11 November 2013

Dear Shareholders,

We are delighted to share the attached press release on Snakk Media's positioning on the Deloitte Fast 50 index with you.

On the back of this news Mark and I thought we'd also give a general update, particularly given that in recent weeks we have been asked by some investors why Snakk's shares have been trading below the SPP price.

When a handful of shareholders consistently sell down their shares in small listed companies, due to the limited liquidity, this can disproportionately affect the share price and is largely what has been happening with Snakk.

Movements on the share register show the vast majority of our shareholders understand the long-term view of holding stock in a company that is operating in a high-growth market and are committed to the long haul. Some investors with a longer-term outlook may even see an attractive opportunity to consider investing in the company to further build their holdings.

The Snakk management and Board are very pleased with the progress of the business in Australia and its recent entry into New Zealand. With previous year's revenues increasing by 83%, Snakk has thus far out-paced 2012 analyst predictions of 46% year-on-year growth over the next five years on Australian mobile advertising spend.

Interactive Advertising Bureau reports indicate the biggest growth in online advertising is consistently coming from mobile. Media publishers are now finding that up to 50-60% of their website traffic is coming from mobile devices. Facebook is a great example of a company that is increasing its mobile advertising revenue, with over 40% of its total revenue now coming from mobile and tablet. Two years ago they were not earning any advertising revenue via these screens, and we have seen a significant rise in the Facebook share price as a result.

Television and entertainment networks are creating companion apps as their viewers flock to multiple 'smart screens.' My recent appointment to the board of Sky Television (NZX:SKT) will provide a fascinating look into where the future of entertainment, media and television is heading. To us at Snakk, it is obvious this future will be intimately integrated into smartphones, tablets, as well as smart TVs, and that advertisers will need to work with companies like Snakk to drive revenues on these new screens.

Mark and Max Flanigan, our Group Partnerships Manager, went on a three-week business trip to the US in September and October, where they went to several conferences and met with more than 20 of the current cutting-edge advertising technology companies in New York, San Francisco, Silicon Valley and Los Angeles. What is clear is that there is a fine balance to be struck between highly intelligent audience targeting, whilst respecting the privacy needs of individuals.

Snakk is well positioned to take advantage of the projected growth and intersection of all these screens. We have a strong team in place and the $6.5m raised from the Share Purchase Plan puts the business in very good shape to execute our growth strategy. Importantly, we continue to evaluate strategic opportunities or investments to differentiate and scale the business significantly.

It is a truly great time for Snakk – the core business is performing strongly, and there are also exceptionally exciting opportunities on the broader horizon. As always, we thank you for your continued support and belief.

Onwards!

Derek and Mark

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