

5 October 2015

PRE BREAK ANNOUNCEMENT: NXT MIGRATION AND OFFER OF SHARES

Introduction

Snakk Media Limited (NZAX: SNK) (*Snakk*) has applied to NZX to request:

- (a) cessation of Quotation of its shares on the NZX Alternative Market (*NZAX*) in accordance with Rule 5.4.1(b) of the NZAX Listing Rules (*Rules*); and
- (b) commencement of Quotation of its shares on the NXT Market, (the *Migration*).

Snakk also proposes to issue new shares as described below (the *Offer*).

Capitalised terms used in this pre break announcement and which are not otherwise defined have the meanings given to those terms in the Rules or the NXT Market Rules (as applicable).

Why is Snakk making this pre break announcement?

In accordance with Rule 10.2, an NZAX Issuer may enter into certain transactions if, at least 10 Business Days prior to entering into or conducting such a transaction, or prior to such transaction becoming unconditional, the NZAX Issuer has released a Pre Break Announcement to the market and the Constitution of the NZAX Issuer permits it to adopt such a procedure.

NZX may impose conditions on the cancellation of Quotation of Securities on the NZAX. Similarly, NZX may impose conditions that must be fulfilled in order to obtain Quotation of Securities on the NXT Market.

One of the conditions imposed by NZX for the Migration is the requirement for Snakk to comply with the pre break announcement procedure contained in Rule 10.2 of the Rules and permitted by Snakk’s constitution. This pre break announcement is released in order to satisfy that condition.

Finally, this pre break announcement is being used in undertaking the Offer so that Snakk retains the ability under the NZAX Listing Rules to issue, in a 12 month period, up to 25% of the number of Equity Securities on issue prior to the Offer occurring, should the directors wish to do so. If the Migration proceeds, and Snakk is subject to the NXT Market Rules, Snakk will only be able to issue, in a 12 month period, up to 20% of the number of shares on issue at the start of that period.

What are the terms of the Offer?

The following information sets out the key terms of the Offer:

Offer components	The Offer comprises two components – the General Offer and the Shareholder Priority Offer.
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	<p>The General Offer will open on 12 October 2015 and close on 30 October 2015.</p> <p>The Shareholder Priority Offer is open to Shareholders at 5.00pm (NZ time) on 5 October 2015 who are eligible to participate (as outlined below). The Shareholder Priority Offer provides eligible Shareholders with an allocation preference on a basis to be determined by Snakk. The Shareholder Priority Offer will close before the General Offer (on 27 October 2015).</p> <p>Allocations will be determined by Snakk (in consultation with the Lead Manager) upon closing of the Offer (noting that Snakk will be required to issue such number of New Shares to the NXT market maker as may be required by NZX as part of Snakk's transition to the NXT Market).</p>
<p>Number of shares to be issued</p>	<p>The number of shares being offered is up to 51,111,111 new ordinary shares. The offered shares are of the same class as (and rank equally with) Snakk's existing shares on issue. Snakk currently has 265,132,984 shares on issue.</p>
<p>Options currently on issue</p>	<p>There are currently 18,313,750 options on issue to directors or employees of Snakk. A further 7,953,990 options have been granted to Peter James, the newly appointed Independent Chair of Snakk. Those options are intended to be issued prior to Snakk becoming listed on the NXT Market in accordance with the terms of the grant and will vest over a three year period.</p>
<p>Purpose of the Offer</p>	<p>The proceeds of the Offer will provide Snakk with additional working capital which will be used to assist it to achieve its strategic goals. In particular, Snakk intends to apply the proceeds to accelerate its growth as follows:</p> <ul style="list-style-type: none"> • recruit sales, marketing and technology staff to accelerate growth in existing markets; • expand further into new markets (especially in Southeast Asia) and strengthen its market presence in Australia and New Zealand; and • fund further investment into key technology partnerships and the development of leading mobile advertising and marketing technologies. <p>The proceeds of the Offer will also be used to pay the costs associated with the Offer and the NXT Market</p>

