Simmons
CORPORATE FINANCE

GeoOp Limited

Independent Adviser's Report

In Respect of the Allotment of Shares in Association with the Proposed Acquisition of InterfaceIT Pty Limited

April 2016

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report
- has no direct or indirect pecuniary or other interest in the proposed transactions considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this Independent Adviser's Report.

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1. Introduction

1.1 Background

GeoOp Limited (**GeoOp** or the **Company**) is a New Zealand-based software company that offers complete mobile workforce management to businesses all over the world. It is neatly wrapped into a low-cost, easy-to-use service with premium support. GeoOp supports businesses in their journey to be more productive and find time for more important things, providing intuitive software for devices that are already in the hands of field workers.

GeoOp's shares are listed on the alternative market (**NZAX**) operated by NZX Limited (**NZX**).

The Company's market capitalisation was $11.3 million as at 12 April 2016 and its unaudited total equity was $3.9 million as at 31 December 2015.

A profile of GeoOp is set out in section 3.

1.2 IIT Acquisition

Overview

GeoOp and InterfaceIT Pty Limited (**IIT**) entered into a conditional sale and purchase deed on 10 March 2016 (the **IIT Deed**) whereby GeoOp will acquire 100% of the ordinary shares in IIT (the **IIT Shares**) (the **IIT Acquisition**).

InterfaceIT Pty Limited

IIT is an Australian software development company that provides cloud-based programs for managing in-field, face-to-face sales teams.

IIT is a joint venture between entrepreneur Jordan Muir and merchant bank North Ridge Partners Pty Limited (**North Ridge**).

IIT's current shareholders are:

- North Ridge as trustee of the Co-Investor No. 1 Fund – 2.29%
- Valuestream Investment Management Limited (**Valuestream**) as trustee for the Co-Investor No 3 PIPE Fund – 77.36%
- JKM Consolidated Holdings Pty Limited (**JKM Holdings**) – 0.02%
- JKM Family Investments Pty Limited (**JKM Investments**) – 20.33%.

We refer to Co-Investor No. 1 Fund and Co-Investor No. 3 PIPE Fund as the **Co-Investor Funds**. They are managed by North Ridge. Mr Sharp is the chair of North Ridge. We refer to the Co-Investor Funds and Mr Sharp collectively as the **North Ridge Associates**.

JKM Holdings and JKM Investments are owned by Mr Muir. We refer to them collectively as the **Muir Associates**.

We refer to the North Ridge Associates and the Muir Associates collectively as the **IIT Shareholders**.

A profile of IIT is set out in section 4.

Purchase Price

The purchase price for the IIT Shares is $9.0 million (the **Purchase Price**).

The Purchase Price is subject to adjustments for:

- the amount by which IIT's working capital differs from $48,000 as at the completion date of the IIT Acquisition (the **Working Capital Adjustment**)
- a potential performance payment (the **Performance Fee**), calculated as:

  $2 x the amount of recurrent revenue of the merged group (GeoOp and IIT) in excess of $4.5 million for the year ended 30 June 2017

  Recurrent revenue represents gross recurring subscription and licence fee and support revenue received from ordinary customers. It excludes one-off training and implementation income or any grant income or interest received or any revenue from further acquisitions

- warranty claims against either the IIT Shareholders or GeoOp (the **Warranty Claims**).

Consideration

The consideration will be payable by GeoOp to the IIT Shareholders as follows:

- $6.0 million by way of the issue of 15,000,000 fully paid ordinary shares in the Company at a price of $0.40 per share (the **Consideration Shares**)
- $3.0 million by way of the issue of 3,000,000 unlisted convertible notes with an issue price of $1 each (the **Convertible Notes**).

Consideration Shares

The Consideration Shares will be issued on the 10th business day following the satisfaction or waiver of the conditions in the IIT Deed (the **Settlement Date**).

Working Capital Adjustment

The Working Capital Adjustment is payable in cash by either GeoOp or the IIT Shareholders (depending on whether completion date working capital is lower or higher than $48,000).

Performance Fee

The consideration for the Performance Fee will be paid, at GeoOp's election, in either:

- cash, or
- by the issue of fully paid ordinary shares in the Company (the **Performance Shares**) at the 90 day volume weighted average share price (**VWAP**) over the last 90 business days up to 30 June 2017, or
- a combination of cash and Performance Shares.

There is no limit on the number of Performance Shares that GeoOp may need to issue.

Warranty Claims

If there are Warranty Claims (other than in respect of tax), the Purchase Price will be readjusted to reflect the reduction in the equity value of GeoOp or IIT (as applicable).

The readjustment will be by way of:

- the issue of additional GeoOp ordinary shares (for a breach of a warranty given by GeoOp) (the **Warranty Shares**) or
- a transfer (for nil consideration) of Consideration Shares by the IIT Shareholders to GeoOp (for a breach of a warranty given by the IIT Shareholders).

The maximum number of ordinary shares that may be issued by GeoOp to satisfy the Purchase Price and all Warranty Claims is 22,500,000 ordinary shares (being 15,000,000 Consideration Shares and 7,500,000 Warranty Shares). This will represent 39.55% of shares then on issue, assuming no shares in the Company other than the Consideration Shares have been issued between the Settlement Date and the date of the issue of the Warranty Shares.

Convertible Notes

The key terms of the Convertible Notes, as set out in the Convertible Notes Deed (the **CN Deed**) that GeoOp and the IIT Shareholders will enter into on the Settlement Date are:

- they will be issued on the Settlement Date
- they have a zero coupon (ie they do not bear interest)
- they have no entitlement to dividends
- they do not entitle the holder to cast a vote on any shareholder resolution
- they have a 2 year term, at which time they will, at the option of the holder, be repaid or convert into GeoOp ordinary shares (the **Conversion Shares**) at the 90 day VWAP over the preceding 90 business days
- in the event of the insolvency of GeoOp, the holder will be entitled to redeem the Convertible Notes
- the holder has the right to convert the Convertible Notes into Conversion Shares at any time prior to the end of the 2 year term:
  - at the 90 day VWAP over the preceding 90 business days, or
  - if GeoOp undertakes a capital raising – at the capital raise price.

Immediately following the issue of the Convertible Notes, the IIT Shareholders have agreed to transfer 801,036 Convertible Notes to Wentworth Pty Limited (**Wentworth**) (as trustee for the Wentworth Trust). Wentworth is associated with the North Ridge Associates.

Accordingly, the Convertible Notes will be held as set out below.

Convertible Noteholders				
Noteholder	**No. of Notes Held**		**%**	
North Ridge	46,696		1.56%	
Valuestream	1,579,837		52.66%	
Wentworth	801,036		26.70%	
North Ridge Associates		2,427,569		80.92%
JKM Holdings	473		0.02%	
JKM Investments	571,958		19.07%	
Muir Associates		572,431		19.08%
Total		3,000,000		100.00%

Source: IIT

Conditions

The IIT Acquisition is conditional on shareholder approval. This condition cannot be waived.

The IIT Acquisition is also conditional on:

- GeoOp having cash at bank of no less than $1.8 million at the date of the Company's special meeting of shareholders
- the IIT Shares and IIT's assets being free of any encumbrances
- not greater than 500,000 GeoOp shares in aggregate (or $200,000 in value) are subject to buyback by GeoOp as a result of GeoOp's current shareholders (the **GeoOp Shareholders**) invoking their rights in respect of such shares under section 110 (a) (ii) of the Companies Act 1993 (the **Act**) following the obtaining of shareholder approval of the IIT Acquisition.

These conditions may be waived in whole or in part by the IIT Shareholders.

Undertakings

Provided that the IIT Acquisition settles, GeoOp undertakes to enter into a binding mandate agreement with North Ridge on terms reasonably acceptable to each party, including:

- that GeoOp will use its best endeavours to undertake an equity capital raising as soon as practical after the Settlement Date via a placement of new shares and / or via a pro rata rights issue (the **Capital Raising**)
- North Ridge will act as lead manager, book runner and corporate adviser for the Capital Raising.

Completion

GeoOp and the IIT Shareholders envisage that the IIT Acquisition will be completed by 7 June 2016.

1.3 Impact on Shareholding Levels

Consideration Shares

The table below shows the number of shares that will be held by the GeoOp Shareholders and the IIT Shareholders immediately following the allotment of the Consideration Shares.

Impact on Shareholding Levels

	GeoOp Shareholders		North Ridge Associates		Muir Associates		Total
	Shares	%	Shares	%	Shares	%	Shares
Current	34,393,299	100.00%	-	-	-	-	34,393,299
Consideration Shares	-	-	11,947,595	79.65%	3,052,405	20.35%	15,000,000
Post the Consideration Shares[1]	34,393,299	69.63%	11,947,595	24.19%	3,052,405	6.18%	49,393,299

1 Prior to the issue of any Warranty Shares, Conversion Shares or Performance Shares

Following the allotment of the Consideration Shares:

- the GeoOp Shareholders will collectively hold 69.63% of the ordinary shares in the Company
- the North Ridge Associates will hold 24.19%
- the Muir Associates will hold 6.18%.

