-positioned to exploit Australian market growth and opportunities, particularly with the current industry consolidation in the IT services sector.

- This proposed ASX backdoor listing will provide Wavetronic both the platform and access to capital markets to rapidly further develop the company through both acquisitions and organic growth.
- As part of the transaction, Orpheus shareholders will be invited to participate in a Share Purchase Plan (SPP) to raise AUD\$4.0M to facilitate the minimum spread requirements of the ASX Listing Rules.

Following its announcement on 31 July 2015, Orpheus (ASX:OEG) is pleased to announce that it has formally entered into a Share Purchase Agreement on 12 February 2016 with the vendors to acquire 100% of the issued share capital of Wavetronic in consideration for the issue of shares and options in Orpheus (**Acquisition**).

The Acquisition will constitute a backdoor listing of Wavetronic into Orpheus (**Backdoor Listing**). Consequently, 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 include the approval of Orpheus Shareholders at a General Meeting and compliance with a number of regulatory approvals under both Australian and Indian law.

Executive Chairman of Orpheus, Wayne Mitchell said:

“Orpheus is very excited to present this opportunity to its shareholders. Over the last 18 months, the Board has undertaken considerable work to identify and execute a transaction with an appropriate non-resource related business in which to re-invent the company.

Wavetronic is a well-established and profitable business, has a great management team and operates in one of the most dynamic sectors of the global economy. The Board is delighted with the future growth prospects for the company and looks forward to completion of the transaction to allow Wavetronic’s Australian focus to commence in earnest”.

Overview of Wavetronic

Wavetronic Solutions is a company incorporated in India and established in 2004, and operates in developing systems for the healthcare, education, telecommunications, media and entertainment sectors.

Wavetronic is committed to providing excellence in software services, industry specific technology solutions and implementing best quality practices and standards.

Wavetronic has formed a strong team of leaders who are forward-thinking in their approach and have passion for client satisfaction, technology innovation, deep industry and business process expertise in the sectors of healthcare, education, media & entertainment, GIS, information technology and telecommunications for the clients across the globe.

Wavetronic provides IT services to Healthcare, Education, Media and Telecom industries. The services include Mobile HER, Messaging service, E-learning, Content management, Smart class, Animation, Gaming, VFX, Stereo, Wise PBX, Wise Dial, Wise IVRS, Wise SMS, Wisw Switch and Wise CD. Detail is provided in the below table.

Product/Service	Description
Health Care Applications	Tele-Medicine, Out-Patient Management System, Bio-Medical Equipment Monitoring Platform and related Mobile Applications.

Product/Service	Description
Education Applications	E Learning, Content Management System, Online Skill Training Platform, E-Learning Pads and related Mobile Applications.
Media & Entertainment	Content leasing and aggregations platform, Mobile application development and Model portfolio management.
Telecom Solutions	Switching and Routing Platform, Billing, IVR, VoIVR, Auto Speech Recognition with Test To Speech.

Wavetronic products and services are derived from Technology adaptation and Framework development. Wavetronic products were designed and developed on an open access model with cross platform integration, being both flexible in outlook and cost effective.

Wavetronic client business can be classified into four segments:

- IT & ITES (includes software development, IMS, System and network integration, contact centres and other offshore software and hardware development and maintenance business)
- Non IT enterprises & industries (customers are from different sectors such as Pharma, Health care, Industrial Manufacturing, Automobiles, BFSI and others)
- Government & Public undertakings (customers include Government departments, and other public undertakings focused on e-governance and IT implementation projects)
- Telecom: Direct operators, MVNO's, Content providers and other ITSP's (customers include carriers, direct subscriber service providers, and virtual network operators providing services to subscribers indirectly, on their own brand name without owning technology infrastructure)

Business and Future Growth Strategy

Customer-centricity: Wavetronic seeks to build, nurture and deepen customer relationships so that Wavetronics is a trusted strategic partner to its customers. The company's industry-segmented, customer-centric organizational structure is an important enabler that has ensured high levels of accountability, and superior customer service.

Full Services Capability: Wavetronic has been investing in building a comprehensive, integrated portfolio of services to capture the entire value chain of IT, presenting a compelling value proposition for global enterprises making the company a one-stop shop for many key clients, significantly deepening the relationship and boosting the company's margins.

Strategic Acquisitions: While primarily focusing on its existing four verticals of business growth, Wavetronic is also open to selective strategic acquisitions in order to penetrate select markets, strengthen verticals and enhance service offerings.

Non-linear Business Models: Wavetronic has been building non-linear growth businesses that can enable revenue growth without commensurate headcount growth. Non-linearity in the existing businesses comes from productivity-enhancing tools, frameworks, solution accelerators and managed services engagements.

Growth: Wavetronic is continually focused on organic growth and the acquisition of earnings accretive enterprises, 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 Wavetronic pursuant to which Orpheus will acquire all of the shares in Wavetronic.