	listing of approximately \$305,000 (assuming the Offer is fully oversubscribed).
Issue price	NZ\$0.045 per new share, payable in full at the time of application.
Eligible Investors	<p>New Zealand resident investors and investors in certain other jurisdictions to whom Snakk determines an offer or invitation of securities may be made without the need for a lodged offering document (or other formality, other than a formality with which Snakk is willing to comply).</p> <p>The directors of Snakk are eligible to participate in the Offer. The Independent Chair of Snakk has indicated that he intends to subscribe for new shares in the Offer and his fellow directors may also choose to do so.</p>
Size of the offer	<p>The amount to be raised under the Offer is up to \$1.5 million, with over-subscriptions of up to an additional \$800,000. The minimum amount to be raised for the Offer to proceed is \$500,000.</p> <p>The maximum number of new shares being offered under the Offer is 51,111,111. The issue of new shares pursuant to the Offer is not expected to have any effect or consequence on the control of Snakk.</p>
The period of time within which the issue will be made	<p>Opening date for General Offer and Shareholder Priority Offer – 12 October 2015</p> <p>Shareholder Priority Offer closing date – 27 October 2015</p> <p>General Offer closing date – 30 October 2015</p> <p>Allotment date – 4 November 2015</p> <p>See below for a complete proposed timetable for the Migration and the Offer.</p>
Escrow arrangements	Far East Associated Traders Limited, a company associated with Derek Handley, has agreed not to sell or otherwise dispose of or do or omit to do anything which could have the effect of transferring effective ownership or control of any Snakk shares it holds as at the date of this announcement until after 31 December 2016, subject to certain limited exceptions set out below. Far East Associated Traders Limited may sell or otherwise transfer any of the Snakk shares held by it:

	<ul style="list-style-type: none"> • with the approval of the directors who are not “interested” in the decision (as that term is defined in the Companies Act 1993), Snakk and NZX; • to an “affiliate” of Far East Associated Traders Limited (being a person owned or controlled by, or under common ownership or control with, Far East Associated Traders Limited and in relation to a family trust includes any beneficiary of that trust), provided that such affiliate has agreed to be bound by the escrow terms; or • in connection with a takeover offer made in respect of Snakk’s shares under the Takeovers Code or a similar scheme of arrangement. <p>These restrictions do not apply, and therefore no approval is needed, for Far East Associated Traders Limited to grant a security interest in favour of a bona fide lender to Far East Associated Traders Limited.</p>
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What will happen to my existing shares in Snakk as a result of the Migration?

If the Migration proceeds, your shares, which are currently quoted on the NZAX, will be quoted on the NXT Market. Snakk will become subject to the NXT Market Rules, and you will have the rights as a shareholder set out in those rules, as well as your continuing rights under Snakk’s constitution and other applicable law.

Snakk’s shares will be placed in a trading halt on the NZAX from the close of the General Offer (being 5pm on 30 October 2015) until market open on the business day immediately following the date of allotment of shares under the Offer (being 10am on 5 November 2015) to enable an orderly transition to the NXT Market.

What are the effects of Snakk’s shares being quoted on the NXT Market?

The NXT Market is a new market but will ultimately operate effectively as a replacement for the NZAX. While some features of the NXT Market will remain similar to the NZAX, the NXT Market Rules allow for simpler periodic, rather than continuous, disclosure obligations. The NXT Market Rules also provide for ongoing support to NXT Market companies, market making services to provide liquidity and independent research on NXT Market companies (made available on the NXT Market website).

What you need to do to trade Snakk's shares if they are NXT Market quoted

If Snakk shares are quoted on the NXT Market and you wish to trade Snakk shares, you must contact an NZX Firm and have a NZX Reference Number, CSN and FIN. You do not need to do anything for your shares to move to the NXT Market as part of the Migration.

Opening a new broker account can take a number of days depending on the NZX Firm's new client procedures.

If you do not have an NZX Reference Number, you will need to create a MyNZX account and complete the 4 step registration process to obtain your NZX Reference Number. This NZX Reference Number evidences that you have read and understood the "NXT warning". You can obtain your NZX Reference Number from <https://www.nxt.co.nz/users/new>.

If you do not have a CSN, you will:

- be assigned one when you set up an account with an NZX Firm; or
- receive one from Computershare Investor Services Limited, Snakk's share registrar.

If you do not have a FIN, it is expected that you will be sent one as a separate communication by Computershare Investor Services Limited, Snakk's share registrar. If you have a broker and have not received a FIN by the date you want to trade your shares, your broker can obtain one, but may pass the cost for doing so on to you.

Reasons for the Migration

Snakk believes the move to the NXT Market is in the best interest of shareholders and is likely to lead to increased investor exposure and improved liquidity.

Snakk does not consider that any material negative effect will arise for its existing shareholders due to the Migration.

Shareholders have the right to call a special meeting

Section 121 of the Companies Act 1993 requires that the Board of Snakk call a special meeting of shareholders if shareholders holding shares in Snakk together carrying not less than 5% of the voting rights entitled to be exercised at a meeting of shareholders submit a written request for a meeting.

As required by NZX, the Migration and the Offer are conditional on:

- (a) the expiry of a period of 10 trading days following this pre break announcement, being from 5 October 2015 until 19 October 2015; and
- (b) no special meeting of shareholders being called pursuant to section 121 of the Companies Act 1993 during the 10 trading day period referred to above.

If these conditions are satisfied, Snakk may proceed with the Migration and the Offer, provided that the other conditions imposed by NZX are fulfilled to NZX's satisfaction.