Warranty Shares

In the event that the maximum 7,500,000 Warranty Shares are issued under the Warranty Claims, then:

- the GeoOp Shareholders will collectively hold 60.45% of the ordinary shares in the Company
- the North Ridge Associates will hold 31.50%
- the Muir Associates will hold 8.05%.

Impact on Shareholding Levels

	GeoOp Shareholders		North Ridge Shareholders		Muir Associates		Total
	Shares	%	Shares	%	Shares	%	Shares
Current	34,393,299	100.00%	-	-	-	-	34,393,299
Consideration Shares	-	-	11,947,595	79.65%	3,052,405	20.35%	15,000,000
Warranty Shares (maximum)	-	-	5,973,797	79.65%	1,526,203	20.35%	7,500,000
Post the Consideration Shares and the Warranty Shares[1]	34,393,299	60.45%	17,921,392	31.50%	4,578,608	8.05%	56,893,299

1 Prior to the issue of any Conversion Shares or Performance Shares

Conversion Shares

The Conversion Shares will be issued at the 90 business days VWAP up to the conversion date. As this is based on future share prices, it is not possible to determine at the date of this report what the issue price will be.

GeoOp's shares have traded between $0.30 and $0.50 in the past 6 months.

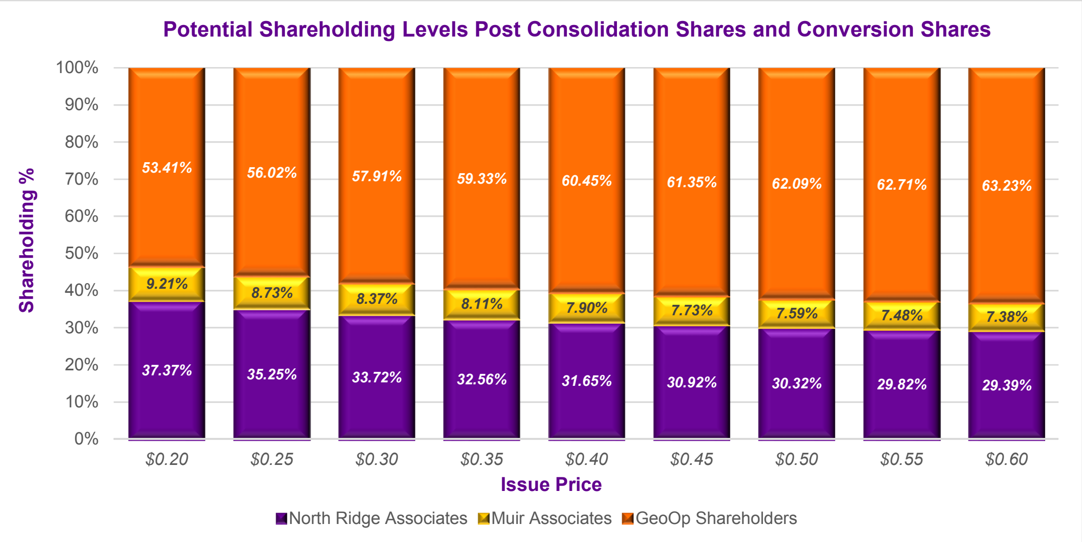
If the Conversion Shares are issued at $0.30 per share, then:

- 10,000,000 Conversion Shares will be issued
- there will be 59,393,299 ordinary shares on issue (including 15,000,000 Consideration Shares and assuming no Warranty Shares have been issued)
- the GeoOp Shareholders will collectively hold 57.91% of the ordinary shares in the Company
- the North Ridge Associates will hold 33.72%
- the Muir Associates will hold 8.37%.

If the Conversion Shares are issued at $0.50 per share, then:

- 6,000,000 Conversion Shares will be issued
- there will be 55,393,299 ordinary shares on issue (including 15,000,000 Consideration Shares and assuming no Warranty Shares have been issued)
- the GeoOp Shareholders will collectively hold 62.09% of the ordinary shares in the Company
- the North Ridge Associates will hold 30.32%
- the Muir Associates will hold 7.59%.

The graph below sets out the range of shareholdings for the GeoOp Shareholders, the North Ridge Associates and the Muir Associates based on the Conversion Shares being issued at prices ranging from $0.20 to $0.60 per share.



The spread of $0.40 in the issue price varies the IIT Shareholders' collective shareholdings from 36.77% to 46.59%.

Performance Shares

It is not possible at the date of this report to determine the level, if any, of the Performance Fee that will be payable to the IIT Shareholders.

If the Performance Fee is paid in part or whole by way of the issue of Performance Shares, those shares will be issued at the 90 business days VWAP up to 30 June 2017. Therefore it is not possible to determine at the date of this report what the issue price will be.

The table below sets out 4 possible levels of Performance Fees and the maximum number of Performance Shares that could be issued under various issue prices ranging from $0.20 to $0.60 per share.

Performance Shares Scenarios				
	Scenario I	**Scenario II**	**Scenario III**	**Scenario IV**
Recurrent revenues ($000)	4,000	5,000	6,000	7,000
Excess over $4.5 million ($000)	-	500	1,500	2,500
Performance Fee ($000)	-	1,000	3,000	5,000
Performance Shares issued (maximum)				
– at $0.20	-	5,000,000	15,000,000	25,000,000
– at $0.30	-	3,333,333	10,000,000	16,666,667
– at $0.40	-	2,500,000	7,500,000	12,500,000
– at $0.50	-	2,000,000	6,000,000	10,000,000
– at $0.60	-	1,666,667	5,000,000	8,333,333

Given the uncertainty regarding the level of the Performance Fee and the issue price of the Performance Shares, the range of outcomes is extremely wide.

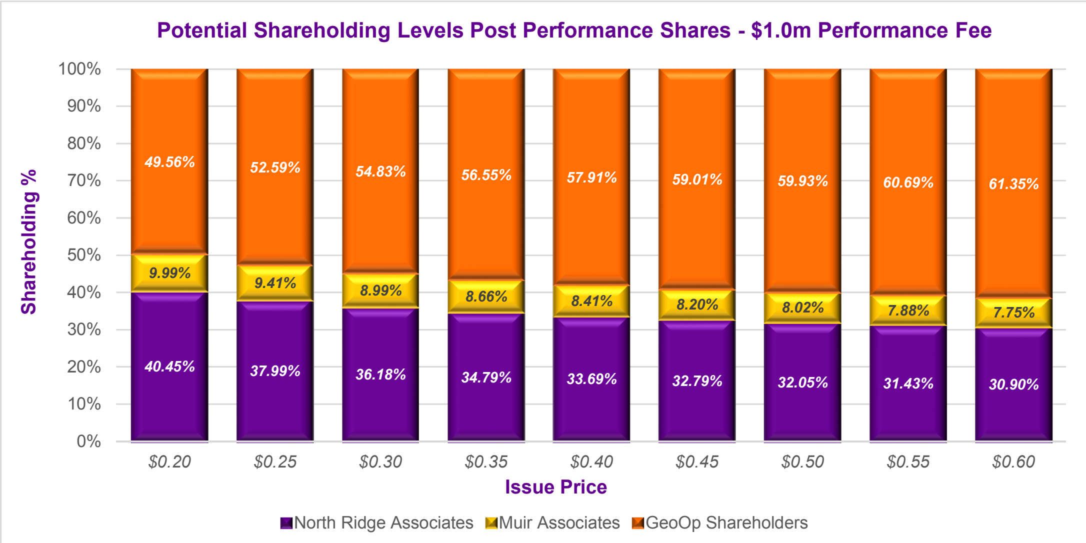
The forecast combined recurrent revenues for GeoOp and IIT for the 2017 financial year amount to $5.3 million. The Company's board of directors (the **Board**) considers a range of recurrent revenues of $5.0 million to $6.0 million to be realistic scenarios for the purposes of calculating the Performance Fee. This would result in a Performance Fee of $1.0 million to $3.0 million.

The graph that follows sets out the range of shareholdings for the GeoOp Shareholders, the North Ridge Associates and the Muir Associates based on:

- a $1.0 million Performance Fee
- the maximum number of Performance Shares being issued at prices ranging from $0.20 to $0.60 per share
- all 15,000,000 Consideration Shares being issued
- no Warranty Shares being issued
- all $3.0 million of the Conversion Shares being issued (at the same issue price as the Performance Shares).

The spread of $0.40 in the issue price varies the IIT Shareholders' collective shareholdings from 38.65% to 50.44%:

- the North Ridge Associates will hold between 30.90% and 40.45%
- the Muir Associates will hold between 7.75% and 9.99%.

