VTX Holdings Limited
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Update on Acquisition of NexGen Networks Limited

Background

On 16 June 2015, VTX Holdings Limited (**ASX: VTX**) (**VTX** or the **Company**) announced that it had entered into a binding terms sheet to acquire 100% of the issued share capital in NexGen Networks Limited (a company registered in New Zealand) (**NexGen**).

Following a restructure of the proposed transaction, the Company has entered into a new binding terms sheet (**Agreement**) (which supersedes and replaces the initial terms sheet) with NexGen and the shareholders of NexGen (**Vendors**) pursuant to which:

(a) the Company has agreed to acquire 100% of the fully paid ordinary shares in the capital of NexGen (**NexGen Shares**) held by each of the non-New Zealand Vendors (together, the **A Class Vendors**) (**NexGen A Class Shares**), and the New Zealand Vendors (together, the **B Class Vendors**) have agreed to convert 100% of their NexGen Shares into non-voting B Class shares (**NexGen B Class Shares**) (**Acquisition**);

(b) NexGen has agreed to grant to the Company (or its nominee) an exclusive and irrevocable option to acquire 100% of the intellectual property owned by NexGen (**IP Option**); and

(c) the Company has agreed to grant to each of the B Class Vendors the right to require the Company to purchase 100% of the NexGen B Class Shares (**Put Option**),

(all together the **Transaction**).

It should be noted that the total consideration under the newly proposed Transaction is unaltered from the original binding terms sheet.

In addition, subject to shareholder approval and completion of the Transaction, the Company has agreed to issue up to 15,000,000 unlisted options and up to 20,000,000 performance shares to certain advisors (including Cam Worth of Simplisite Business Solutions) following execution of the Agreement.

Andrew Haythorpe, Chairman, VTX commented:

"We are pleased with the results of this restructuring. It follows advice on how best to structure the business for globalisation, and how best to protect the Intellectual Property of the Company. We expect to provide more details on this and the product roll out soon."

The key terms of the Agreement are summarised in the Schedule to this announcement.

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Revised indicative timetable

Activity	Date
Announcement of transaction	16 June 2015
Satisfaction of due diligence	15 July 2015
Dispatch of Notice of Meeting seeking VTX shareholder approval	10 November 2015
Lodgement of Prospectus by VTX	30 November 2015
VTX shareholder meeting	10 December 2015
Closing date of Prospectus offer	10 December 2015
Completion of Acquisition of NexGen	11 December 2015
Expected date for reinstatement to official quotation of VTX on ASX	17 December 2015
End date to satisfy conditions precedent to the transaction	31 December 2015

The above table is an indication only and is subject to change. Shareholders should also note that the Company's securities will be suspended from trading on the day of the VTX general meeting seeking shareholder approval for the transaction, and if such approval is obtained, will remain suspended until such time as the Company has satisfied Chapters 1 and 2 of the ASX Listing Rules.

Transaction Update

VTX is in the process of acquiring NexGen, having executed a Binding Terms Sheet and completed due diligence. The Acquisition is still subject to various conditions precedent including the receipt of shareholder approvals and the Company expects to lodge a Notice of Meeting in this regard in the coming weeks.

- ENDS –

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ABOUT NEXGEN NETWORKS

NexGen is a New Zealand based software technology company founded in 2013, by experienced technology entrepreneurs and retail executives Jason Gitmans and Robert Pole. NexGen has developed cutting edge software technology, which uses intelligent customised algorithms to optimise data flow between devices and facilitates faster speeds on existing hardware. The ability to deliver such optimal results is due to NexGen's customised virtual based technology, which re-directs data through to its own proprietary server, delivering faster and more efficient data usage to each user through existing infrastructure.

TECHNICAL ADVISOR – MR CAM WORTH

Technical information contained in the announcement has been prepared under the supervision of Mr Cam Worth of Simplisite Business Solutions - a specialist web, software & IT solutions provider. As announced on 2 July 2015, Mr Worth has been engaged as Technical and Commercial Advisor to the Board of VTX.

Mr Worth has led projects across multiple jurisdictions and successfully launched platforms and deployed large-scale business intelligence systems in multiple markets. He has extensive experience in the design and development of web-based software solutions and has consulted extensively in software development and cloud solutions. Mr Worth also acts as an Industry representative, in Communication and Cultural Studies for Curtin University, Western Australia. Mr Worth consents to the inclusion in this report of the information in the form and context in which it appears.