1. Consideration

Full details of the proposed share consideration for the Acquisition will be provided in the Notice of Meeting, which will require approval from shareholders.

The consideration for the Acquisition is:

- 217,443,330 shares in Orpheus (**Consideration Shares**)*
- 70,000,000 options in Orpheus (**Consideration Options**)**

** The 70,000,000 Consideration Options will be issued to all Wavetronic shareholders on a pro-rata basis (at an exercise price of \$0.10 per option with a 24 month expiry). Vesting of the Consideration Options will occur on the day that is 12 months after completion of the Backdoor Listing. The number of Consideration Options that will vest will be in proportion to the amount of the ~A\$7,000,000 receivable repaid by Nugroho Suksmanto (if any). For instance, if 70% of the ~A\$7,000,000 receivable is repaid, 30% of the Consideration Options will vest.

The exercise price of \$0.10 per Consideration Option is subject to Orpheus receiving a waiver of ASX Listing Rule 1.1 Condition 11, to allow Orpheus to issue options with an exercise price of less than \$0.20.

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 by Orpheus and its advisors on Wavetronic to the satisfaction of Orpheus 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, these include:
 - **Shareholders Resolutions:** at the general meeting of Orpheus Shareholders, convened for the Backdoor Listing, the members of Orpheus have approved a number of resolutions including, amongst others, approval under ASX Listing Rule 11.1 for the change in nature and scale of Orpheus's activities. All resolutions relating to the Backdoor Listing will be inter-conditional;
 - **Re-compliance with ASX Listing Rules Chapters 1 and 2:** Orpheus receives from the ASX written conditional approval that the ASX will re-admit Orpheus to the Official List of the ASX subject to the terms and conditions as are prescribed by the ASX and the ASX Listing Rules;

- **ASX waiver:** the ASX grants certain waivers in respect of ASX Listing Rules 2.1 Condition 2 and 1.1 Condition 11 and Orpheus has complied with the requirements of such waivers;
- **Capital Raising:** raising of up to AUD4,000,000 under a Share Purchase Plan to be put to Orpheus Shareholders;
- **Indian Regulatory requirements:**
 - **FCTRS:** Receipt of certified copy of Form-FCTRS from an Indian authorised dealer certifying that the transfer of Wavetronic shares is in terms of the Indian Foreign Exchange Management (Transfer Or Issue Of Security By A Person Resident Outside India) Regulations, 2000;
 - **ODI:** Filing of form ODI With The Indian Authorised Dealer In Terms Of Indian Foreign Exchange Management (Transfer Or Issue Of Any Foreign Security) (Amendment) Regulations, 2004.
- **Boards approvals:** The approval of the Acquisition and other associated activities by both OEG and Wavetronic Boards of Directors.

The Share Purchase Agreement 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 18,347,647 shares at \$0.10 per share).
- an offer under a Share Purchase Plan (**SPP**) contained in a full prospectus (**Prospectus**) will be offered to all eligible Orpheus shareholders to raise \$4.0M at a price of \$0.10 per share. Details of the SPP, which is expected to be fully underwritten, will be provided in the Notice of Meeting and Prospectus for 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 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.

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)	18,347,647
Share Purchase Plan for Orpheus shareholders	40,000,000
Orpheus Directors/CFO 50% debt conversion	8,000,000
Total Orpheus shareholding (23.4%)	66,347,647

Consideration Shares to be issued Wavetronic (76.6%)	217,443,330
Consideration Options (will not vest for 12 months)	70,000,000
TOTAL	283,790,977*

*This number does not include the number of shares which may be issued on exercise of any Consideration Options.

Board and Management of the Combined Group

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

- Mr Murali Krishna Boga (Managing Director)
- Mr David Smith (Executive Director, Corporate)
- Mr Wayne Mitchell (Non-Executive Director)
- A further Wavetronic nominee to be advised.

A Non-Executive Chairman/Director will 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 Prognos Solutions 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 Wavetronic 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.

Proposed indicative timetable

The indicative timetable for the Acquisition is set out below:

Item	Date
Entry into Share Purchase Agreement	12 February 2016
Despatch of Notice of Meeting seeking approval for the Acquisition	15 March 2016
Lodgment of SPP Prospectus with ASIC	25 March 2016
General Meeting of Shareholders to approve the Acquisition	14 April 2016
Closing date of Offer under the SPP prospectus	6 May 2016
Despatch of holding statements for SPP and Acquisition	17 May 2016

Re-quotation of Orpheus Shares on the ASX

19 May 2016

Advisors to the transaction

HWL Ebsworth Lawyers is the Australian Legal Advisor to Orpheus.

Tat Capital is the corporate advisor, and Samisti Legal LLP, a law firm based out India is the legal Advisor to Wavetronic and its shareholders.

For further information, please contact:

David Smith, Director and Company Secretary:

Email: info@orpheusenergy.com.au; Phone +61 2 8387 5901

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.