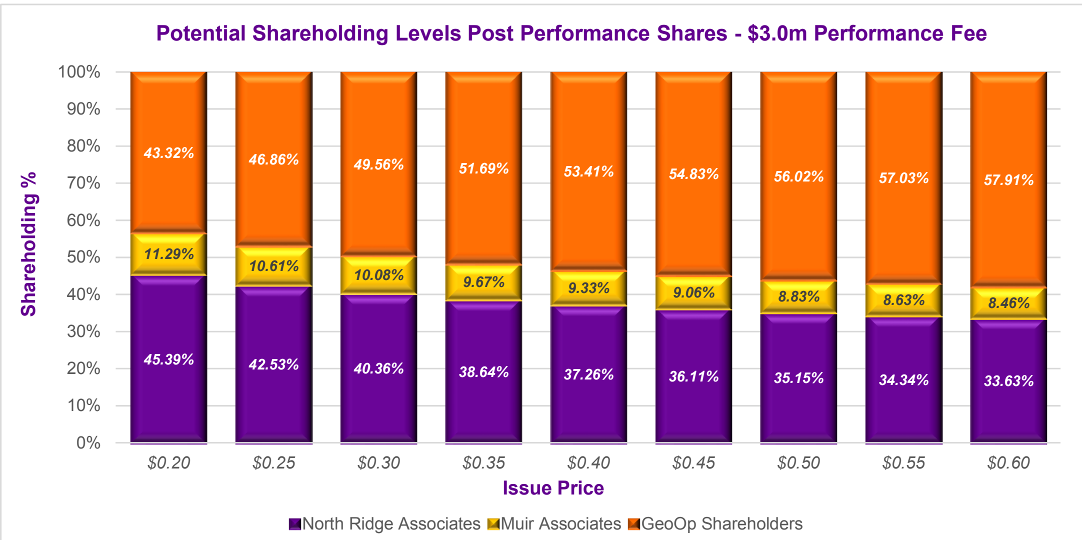


The graph below sets out the range of shareholdings for the GeoOp Shareholders, the North Ridge Associates and the Muir Associates based on:

- a $3.0 million Performance Fee
- the maximum number of Performance Shares being issued at prices ranging from $0.20 to $0.60 per share
- all 15,000,000 Consideration Shares being issued
- no Warranty Shares being issued
- all $3.0 million of the Conversion Shares being issued (at the same issue price as the Performance Shares).

The spread of $0.40 in the issue price varies the IIT Shareholders' collective shareholdings from 42.09% to 56.68%:

- the North Ridge Associates will hold between 33.63% and 45.39%
- the Muir Associates will hold between 8.46% and 11.29%.



Maximum Scenario

Set out below is the maximum number of shares that may be issued to the IIT Shareholders (the **Maximum Scenario**). This assumes:

- 15,000,000 Consideration Shares are issued
- the maximum 7,500,000 Warranty Shares are issued
- the $3.0 million of Convertible Notes are all converted into Conversion Shares
- the issue price for the Conversion Shares is $0.20 per share, resulting in 15,000,000 Conversion Shares being issued
- a Performance Fee of $5.0 million, which is paid in Performance Shares
- the issue price for the Performance Shares is $0.20 per share, resulting in 25,000,000 Performance Shares being issued.

Based on the Maximum Scenario:

- there will be 96,893,299 ordinary shares on issue
- the GeoOp Shareholders will collectively hold 35.50% of the ordinary shares in the Company
- the North Ridge Associates will hold 51.57%
- the Muir Associates will hold 12.93%.

Maximum Scenario							
	GeoOp Shareholders		North Ridge Shareholders		Muir Associates		Total
	Shares	%	Shares	%	Shares	%	Shares
Current	34,393,299	100.00%	-	-	-	-	34,393,299
Consideration Shares	-	-	11,947,595	79.65%	3,052,405	20.35%	15,000,000
Warranty Shares	-	-	5,973,797	79.65%	1,526,203	20.35%	7,500,000
Conversion Shares	-	-	12,137,845	80.92%	2,862,155	19.08%	15,000,000
Performance Shares		-	19,912,658	79.65%	5,087,342	20.35%	25,000,000
Maximum Scenario	34,393,299	35.50%	49,971,895	51.57%	12,528,105	12.93%	96,893,299

We consider the Maximum Scenario to be unlikely to eventuate as:

- the Board is unaware at this point in time of any potential Warranty Claims
- GeoOp's shares have never traded below $0.30
- a Performance Fee of $5.0 million is much higher than the Board's realistic expectations.

Nevertheless, the Maximum Scenario could be considered to be a worst-case scenario from the GeoOp Shareholders' perspective.

1.4 Special Meeting

The GeoOp Shareholders will vote on 3 resolutions in respect of the IIT Acquisition at the Company's special meeting of shareholders on 5 May 2016:

- resolution 1 – a special resolution in respect of the IIT Acquisition
- resolution 2 – an ordinary resolution (the **IIT Allotments Resolution**) in respect of:
  - the allotment of the Consideration Shares to the IIT Shareholders
  - the issue of the Convertible Notes to the IIT Shareholders
  - the allotment of the Conversion Shares to the holders of the Convertible Notes upon their conversion, up to a maximum of 15,000,000 Conversion Shares
  - the allotment of any Performance Shares to the IIT Shareholders, up to a maximum of 25,000,000 Performance Shares
  - the allotment of any Warranty Shares to the IIT Shareholders to satisfy any Warranty Claims, up to a maximum of 7,500,000 Warranty Shares
- resolution 3 – an ordinary resolution in respect of the appointment of Roger Sharp as a director of the Company.

We refer to the allotment of the Consideration Shares, the Warranty Shares, the Conversion Shares and the Performance Shares collectively as the **IIT Allotments**.

A special resolution is passed by a majority of not less than 75% of the votes cast. An ordinary resolution is passed by a simple majority of the votes cast.

The resolutions are interdependent in that all 3 resolutions must be passed in order for any of them to be passed.

1.5 Regulatory Requirements

Takeovers Code

GeoOp is a code company as defined by the Takeovers Code (the **Code**) and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls less than 20% of the voting rights in a code company from increasing its holding or control of voting rights beyond 20%
- a person holding or controlling 20% or more of the voting rights in a code company from increasing its holding or control of voting rights

unless the person and that person's associates comply with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person and its associates to increase their holding or control of voting rights by an allotment of shares if the allotment is approved by an ordinary resolution of the code company.

The IIT Shareholders currently hold no shares in GeoOp and currently have no associates who are GeoOp Shareholders. The North Ridge Associates and the Muir Associates are not deemed to be associates of each other under the Code.

The allotment of the Consideration Shares will result in the North Ridge Associates controlling 24.19% of the voting rights in GeoOp.

If the maximum number of Warranty Shares are allotted, this will increase the North Ridge Associates' control of voting rights to 31.50%.

The conversion of the Convertible Notes into Conversion Shares and / or the allotment of any Performance Shares will result in the North Ridge Associates further increasing their control of the voting rights in GeoOp to up to 51.57% under the scenarios set out in section 1.3.

Accordingly, the GeoOp Shareholders will vote at the Company's special meeting on the IIT Allotments Resolution in respect of the IIT Allotments in accordance with the Code.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

Companies Act 1993 and NZAX Listing Rules

The IIT Acquisition constitutes a major transaction under section 129 (2) of the Act and Rule 9.1.1 (b) of the NZAX Listing Rules (the **Listing Rules**).

Section 129 (1) of the Act and Listing Rule 9.1.1 (c) require that the IIT Acquisition be approved by way of a special resolution. Accordingly, the GeoOp Shareholders will vote at the Company's special meeting on resolution 1 in respect of the IIT Acquisition in accordance with the Act and the Listing Rules.

1.6 Purpose of the Report

The Board has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the IIT Allotments in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 10 March 2016 to prepare the Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Board for the benefit of the GeoOp Shareholders to assist them in forming their own opinion on whether to vote for or against the IIT Allotments Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the IIT Allotments in relation to each shareholder. This report on the merits of the IIT Allotments is therefore necessarily general in nature.

This Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

1.7 Currency References

References to $ are to New Zealand dollars. References to other currencies in the report are to:

- A$ – Australian dollars
- US$ – United States of America (**USA**) dollars
- £ – British pounds.

2. Evaluation of the Merits of the IIT Allotments

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the IIT Allotments having regard to the interests of the GeoOp Shareholders.

There is no legal definition of the term *merits* in New Zealand in either the Code or in any statute dealing with securities or commercial law.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers and the Takeovers Code* dated 7 September 2015
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

We are of the view that an assessment of the merits of the IIT Allotments should focus on:

- the rationale for the IIT Acquisition
- the value of the IIT Shares
- the value of the consideration to be paid to the IIT Shareholders
- the impact of the IIT Acquisition on GeoOp's financial performance and financial position
- the impact of the IIT Acquisition on the control of the Company
- the impact of the IIT Acquisition on GeoOp's share price
- the benefits and disadvantages for the North Ridge Associates of the IIT Acquisition
- the benefits and disadvantages for the GeoOp Shareholders of the IIT Acquisition
- the implications if the IIT Allotments Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the IIT Allotments

Our evaluation of the merits of the IIT Acquisition (including the IIT Allotments) is set out in detail in sections 2.3 to 2.15.