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SCHEDULE

Consideration

Subject to satisfaction of the Conditions (set out below), in consideration for the acquisition of the NexGen A Class Shares, at Settlement the Company will issue to the A Class Vendors (or their nominees):

(a) 182,700,000 Shares; and

(b) 78,300,000 Performance Shares convertible into Shares on satisfaction of the relevant milestones,

(together the **Acquisition Consideration Shares**).

Conditions Precedent

Settlement of the Acquisition remains, at the date of this announcement, conditional upon the satisfaction (or waiver) of the following conditions precedent (**Conditions**):

(a) the Company preparing a full form prospectus to complete an equity raising of not less than any amount required by ASX through the issue of Shares at an issue price of not less than $0.02 (**Equity Raising**), lodging the prospectus with ASIC to complete the Equity Raising and to re-comply with Chapters 1 and 2 of the ASX Listing Rules and receiving valid acceptances under the prospectus to the value of not less than the amount required by ASX;

(b) the Vendors being satisfied, acting reasonably, with the proforma financial position and capital structure of VTX after completion of the Acquisition and the Equity Raising and there being no additional VTX securities (including options) issued beyond those already on issue or contemplated by the Acquisition (including options and Performance Shares issued or proposed to be issued to advisers);

(c) if requested by either party, the negotiation, execution and delivery of a mutually acceptable definitive:

  (i) share purchase agreement between the Company and the A Class Vendors;

  (ii) IP Option agreement between the Company and NexGen; and/or

  (iii) Put Option agreement between the Company and the B Class Vendors,

  *to give effect to the Transaction (**Definitive Agreements**);*

(d) the Company obtaining at its own cost all necessary Shareholder approvals required by the Corporations Act (and any other applicable law or regulations) and the ASX Listing Rules in relation to the Acquisition including any approvals required by the Company to re-comply with the admission and quotation requirements of ASX, including without limitation:

  (i) ASX Listing Rule 7.1 approval;

  (ii) ASX Listing Rule 11 approval authorising a change of activities in relation to the Acquisition and if applicable disposal of the Company's main undertaking where it enters into an agreement to dispose of its existing assets;

(iii) approval for the change of name of the Company to "Wangle Technologies Limited" or such other name as agreed by the parties;

(iv) election of the following persons as directors of the Company on and from Settlement:

(A) Jason Gitmans as Managing Director; and

(B) Keaton Wallace as Corporate Director; and

(v) such other approvals as may be identified as necessary as a result of due diligence (e.g. potential for new constitution, auditor requirements, director fee pools and the like);

(e) the Company complying with all conditions that may be imposed by ASX relating to the undertaking of the Transaction, including, if required, recompliance with Chapters 1 and 2 of the ASX Listing Rules;

(f) NexGen entering into an agreement with the Company under which it agrees that, in the period between the Company either owning 100% of NexGen or exercising the IP Option, it shall be entitled to 100% of the revenue and profits generated from the business and undertaking of NexGen;

(g) there being no material adverse change to NexGen prior to Settlement, as determined by the Company acting reasonably;

(h) there being no material adverse change to the Company prior to Settlement, as determined by NexGen acting reasonably;

(i) receipt of all necessary regulatory and tax consents or approvals for the proposed Transaction;

(j) any such other conditions imposed by any regulatory authority that are necessary in order for the Transaction to be properly completed;

(k) the Company receiving a letter from ASX confirming that ASX will grant conditional re-quotation of the Company's Shares on the official list of ASX, on terms acceptable to the Company (acting reasonably) and the Vendors (acting reasonably);

(l) the Company entering into a mutually acceptable binding consultancy services agreement with Jason Gitmans for a period of 3 years and a non-executive director appointment letter with Keaton Wallace, each on specified terms and the termination of Keaton Wallace's existing appointment letter and Jason Gitmans' existing services agreement with NexGen effective from Settlement; and

(m) other conditions precedent customary for transactions of this nature or that arise following due diligence, in each case if and as may be agreed by the parties.

Loan

As at the date of this announcement, the Company has advanced to NexGen a loan totalling $510,000 (**Loan**). The Loan is unsecured and interest free.

Upon Exercise of the IP Option, as consideration for the acquisition of the intellectual property of NexGen by the Company, the Loan will be deemed to have been repaid by VTX.

