

Our ref: RE/AH/AR/11695/5.1

23 January 2017

TO THE SHAREHOLDER AS ADDRESSED

Dear Sir/Madam,

UGLII CORPORATION LIMITED (“UGLII”)

A.C.N. 085 265 309

TRARALGON TECHNOLOGY HOLDINGS LIMITED

A.C.N. 130 403 520

UGLII FIND AUSTRALIA LIMITED

A.C.N. 101 790 505

BIZMIO LIMITED

A.C.N. 123 172 412

PROJECTS DISCOVERY SERVICES PTY LTD

A.C.N. 112 690 347

COLLECTIVELY KNOWN AS THE “UGLII GROUP”

(ALL IN LIQUIDATION)

&

GLOBAL ADS SYSTEM PTY LTD (FORMERLY UGLII ADS SYSTEM PTY LTD)

(PROVISIONAL LIQUIDATORS APPOINTED) (‘GLOBAL’)

A.C.N. 604 405 263

By an Order made in the Federal Court of Australia - Victoria, dated 6 December 2016 we were appointed Joint & Several Liquidators of the abovenamed companies. Our appointment as Provisional Liquidators of Global with effect from 8 September 2016 continues.

A determination regarding the future of Global has been set down to be heard on 3 March 2017.

As a consequence of our appointment the powers of all of the directors have ceased and we now control the Uglia Group and Global and are assessing the financial position.

The following provides relevant details regarding our appointment as Liquidators:

1. IMPORTANT INFORMATION FOR SHAREHOLDERS

Extraordinary General Meeting of Shareholders – Uglia Corporation Ltd 16 September 2016

Prior to our appointment the company had convened a meeting of the shareholders for 16 September 2016 for the purpose of voting on the resolution:

“That Uglia Corporation Ltd distributes 66.6% of shares of Global Ads System Pty Ltd to Uglia Shareholders as of the date of the resolution.”

In our capacity at that time as Provisional Liquidators, we attended the meeting and addressed those present that we were uncertain that the meeting was competent to act due to a number of deficiencies in the documentation supplied to the shareholders by the company and that any resolutions passed would be void or voidable.

Notwithstanding this, Mrs Knorr on behalf of the directors and as Chairman of the meeting elected to put the motion to the meeting and declared the resolution carried.

We note that the notice regarding the share transfer did not disclose whether the transfer was to be by way of a dividend or by way of a return of capital. We have sought clarification of this matter from the directors. As at the time of writing, no response has been received from them.

In any event, to give effect to the resolution would require the directors of Uglii to act (including a determination as to whether the transfer of the asset was to occur by way of dividend and when). Section 471A(2) of the Corporations Act (the 'Act') states that its officers cannot perform or exercise such responsibilities whilst we are appointed.

In addition, we cannot see how the resolution could bind us, at that time being the Provisional Liquidators of Uglii, because:

- it would be in conflict with our obligations, under section 474(1)(a) of the Act, which requires us to take such assets, being the shares Uglii held in Global, into our custody and control; and
- disposing of the shares in this way, for no consideration flowing to the company, would be inconsistent with our duties.

In any event, any transfer of Uglii shares requires us to give effect to such a transaction which we are not currently disposed to do. Accordingly, Uglii remains the sole shareholder in Global. We have written to the directors of Global advising them of our position.

In relation to Global, based upon draft Information Memorandum [dated July 2016] reviewed by us, it appears that the "Chimp Ads" system owned by Global requires approximately \$3,000,000 in funding to commercialise this software. Such funds are not available.

If there are any shareholders who are aware of any evidence contrary to the above, please contact our office in writing.

Estimated outcome for shareholders

At this stage, it is unknown if there will be any return available to shareholders. We are presently without funds but are making enquiries as to the potential value and saleability of the various patents held by Uglii.

Of note is that Mr Knorr has asserted proprietary rights as the "inventor" of the Uglii system over the various patents. It is our intention to seek legal advice regarding this position. At present, we are not in receipt of any documentation by Mr Knorr to support this position.

Mr Knorr has advised us of his intention, together with a group of people known as ‘Team 15’ to sell the Gov-Biz-Mate software owned by Uglii. We have sought details from Mr Knorr as to who comprise the team and of details regarding this purported sale campaign. As at the time of writing, no information has been provided (other than a link to a one page website). We note that Mr Knorr is also claiming a proprietary interest in this software.

We understand from our discussions with Mr & Mrs Knorr that the search engine that was being developed by the Uglii Group to allow for the various geographic, spatial and taxonomy searches has not been complete and is not at a level where it is commercially saleable.

Reporting Obligations and Annual General Meeting

We advise that we will be considering making application to Australian Securities and Investments Commission (‘ASIC’) to obtain relief under Regulatory Guide 174 from the Uglii Group’s obligations to prepare and lodge audited financial reports and to extend the period within which the various members of the Uglii Group are required to hold their Annual General Meeting under section 250P of the Corporations Act 2001.

2. LEGAL PROCEEDINGS

The appointment of Liquidators stays a proceeding in a Court against any of the companies within the Uglii Group. You cannot commence or continue a proceeding any of the companies within the Uglii Group without our written consent or the leave of the Court.

3. INVESTIGATIONS

An investigation of the companies’ affairs is being conducted. The outcomes of our investigations will be reported to ASIC. Shareholders who have any information which would assist our investigations are requested to write to us setting out full particulars.

In particular, should any shareholders have been provided with any information inducing them to purchase shares issued by the Uglii Group, they are requested to provide it to us. Such information includes any representations made by the Uglii Group directors or parties associated with them.

This documentation can be provided to us either by mail or by email care of info@brookebird.com.au

We are aware that prior to our appointment the leases for the Uglii Group’s offices at both Traralgon and Brandon Park had been terminated by the respective landlords. We have requested the delivery up to our office of all of the Uglii Group’s books and records. This request has yet to be fully complied with.

We have also sought the provision to us of the software that had been developed by the Uglii Group over the prior 15 years. We have been advised that this software was contained only on the server located at the vacant Brandon Park office. In addition, as the development of this software was not complete there appears no saleable “model” available.

Dependent upon the outcomes of our investigations, public examinations of the directors of the Uglii Group and other persons of interest may be undertaken. It is anticipated that this process may take several months.

4. FURTHER INFORMATION

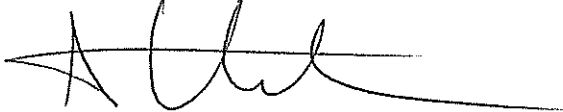
A copy of the Information Sheet “Insolvency – a guide for shareholders” can be downloaded from www.asic.gov.au.

For background regarding the reasons for ASIC’s application to wind up the Uglii Group, we direct you to the following website:

<http://asic.gov.au/about-asic/media-centre/key-matters/uglii-group/>

Should you require any further information, please contact our office.

Yours faithfully,



ROBYN ERSKINE & ADRIAN HUNTER

JOINT & SEVERAL LIQUIDATORS & PROVISIONAL LIQUIDATORS