The IIT Acquisition is effectively a scrip merger of GeoOp and IIT whereby GeoOp will acquire IIT for $9.0 million and the IIT Shareholders will own at least 30.37% of GeoOp's shares.

Following the IIT Acquisition, the North Ridge Associates will potentially hold up to 51.57% of the Company's ordinary shares if the Convertible Notes are converted into Conversion Shares, a $5.0 million Performance Fee is paid by way of the issue of Performance Shares and the Conversion Shares and Performance Shares are issued at $0.20 per share.

In summary, the key positive aspects of the IIT Acquisition are:

- the rationale for the IIT Acquisition is sound. The 2 businesses are complementary and their merger is expected to generate significant operational and financial synergies
- the terms of the IIT Acquisition are reasonable:
  - we assess the standalone value of the IIT Shares to be in the range of $6.1 million to $8.5 million
  - we estimate the value of the synergies arising from the IIT Acquisition could be in the range of $2.3 million to $4.0 million. Accordingly, the potential value of the IIT Shares to GeoOp could be in the range of $8.4 million to $12.5 million if the value of the synergistic benefits are realised
  - we assess the value of the consideration to be paid to the IIT Shareholders to be in the range of $8.2 million to $8.9 million
  - the Consideration Shares will be issued at $0.40 per share, which is at a premium of 5.3% to the one month VWAP up to the announcement of the IIT Acquisition of $0.38
  - the Convertible Notes carry a zero coupon, thus alleviating the Company of any interest expense on the $3 million principal amount
  - the issue price of the Conversion Shares and the Performance Shares is at the 90 business day VWAP, thereby ensuring the shares will be issued at market value and therefore will not be value-dilutionary to the GeoOp Shareholders
  - the Performance Fee will only be paid if GeoOp earns recurrent revenues in the 2017 financial year in excess of $4.5 million. The forecast combined recurrent revenues for the 2016 financial year are $4.3 million
- the IIT Acquisition will have a significant positive impact on the Company's financial performance and financial position. GeoOp will significantly increase in size and scale following the IIT Acquisition. The merged businesses will have:
  - combined forecast total revenues of $4.5 million for the 2016 financial year (compared with GeoOp's forecast total revenues of $2.1 million)
  - total equity of at least $9.9 million (compared with GeoOp's total equity of $3.9 million as at 31 December 2015)
- the main implication of the IIT Allotments Resolution not being approved by the GeoOp Shareholders is that the IIT Acquisition cannot proceed. The Company will need to raise additional capital in a relatively short timeframe to fund its growth initiatives. The probability of GeoOp successfully raising additional capital is likely to be greater if it acquires IIT due to the increase in the Company's size and scale and the involvement of North Ridge in the Capital Raising.

In summary, the key negative aspects of the IIT Acquisition are:

- the North Ridge Associates will control between 24.19% and possibly up to 51.57% of the Company's shares following the IIT Allotments:
  - they will hold significant influence over the outcome of shareholding voting and exert a high degree of influence over the Board and the Company's operations
  - however, if no North Ridge Associate controls more than 50% of the Company's voting rights, then the North Ridge Associates will not be able to utilise the *creep* provisions of Rule 7(e) of the Code to buy up to a further 5% of the Company's shares per annum without the need for shareholder approval
- the dilutionary impact of the IIT Acquisition on the GeoOp Shareholders will result in their proportionate shareholdings in the Company reducing by at least 30% following the IIT Allotments and possibly by up to 65%
- the attraction of GeoOp as a takeover target may diminish.

The IIT Acquisition is unlikely to have any significant impact on the liquidity of GeoOp's ordinary shares as the number of shares held by the GeoOp Shareholders will not change. It is uncertain as to what price range the shares may trade at post the IIT Acquisition.

There are a number of positive and negative features associated with the IIT Acquisition. In our view, when the GeoOp Shareholders are evaluating the merits of the IIT Acquisition, they need to carefully consider whether the negative aspects of the IIT Acquisition, including the level of control that the North Ridge Associates will hold over the Company and the dilutionary impact, could justify voting against the IIT Allotments Resolution with the outcome that the Company will not be able to acquire IIT and will need to seek alternative sources of capital within a relatively short timeframe in order to continue to fund its growth initiatives.

In our opinion, after having regard to all relevant factors, the positive aspects of the IIT Acquisition (including the IIT Allotments) significantly outweigh the negative aspects from the perspective of the GeoOp Shareholders.

2.3 Rationale for the IIT Acquisition

Background

We understand that GeoOp first entered into discussions with the IIT Shareholders in or around April 2015. As discussions took place, the strategic fit between the 2 entities became apparent:

- GeoOp and IIT are approximately the same size and are complementary in operating model, sales model and service model
- IIT's application serves multiple industries that use, or have need for, GeoOp's mobile workforce productivity suite
- the IIT Acquisition will provide GeoOp with additional scale, additional distribution, a strong base in the USA, realisable cost synergies and an accelerated path to profit for the business
- the Board views North Ridge as having a successful track record in active technology investing and expects it will bring additional capability to the GeoOp business.

We understand that the terms of the IIT Acquisition were arrived at following robust negotiations between GeoOp and the IIT Shareholders. A key principle on GeoOp's part in the negotiations was that no cash would be paid by GeoOp to the IIT Shareholders unless post acquisition financial performance exceeded expectations. GeoOp has the option of paying any Performance Fee in cash, Performance Shares or a combination of the 2.

Board's View

The Board has stated that it views the IIT Acquisition as an important strategic acquisition. The core IIT mobile sales application will become part of GeoOp's tools for workforce management and business productivity, representing a further step in creating a multi-product proposition for businesses that want to become more efficient and manage their staff better, especially mobile staff.

IIT's customers are predominantly in Australia and the USA. The Board considers IIT's USA presence should enhance GeoOp's geographic expansion, which, through partnerships with AppDirect and MyCloudCure, will continue to increase its presence and market share in the USA.

GeoOp has identified significant synergistic benefits arising from the IIT Acquisition. The Company estimates that cost savings of 10% to 15% may be able to be realised and revenue synergies are expected to arise through leveraging the respective customer bases to cross-sell the combined entity's mobile applications. The Board envisages that the combined entity will have significantly reduced cash requirements and time to break even.

Conclusion

We consider the rationale for the IIT Acquisition to be sound. The IIT Acquisition is effectively a scrip merger of GeoOp and IIT at agreed values of $13.8 million for GeoOp (based on a value of $0.40 per share) and $9.0 million for IIT. The 2 businesses are complementary and their merger is expected to generate significant operational and financial synergies.

2.4 Value of the IIT Shares

Our assessment of the value of the IIT Shares is set out in section 5.

We assess the value of the IIT Shares on a standalone basis (ie based on its current strategic initiatives and excluding any value attributable to synergies arising from merging with GeoOp) to be in the range of $6.1 million to $8.5 million as at the present date.

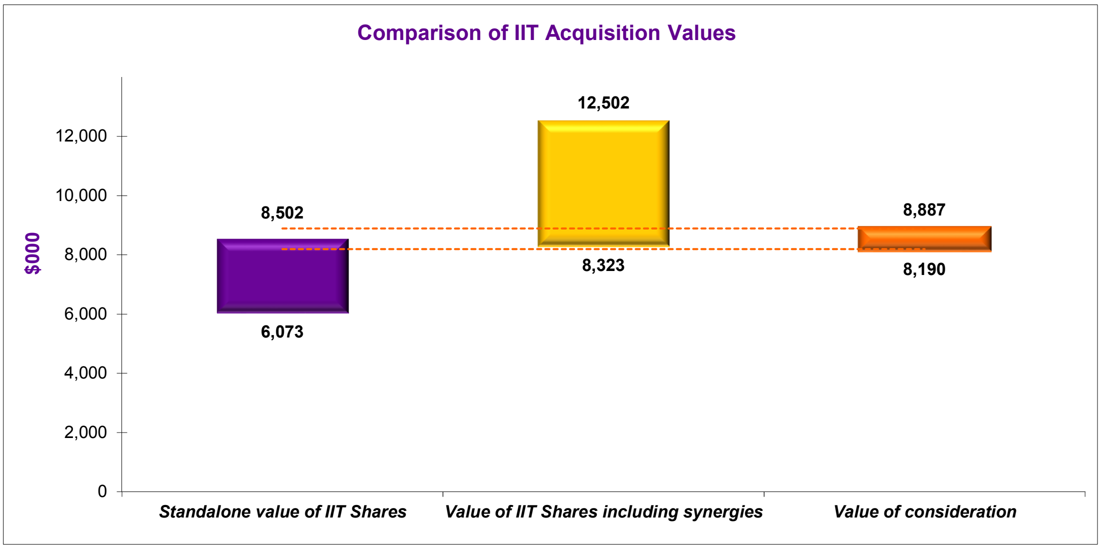
Based on the analysis undertaken by GeoOp and North Ridge, we estimate that the value of the synergies arising from the IIT Acquisition could be in the range of $2.3 million to $4.0 million.