In the event that the Agreement is terminated prior to Settlement of the Acquisition arising out of a material breach of the Agreement by the Shareholders, the Loan will be fully repayable within 60 days of written notice from the Company, subject to NexGen having financial capacity to repay the Loan and otherwise at such later date as NexGen has financial capacity to repay the Loan.

In the event that Settlement of the Acquisition occurs, but the Company does not exercise the IP Option, the Loan will become an inter-company loan due and owing by NexGen.

Settlement

Settlement of the Acquisition (**Settlement**) will occur on that date which is 5 business days after the satisfaction (or waiver by the Company or the Vendors, or both, as applicable) of the Conditions.

Board Composition

Upon Settlement, the composition of the board of directors of both the Company and NexGen is intended to comprise:

(a) Jason Gitmans as Managing Director;

(b) Andrew Haythorpe as Chairman; and

(c) Keaton Wallace as Corporate Director.

Upon Settlement:

(a) Harry Karelis and James Robinson shall resign as Directors of the Company; and

(b) Robert Pole shall resign as a director of NexGen.

Advisor Securities

The Company has agreed to issue up to 15,000,000 unlisted options and up to 20,000,000 performance shares to its advisors following execution of the Agreement.

IP Option

Subject to Settlement of the Acquisition, NexGen has granted the Company (or its nominee) an exclusive irrevocable option to acquire 100% of the intellectual property owned by NexGen (**IP Option**).

The IP Option shall commence on the date that is 12 months from the date of execution of Agreement (**Commencement Date**) and end (unless exercised prior) on the date that is 12 months from the Commencement Date (**Option Period**).

In consideration for the IP Option, the parties have acknowledged and agreed that the Company has paid a non-refundable IP Option fee totalling $100,000 to NexGen.

The Company may exercise the IP Option at any time during the Option Period by delivering to NexGen a written notice stating that the Company wishes to exercise the IP Option (**IP Option Exercise Notice**). The IP Option will lapse if an IP Option Exercise Notice is not provided to NexGen prior to the expiry of the Option Period (or such other date as agreed by VTX and NexGen in writing).

Settlement of the acquisition of the intellectual property will occur on the date stipulated by the Company in the IP Option Exercise Notice.

Put Option

Subject to settlement of the Acquisition, the B Class Vendors are irrevocably entitled to require the Company to acquire 100% of the NexGen B Class Shares which the B Class Vendors hold free from encumbrances (**Put Option**).

Subject to exercise of the Put Option, in consideration for the acquisition of the Tranche 2 NexGen Shares, the Company will issue to the B Class Vendors:

(a) 97,300,000 Shares; and

(b) 41,700,000 Performance Shares,

(together the **Put Option Consideration Shares**).

The B Class Vendors may exercise the Put Option at any time within 12 months after the Commencement Date by delivering to the Company a written notice stating that the B Class Vendors wish to exercise the Put Option (**Put Option Notice**). The Put Option may only be exercised in respect of 100% of the NexGen B Class Shares.

Settlement of the acquisition of the NexGen B Class Shares will occur on the date that is five business days after the Company receives the Put Option Notice (or such other date as agreed between the B Class Vendors and the Company).

Performance Share Milestones

Subject to ASX approval of the terms of the Performance Shares, the Performance Shares to be issued to the Vendors will convert into Shares upon achievement of the following milestones:

(a) **Class A**: One third of the Performance Shares shall convert upon VTX (or an entity controlled by VTX) having a consumer based android app based on use of the Group's Technology publicly available in the Google Play store within 3 years from the date of issue of the Class A Performance Shares;

(b) **Class B**: One third of the Performance Shares shall convert upon VTX (or an entity controlled by VTX) having a consumer based iOS app based on use of the Group's **Technology** publicly available in the Apple App Store within 3 years from the date of issue of the Class B Performance Shares; and

(c) **Class C**: One third of the Performance Shares shall convert upon VTX (or an entity controlled by **VTX**) receiving $1,000,000 in cumulative revenue, as confirmed by VTX's auditor or another suitably qualified independent third party mutually agreed by VTX and NexGen, pursuant to an agreement to license the Group's Technology within 3 years from the date of issue of the Class C Performance Shares.

Termination

Any party may terminate the Agreement:

(a) if the Conditions have not been satisfied or waived by 31 December 2015, or such other date agreed in writing by the Company and NexGen; and

(b) if the other party commits a material breach of any of its terms, and, if the breach is capable of being remedied, after being notified in writing by the aggrieved party, the other party fails to remedy such breach within 10 days thereafter.