The contact details for Snakk for the delivery and acceptance of a written request under section 121 of the Companies Act 1993 are:

Snakk Media Limited
Level 6, 57 Symonds Street

Grafton
Auckland 1010
New Zealand

Attention: Malcolm Lindeque, Company Secretary

Timetable

The proposed timetable for the Migration and the Offer is as follows:

Event	Date
Offer Document and Cleansing Notice released	5 October 2015
General Offer and Shareholder Priority Offer open	12 October 2015
Shareholder Priority Offer closes	27 October 2015
General Offer closes	30 October 2015
Trading halt applied to the shares on NZAX	5.00pm on 30 October 2015
Allotment of shares under the Offer	4 November 2015
Shares cease quotation on NZAX and commence trading on the NXT Market	5 November 2015

Waivers from the NXT Market Rules

Snakk has been granted an in principle waiver by NZX from NXT Market Rule 24, which requires Snakk's constitution to comply with the NXT Market Rules upon Migration, until its 2016 annual meeting of shareholders. Snakk will have to continue to comply with the NXT Market Rules, but will avoid the cost and expense of having to call a special shareholder meeting to approve the changes to its constitution to include a requirement to comply with the NXT Market Rules.

This in principle waiver was granted on the condition that Snakk:

- (a) provides NZX with the notice of meeting for its 2016 annual meeting of shareholders for review and that notice of meeting includes a special resolution to amend Snakk's constitution so that it complies with Rule 24;
- (b) clearly and prominently discloses the waiver, its conditions and the implications in the listing document and this document; and
- (c) provides a written undertaking that, until Snakk adopts a constitution that contains all of the provisions required by the NXT Market Rules, Snakk will comply with the NXT Market Rules as if the applicable provisions in Rule 24 were contained in the constitution.

Snakk has also been granted an in principle waiver by NZX from Rule 25 of the NXT Market Rules to allow participants in the "Snakk Media Limited Employee Share Option Plan" who have been issued options under that plan prior to the Migration to be issued ordinary shares in Snakk upon the exercise of those options without requiring compliance with Rule 25. If Snakk remains listed on the NZAX, Snakk may issue shares on the exercise of such options without any restrictions under the NZAX Listing Rules. Therefore, the granting of the waiver does not have a detrimental effect on shareholders as it simply puts Snakk, its shareholders and the optionholders back in the position they are currently in.

This in principle waiver was granted on the condition that:

- (a) Snakk clearly and prominently discloses the waiver, its conditions, and the implications in the listing document and this document;
- (b) the directors of Snakk certify to NZX Regulation, in a form acceptable to NZX Regulation, that the issue of shares to directors and employees, in accordance with the terms of the 'Snakk Media Limited Employee Share Option Plan', is:
 - (i) in the best interests of Snakk; and
 - (ii) on terms and conditions which are fair and reasonable to Snakk and to all shareholders who are not receiving, and not associated with persons receiving, shares under the issue; and
- (c) Snakk discloses the number of options on issue, the conversion requirements and the effect of conversion in the Listing Document.

Directors' interests

Snakk does not consider that any director (or any Associated Person of a director or Snakk) is interested in the Migration.

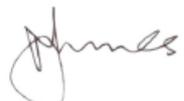
The directors of Snakk are eligible to participate in the Offer. Peter James, Independent Chair of Snakk, has indicated that he intends to subscribe for new shares in the Offer and his fellow directors may also choose to do so. Snakk does not consider that any director (or any Associated Person of a director or Snakk) is otherwise interested in the Offer.

Certificate

We, being all of the directors of Snakk, certify that the terms of the Migration and the Offer are fair and reasonable to Snakk shareholders and in the best interests of Snakk shareholders.



Derek Handley



Peter James



Martin Riegel



Malcolm Lindeque

ENDS

For media enquiries, please contact:
Julie Landry, 021 895 098, Julie.Landry@snakkmedia.com

www.snakkmedia.com

For investors enquiries, please contact:

Malcolm Lindeque, Company Secretary, 021 464 392, investors@snakkmedia.com

www.snk.co.nz, www.twitter.com/snakkmedia

About Snakk Media

Mobile advertising technology company Snakk offers a full suite of mobile creative, content and technology services, empowering the world's leading brands and agencies to accurately reach and engage with consumers using on their mobile devices. The company generates revenue every time it successfully targets and delivers an ad across its networks of mobile websites, apps and games. The ads are targeted to ensure the right audiences see them at the right time and place.

Snakk's business units include Represent Media, a division that sells mobile ad inventory for premium publishers, and Touch Create, a mobile-first creative agency that complements Snakk's portfolio of audience-targeting, geo-location and native advertising mobile technologies.

Snakk is one of the first public companies in the world that has met the rigorous social and environmental performance standards required to become a certified B Corporation.