Accordingly, the potential value of the IIT Shares to GeoOp could be in the range of $8.4 million to $12.5 million, assuming the value of the synergistic benefits are realised.

2.5 Value of the Consideration

Our assessment of the value of the consideration to be paid to the IIT Shareholders for the IIT Shares is set out in section 6.

We assess the value of the consideration to be in the range of $8.2 million to $8.9 million. This excludes any Performance Fee.



The low end of the assessed value of the consideration of $8.2 million is close to the top end of the range of assessed values for the IIT Shares on a standalone basis.

The high end of the assessed value of the consideration of $8.9 million is $0.3 million above the top of the range of assessed values for the IIT Shares on a standalone basis.

If the forecast synergies are achieved, the value of the IIT Shares to GeoOp will be significantly higher than the standalone value.

The assessed value of the consideration is at the bottom end of the range of assessed values for the IIT Shares including the synergies.

Accordingly, we consider the IIT Acquisition to be fair to the GeoOp Shareholders from a financial point of view.

2.6 Impact on Financial Performance and Financial Position

Financial Performance

A summary of GeoOp's recent financial performance is set out at section 3.9 and IIT's recent financial performance is set out at section 4.5.

The table below combines GeoOp's and IIT's forecast financial performance for the 2016 financial year.

Summary of Combined Forecast Financial Performance

	Year to 30 Jun 16 (Forecast)		
	GeoOp $000	**IIT $000[1]**	**Combined $000**
Revenues	2,113	2,429	4,542
Expenses	5,788	2,510	8,298
Net (loss)	(3,675)	(81)	(3,756)
Net loss as % of revenues	(174%)	(3%)	(83%)

1 At an exchange rate of $1=A$0.90

Source: GeoOp and IIT 2016 forecasts

The pro forma combined results show that GeoOp's forecast revenue will more than double while its net loss margin will reduce considerably.

Financial Position

A summary of GeoOp's recent financial position is set out in section 3.10 and IIT's recent financial position is set out at section 4.6.

For illustrative purposes, the table below shows the pro forma combined financial position of GeoOp and IIT following the IIT Acquisition using the most recent financial positions for the 2 companies.

Summary of GeoOp Financial Position

	GeoOp 31 Dec 15 $000	**IIT 31 Jan 16 $000[1]**	**IIT Acquisition $000**	**Pro Forma Combined $000**
Current assets	2,968	442		3,410
Non current assets	1,480	9,169[2]		10,649
Total assets	4,448	9,611		14,059
Current liabilities	(513)	(578)		(1,091)
Non current liabilities	-	(33)	(3,000)[3]	(3,033)
Total liabilities	(513)	(611)	(3,000)	(4,124)
Total equity	3,935		6,000[4]	9,935
No. of shares (000)	34,393		15,000[4]	49,393
Net assets per share	$0.11			$0.20
Net tangible assets (**NTA**) per share	$0.09			$0.00

1 At an exchange rate of $1=A$0.90
2 Includes $7.6 million of goodwill on acquisition, excludes deferred tax asset
3 $3.0 million of Convertible Notes
4 $6.0 million of Consideration Shares

Source: GeoOp 2016 interim report and IIT 31 January 2016

The pro forma combined financial position shows that GeoOp's total equity will increase from $3.9 million to $9.9 million and net assets per share will increase from $0.11 to $0.20 per share. NTA per share will decrease from $0.09 to nil.

2.7 Impact on Control

Share Capital and Shareholders

GeoOp currently has 34,393,299 fully paid ordinary shares on issue held by 1,495 GeoOp Shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders as at 8 April 2016 are set out in section 3.8.

GeoOp currently has 5 shareholders holding more than 5% of the Company's shares:

- Cloud Rainmakers Limited (**Cloud**) – 10.24%
- New Zealand Central Securities Depository Limited (**NZCSD**) – 9.45%
- Lola Nominees Limited (**Lola**) – 8.38%
- Simon Fraser, Lisa West and Town & Country Trustees Limited – 5.22%
- Silvia Trustees Limited (**Silvia**) – 5.11%.

The 5 shareholders collectively hold 38.39% of the Company's shares and the 10 largest shareholders collectively hold 51.04% of the Company's shares.

North Ridge Associates' Potential Shareholding Levels

The North Ridge Associates' shareholding levels during the various stages of the IIT Acquisition will be as follows:

- immediately following the issue of the Consideration Shares – 24.19%
- immediately following the issue of the Consideration Shares and the maximum number of Warranty Shares – 31.50%
- following the issue of any Conversion Shares and Performance Shares – potentially up to 51.57% (assuming all the Convertible Notes are converted to Conversion Shares, a $5.0 million Performance Fee is paid by way of Performance Shares and an issue price of $0.20 per share).

The IIT Acquisition will enable the North Ridge Associates to hold at least 24.19% of the voting rights in the Company without having to make a formal offer to all shareholders in accordance with Rules 7(a) or 7(b) of the Code. This is the reason why the Code requires the GeoOp Shareholders to have the opportunity to vote for or against the IIT Allotments Resolution.

Shareholding Voting

The North Ridge Associates' ability to influence the outcome of shareholder voting will be significant. The North Ridge Associates' control of at least 24.19% and potentially up to 51.57% of the Company's voting rights will enable them to block special resolutions (which require the approval of 75% of the votes cast by shareholders) and possibly singlehandedly block or pass ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders).

We note that while a 24.19% interest is technically not sufficient to singlehandedly block a special resolution, in reality, it most likely is in a listed company with more than 1,400 shareholders (as GeoOp currently has). This is because a number of shareholders in listed companies tend not to vote on resolutions and hence the relative weight of the 24.19% interest increases. This suggests that if the North Ridge Associates held a shareholding level less than but close to 50%, they may be able to singlehandedly determine the outcome of an ordinary resolution.

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code, the Listing Rules and the Act.

Ability to Creep

After the allotment of the Consideration Shares, the North Ridge Associates will control 24.19% of the Company's ordinary shares. The issue of any Warranty Shares, Conversion Shares or Performance Shares will increase the North Ridge Associates' shareholding in GeoOp to possibly up to 51.57% (assuming an issue price of $0.20 per share and a $5.0 million Performance Fee).

As long as each North Ridge Associate controls 50% or less of the voting rights in the Company, then the North Ridge Associates will not be able to utilise the *creep* provisions of Rule 7(e) of the Code. The *creep* provisions enable entities that hold more than 50% and less than 90% of the voting securities in a code company to buy up to a further 5% of the code company's shares per annum without the need for shareholder approval.

Board Control

As set out in section 3.7, the Company currently has 4 directors, none of whom are deemed to be associates of the IIT Shareholders.

The IIT Shareholders will nominate one director to be appointed to the Board. They propose that Roger Sharp (IIT's chair) join the Board.

The appointment of Mr Sharp is subject to shareholder approval (resolution 3).

The Board has determined that upon the completion of IIT Acquisition, Mr Sharp will assume the role of chair of the Board. Accordingly, the North Ridge Associates will be able to exert a high degree of influence over the Board.

Operations

We are advised by the Company that at this point in time, it is uncertain as to the level of input that the IIT Shareholders and / or IIT's management will have over the operations of the Company. Given the plans to enhance revenue through cross-selling, it is expected that the North Ridge Associates and / or IIT's management will have a degree of input into GeoOp's operations.

In any event, the North Ridge Associates will have a degree of influence over the Company's operations through its Board representation and its shareholding voting control.

In addition, following the IIT Acquisition, GeoOp will enter into a binding mandate agreement with North Ridge whereby North Ridge will be appointed lead manager, book runner and corporate adviser for the Capital Raising.

2.8 Dilutionary Impact

The IIT Acquisition will result in the GeoOp Shareholders' shareholdings in the Company being significantly diluted.

Following the issue of the Consideration Shares, each GeoOp Shareholder's interest in the Company will be diluted by 30%.

Each GeoOp Shareholder's interest in the Company will be further diluted if any Conversion Shares, Performance Shares or Warranty Shares are issued. Based on the scenarios set out in section 1.3, each GeoOp Shareholder's interest in the Company could be diluted by up to 65%.

While the potential dilutionary impact is significant, we are of the view that the GeoOp Shareholders' main focus should be on whether there is any dilutionary impact on the value of their respective shareholdings rather than on their level of voting rights. As stated in section 2.5, we are of the view that the IIT Acquisition is fair to the GeoOp Shareholders from a financial point of view and therefore does not dilute the value of their respective shareholdings.

2.9 Impact on Share Price and Liquidity

Share Price

A summary of GeoOp's closing share price since it first listed on the NZAX on 31 October 2013 is set out in section 3.12.

The issue of the Consideration Shares (and any Warranty Shares) will be undertaken at $0.40 per share. This price represents:

- a premium of 5.3% over the last share price immediately prior to the announcement of the IIT Acquisition on 11 March 2016 of $0.38
- a 5.3% premium over the 1 month VWAP of $0.38
- a 2.6% premium over the 3 month VWAP of $0.39
- a 4.8% discount to the 6 months VWAP of $0.42
- a 11.1% discount to the 12 months VWAP of $0.45.

The issue price of any Conversion Shares or Performance Shares allotted to the IIT Shareholders will be at the 90 business day VWAP up to the issue date.

In our view, the IIT Allotments are unlikely to have any significant impact on the Company's share price as the respective issue prices will either be at, or close to, the prevailing market price.

Liquidity

The analysis in section 3.12 shows that GeoOp's shares are thinly traded on the NZAX, with only 7.1% of the shares being traded in the year up to the announcement of the IIT Acquisition.

The IIT Allotments will not improve the liquidity of the Company's shares as the number of shares held by the GeoOp Shareholders will not change.

However, should the IIT Shareholders seek to dispose of some of their GeoOp shares, this may result in increased trading in the Company's shares, thereby improving liquidity.

2.10 Key Benefits to the North Ridge Associates

The IIT Acquisition provides the North Ridge Associates with the opportunity to acquire a significant shareholding in GeoOp. They will exchange their 79.65% investment in a closely held non-listed Australian company for a significant shareholding in a New Zealand company listed on the NZAX and which will be approximately double the size of IIT.

2.11 Disadvantages to the North Ridge Associates

Exposure to the Risks of GeoOp

The key issues and risks that are likely to impact upon the business operations of GeoOp are summarised in section 3.6. The Company is still at an early growth stage and faces numerous risks commonly associated with early stage emerging businesses. As the North Ridge Associates' ownership in GeoOp increases, so does their exposure to these risks.

However, the North Ridge Associates currently face, by and large, the same risks through their investment in IIT and therefore their risk exposure does not change to any significant extent.

2.12 Other Issues

Benefits to GeoOp of the North Ridge Associates as Cornerstone Shareholders

The IIT Acquisition will position the North Ridge Associates as important cornerstone strategic investors in the Company, signalling their confidence in the future prospects of GeoOp.

North Ridge is an independent merchant bank that invests in and advises technology companies throughout the Asia Pacific region. The Board expects that North Ridge's experience in the technology sector and its wide range of relationships with potential investors will be extremely beneficial for GeoOp.

Capital Raising

Under the IIT Deed, the Board has agreed to undertake the Capital Raising with North Ridge acting as lead manager, book runner and corporate adviser.

Potential Australian Listing

Following the IIT Acquisition, the Board intends (subject to market conditions and the performance of the combined company) to list GeoOp on the Australian Stock Exchange (**ASX**), either as part of the Capital Raising or at a later date.

GeoOp Shareholders Approval is Required

Pursuant to Rule 7(d) of the Code, the GeoOp Shareholders must approve by ordinary resolution the IIT Allotments. They must also approve by special resolution the IIT Acquisition.

The IIT Acquisition will not proceed unless the GeoOp Shareholders approve the IIT Allotments Resolution and the special resolution in respect of the IIT Acquisition.

May Reduce the Likelihood of a Takeover Offer

Following the IIT Acquisition, the North Ridge Associates will not be able to increase the level of their shareholding unless they comply with the provisions of the Code. They will only be able to acquire more shares in the Company if:

- they make a full or partial takeover offer
- the acquisition is approved by way of an ordinary resolution of the Company's shareholders excluding the North Ridge Associates
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Company's shareholders excluding the North Ridge Associates
- the Company undertakes a share buyback that is approved by the Company's shareholders and the North Ridge Associates do not accept the offer of the buyback
- they comply with the *creep* provisions of Rule 7(e) of the Code.

If the North Ridge Associates hold at least 24.19% of the Company's shares and possibly up to 51.57%, this may reduce the likelihood of a takeover offer for the Company from the North Ridge Associates as they may consider that they have sufficient control over the Company.

It is possible that if the North Ridge Associates did make a takeover offer for further shares in the Company, they may offer a control premium that is lower than would otherwise be expected as they may value their offer on the basis that they already had significant control of the Company and hence do not need to pay a control premium of any significance.

The North Ridge Associates' minimum shareholding of 24.19% may also reduce the attraction of GeoOp as a takeover target to other parties, as any bidder looking to fully or partially take over the Company would need to ensure that the North Ridge Associates would accept its offer.

2.13 Likelihood of the IIT Allotments Resolution Being Approved

The Board has unanimously recommended the approval of the resolutions. The Board collectively hold 22.52% of the Company's shares which we assume will be voted in favour of the resolutions.

The Company's top 10 shareholders (which include 3 Board members) collectively hold 51.04% of the Company's shares. We are not aware of how other major shareholders will vote in respect of the resolutions. However, the Board's collective shareholding will significantly influence the outcome of the voting – especially in respect of the 2 ordinary resolutions (the IIT Allotments Resolution and the appointment of Mr Sharp to the Board) which have lower approval thresholds than the special resolution in respect of the IIT Acquisition.

2.14 Implications of the IIT Allotments Resolution not Being Approved

If the IIT Allotments Resolution is not approved, then the IIT Acquisition cannot proceed as all 3 resolutions must be approved.

GeoOp had equity of $3.9 million as at 31 December 2015 and cash of $2.7 million as at that date. Its cash burn rate is currently $0.3 million per month, implying that the Company will need to undertake another capital raising in the near future. The non-approval of the IIT Acquisition could possibly have negative implications for future capital raising initiatives as potential investors may be hesitant to invest in the Company – especially if shareholder approval is required.

2.15 Options for GeoOp Shareholders who do not Wish to Retain Their Investment in GeoOp

Minority Buy-out Rights Under the Act

If resolution 1 in respect of the IIT Acquisition is passed and the IIT Acquisition becomes unconditional, those GeoOp Shareholders who voted against the special resolution will be entitled to require the Company to buy their shares in accordance with the provisions of the Act.

A shareholder entitled to require the Company to purchase its shares by virtue of section 110 of the Act may, within 10 working days of the passing of the special resolution, give written notice to the Company requiring it to purchase the shares.

The Board is then required to give notice to the shareholder of a fair and reasonable price for the shares. Shareholders who do not agree with the nominated price can object to the price, in which case the price will be determined by arbitration.

We note however that a condition of the IIT Acquisition is that no more than 500,000 shares in aggregate (or $200,000 in value) are subject to buyback by GeoOp as a result of GeoOp Shareholders invoking their rights under section 110 of the Act. If a greater number of shares is subject to the buyback, then GeoOp will have to apply to the Court for relief from the buyback obligation, otherwise the condition will not be met.

Sell On-market

If the IIT Acquisition is completed and GeoOp Shareholders do not wish to remain shareholders in the Company, they could look to sell their shares on-market at the current market price.

Since the IIT Acquisition was announced on 11 March 2016, a total of 484,114 shares have traded on the NZAX up to 12 April 2016 in the range of $0.26 to $0.39 and at a VWAP of $0.33. However, the ability to sell on-market may not be an option for large parcels of shares due to the lack of liquidity in the market.

2.16 Voting For or Against the IIT Allotments Resolution

Voting for or against the IIT Allotments Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Profile of GeoOp Limited

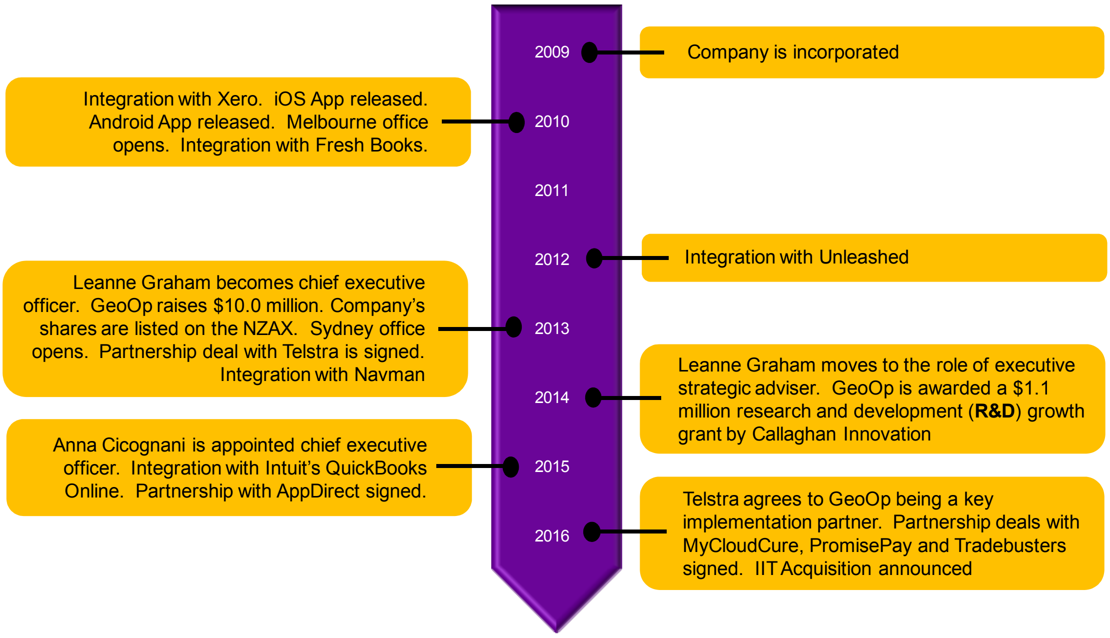
3.1 Background

GeoOp was incorporated on 20 May 2009. The Company was set up by Nicholas Bartlett, a technology entrepreneur focused on integrating cloud-based software into businesses and Simon Fraser and Brendan Cervin, software developers with over 30 years' combined experience in the IT and telecommunications industry.

The Company's name at the time of incorporation was Clouds 101 Limited. It changed its name to Saasilia Limited on 4 August 2009 and to GeoOp Limited on 15 September 2011.

GeoOp listed its shares on the NZAX on 31 October 2013 following the Company raising $10.0 million of new equity from eligible persons and habitual investors at $1.00 per share to accelerate its global expansion and value creation strategy.

Key events in the Company's history are set out below.



3.2 Nature of Operations

Overview

The GeoOp mobile application is a digital tool that helps businesses manage jobs, clients and employees in the field by:

- allowing users to create, schedule and assign jobs for workers in the field
- enabling field workers to record job details and attach photos, signatures and files in real time
- enabling jobs to be invoiced immediately on completion and payments undertaken.

The mobile application can be downloaded on Apple, Android and Windows devices and is written in native languages for each platform.

Core Features

The GeoOp mobile application's core features include:

- real-time scheduling
- GPS tracking
- job updates
- maps and directions
- paperless job administration
- record management
- integration with other business applications
- reporting
- mobility.

Target Markets

All of GeoOp's target markets typically share core job management and costing requirements.

GeoOp's key target markets include:

- building related trades (such as plumbing, electrical, painting, plastering, building, drainage, roofing)
- technical related trades (such as computer technicians, engineers, maintenance and repair, telecommunications, air conditioning, alarm installation, home installation)
- health services (such as homecare, community workers, mobile therapists, mobile vets, outsourced medical, childcare)
- general services (such as towing, cleaning, moving, delivery, locksmiths, arborists, photography, landscaping).

GeoOp is currently used in over 30 countries by more than 21,000 licensed users.

Strategic Alliances

GeoOp has entered into strategic alliances with organisations who deliver solutions which serve small businesses, including:

- Telstra (Australia)
- AppDirect (USA)
- MyCloudCure (USA)
- PromisePay (Australia)
- Tradebusters (Australia).

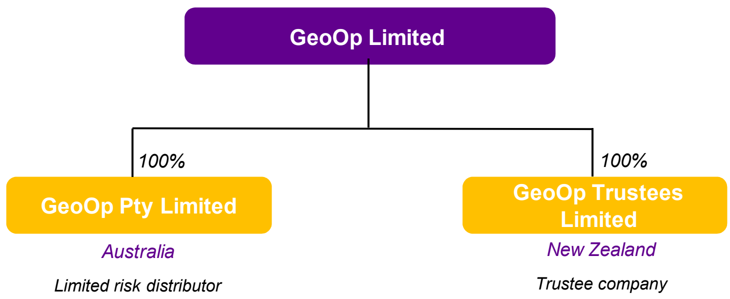
Integration with Third-party Applications

GeoOp mobile application supports integration with the following third-party applications:

- Xero
- FreshBooks
- MYOB
- Unleashed
- Navman
- EROAD
- iAuditor
- ArmadaGPS
- QuickBooks Online.

3.3 Group Structure

GeoOp has 2 wholly owned subsidiaries:

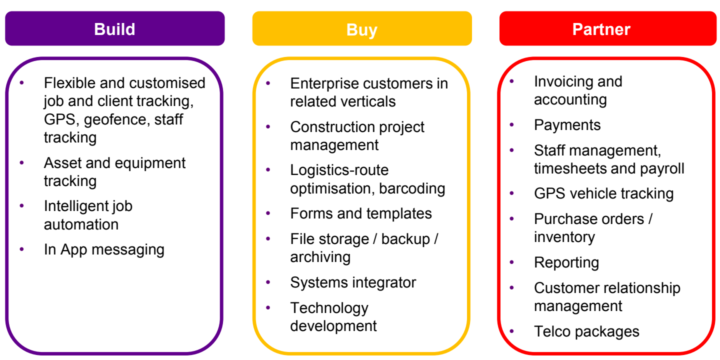


3.4 Corporate Strategy

GeoOp's strategic objective is focused on migrating from job management to workforce productivity.

The Company aims to become a global workforce productivity platform offering products which help medium / enterprise businesses become more productive.

GeoOp's current strategic initiatives are focused on 3 streams – *Build*, *Buy* and *Partner*.



3.5 Competition

GeoOp is subject to competition from a wide variety of firms, including:

- Jobsheet (New Zealand)
- iTrade (New Zealand)
- Tradify (New Zealand)
- vWork (New Zealand)
- Fergus (New Zealand)
- ServiceM8 (Australia)
- ServiceMinder (USA)
- RazorSync (USA)
- Jobber (Canada)
- MobiJobi (Israel).

3.6 Key Issues Affecting GeoOp

GeoOp is a relatively early stage technology business. The main industry and specific business factors and risks that GeoOp faces include:

- the inability to develop or introduce new product offerings and / or keep pace with technological changes may lead to customer losses and / or fail to attract new customers
- the Company's products may not attain widespread acceptance, thereby restricting GeoOp's future growth prospects
- GeoOp may not be able to compete successfully against its current and any future competitors
- deterioration in relationships with the Company's partners may have an adverse effect on the Company's financial performance
- interruptions or delays in service from any of GeoOp's third party service providers (such as data centres) could impair the delivery of the Company's services
- the inability to protect and enforce the Company's intellectual property rights
- material defects or errors in the software that GeoOp uses to deliver its services could harm its reputation, result in significant costs and impair the Company's ability to sell its services
- the loss of, or failure to attract key personnel who GeoOp is dependent upon, may adversely affect the Company's operations
- the inability to adequately fund the Company's operations may cause it to adopt alternative funding options or a modified growth strategy.

3.7 Directors and Senior Management

The directors of GeoOp are:

- Vivienne Brownrigg, independent director
- Leanne Graham, non-executive director
- Richard Suhr, independent director
- Mark Weldon, non-executive chair.

The Company's senior management team comprises:

- Anna Cicognani, chief executive officer
- Rhonda Robati, chief revenue officer
- Rachel White, (interim) chief financial officer
- Brendan Cervin, head of product
- Ben Ataya, technical delivery manager
- Vanessa Hamilton, director of sales and marketing.

3.8 Capital Structure and Shareholders

Ordinary Shares

GeoOp currently has 34,393,299 fully paid ordinary shares on issue held by 1,495 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 8 April 2016 are set out below.

GeoOp's 10 Largest Shareholders

Shareholder	No. of Shares Held	%
Cloud	3,520,994	10.24%
NZCSD	3,249,500	9.45%
Lola	2,880,718	8.38%
Simon Fraser, Lisa West and Town & Country Trustees Limited	1,794,761	5.22%
Silvia	1,758,342	5.11%
Brendan Cervin and Neilsons Trustee (2013) Limited	1,673,183	4.86%
Dune Trustees Limited (**Dune**)	1,054,237	3.07%
Stewart Reynolds	696,226	2.02%
FNZ Custodians Limited	517,602	1.51%
Hodge Tech Limited	408,334	1.19%
Subtotal	17,553,897	51.04%
Others (1,485 shareholders)	16,839,402	48.96%
Total	34,393,299	100.00%

Source: NZX Company Research

7 out of the 8 largest shareholdings are held by, or on behalf of, directors or former directors and executives of the Company:

- Cloud is controlled by director Leanne Graham, who was GeoOp's chief executive officer between February 2013 and September 2014
- Lola is controlled by Mark Weldon, GeoOp's chair
- Simon Fraser and Brendan Cervin are founders of the Company and former directors (up to July 2013).
- Silvia is associated with Nicholas Bartlett, a founder of the Company and a former director (up to August 2013)
- Dune is controlled by director Vivienne Brownrigg
- Stewart Reynolds is the former chief financial officer of the Company.

NZCSD is a custodian company wholly-owned by the Reserve Bank of New Zealand. It operates as a bare trustee and is the custodian for securities beneficially owned by members of NZClear (New Zealand's principal high value securities depository).

The names, number of shares and percentage holding of the shareholders whose shares are held via NZCSD are set out below.

NZCSD Shareholders

Beneficial Shareholder	No. of Shares Held	%
JPMorgan Chase Bank, NA (**JPMorgan**)	3,192,000	9.28%
Private Nominees Limited	17,500	0.05%
HSBC Nominees (New Zealand) Limited	16,800	0.05%
Citibank Nominees (New Zealand) Limited	13,000	0.04%
National Nominees Limited	10,200	0.03%
Total	3,249,500	9.45%

Source: NZX Company Research

The JPMorgan shareholding includes 3,125,000 shares held on behalf of Ryder Capital Limited (**Ryder Capital**), a specialist small to mid-cap listed equities investor.

Warrants

GeoOp granted 1,703,528 warrants on 24 September 2015 in conjunction with the private placement of 5,110,583 ordinary shares that were issued at $0.48 per share. The warrants were granted on a 1:3 basis for no additional consideration.

The key terms of the warrants are:

- each warrant converts to a fully paid ordinary share at an exercise price of $0.48 per warrant
- they are exercisable at the warrantholder's election on either 30 April 2016, 31 July 2016 or 31 October 2016.

The warrants are currently out of the money.

3.9 Financial Performance

A summary of GeoOp's recent financial performance is set out below.

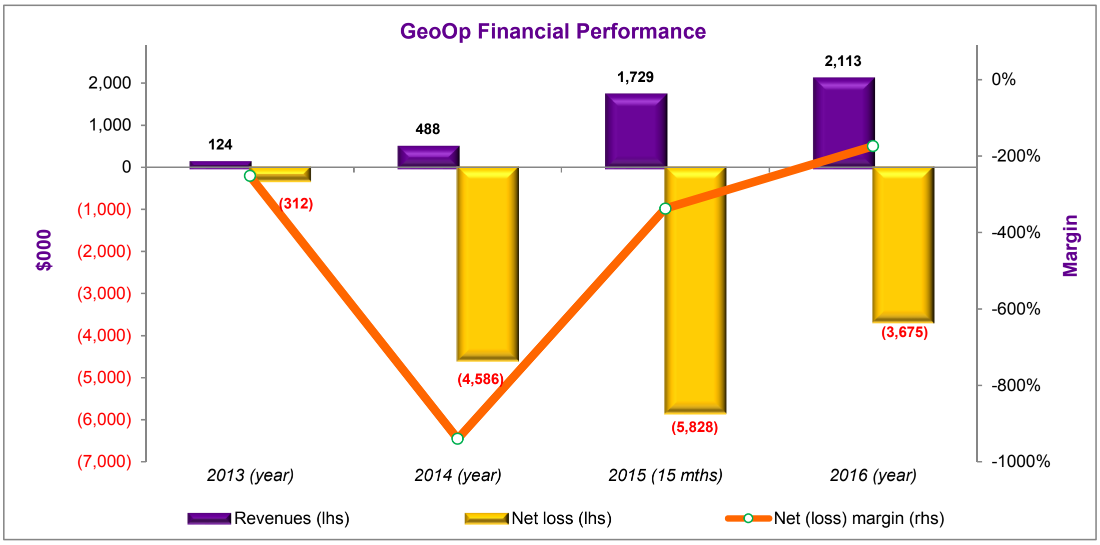
Summary of GeoOp Financial Performance

	Year to 31 Mar 13 (Audited) $000	Year to 31 Mar 14 (Audited) $000	15 Mths to 30 Jun 15 (Audited) $000	Year to 30 Jun 16 (Forecast)[2] $000
Revenues	124	488	1,729	2,113
Expenses	436	5,074	7,557	5,788
Net (loss) for the period	(312)	(4,586)	(5,828)	(3,675)
EPS ($)	($2.94)	($0.24)	($0.21)	($0.11)
Number of licensed users[1]	2,300	9,509	19,009	23,615
ARPU ($)	$32.61	$64.18	$78.13	$90.32

1 As at balance date
2 Pro forma

EPS: Earnings (loss) per share
ARPU: Average annual revenue per user

Source: GeoOp annual reports and 2016 forecast



In June 2014, GeoOp elected to change its balance date to 30 June to better align with the seasonality in the business.

Revenues

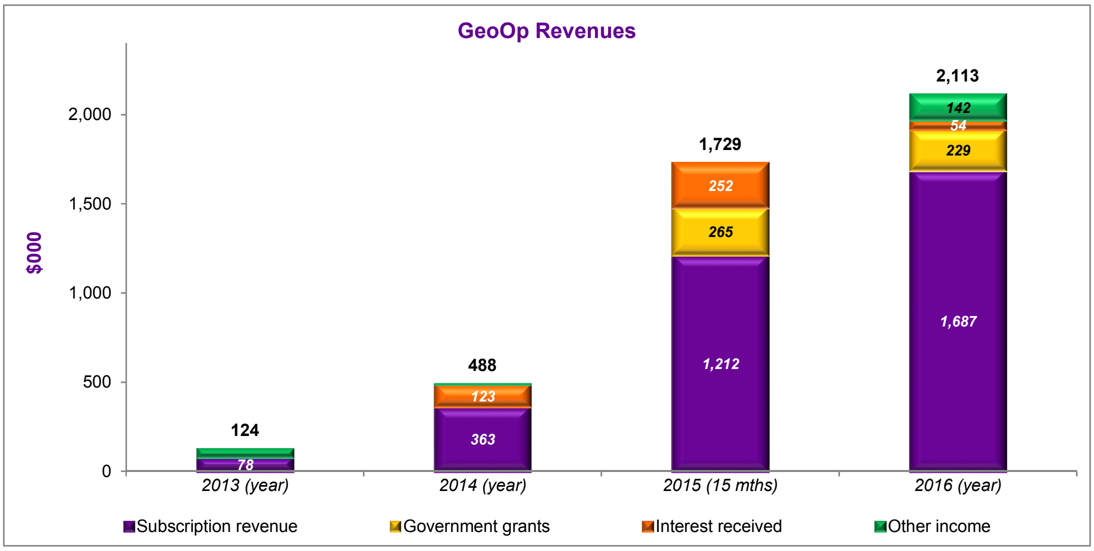
GeoOp uses the software as a service (**SaaS**) business model to distribute its products to the market. The Company derives its revenues primarily from subscription revenue, which is generally invoiced on a monthly basis. GeoOp mainly uses a direct sales strategy supported by both strategic channel partnerships (eg Telstra and AppDirect) and a referrals strategy to reach users.

GeoOp also derives revenue from:

- Government grants from Callaghan Innovation, relating to GeoOp's R&D investment
- interest received

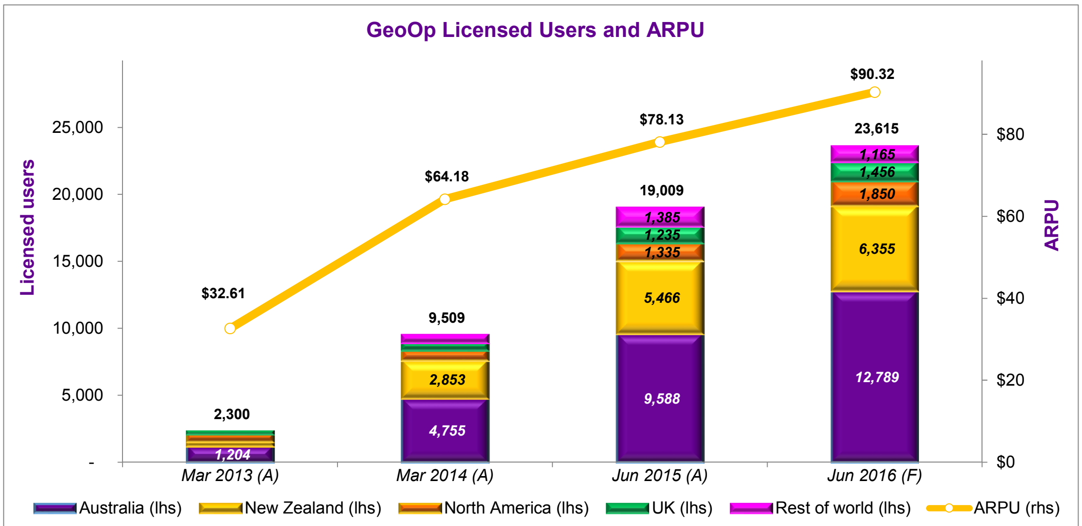
- other sources such as development revenue and training and implementation revenue.

The Company's annual revenue has steadily increased from $0.1 million in the 2012 financial year to $1.7 million in the 2015 15 months financial period and is forecast to be $2.1 million in the 2016 financial year.



Subscription revenue represented 70% of the Company's total revenues in the 2015 15 months financial period and is forecast to be 80% in the 2016 financial year.

Government grant income represented 15% of the Company's total revenues in the 2015 15 months financial period and is forecast to be 11% in the 2016 financial year.



Licensed user numbers have increased from 2,300 as at 31 March 2013 to 21,210 as at 31 December 2015, representing a compound annual growth rate (**CAGR**) of 120%. Licensed user numbers are forecast to be 23,615 as at 30 June 2016, representing annual growth of 24% over licensed user numbers as at 30 June 2015.

As at 31 December 2015, Australia accounted for 55% of licensed users, New Zealand accounted for 26%, North America 8%, the UK 6% and the rest of the world 5%.

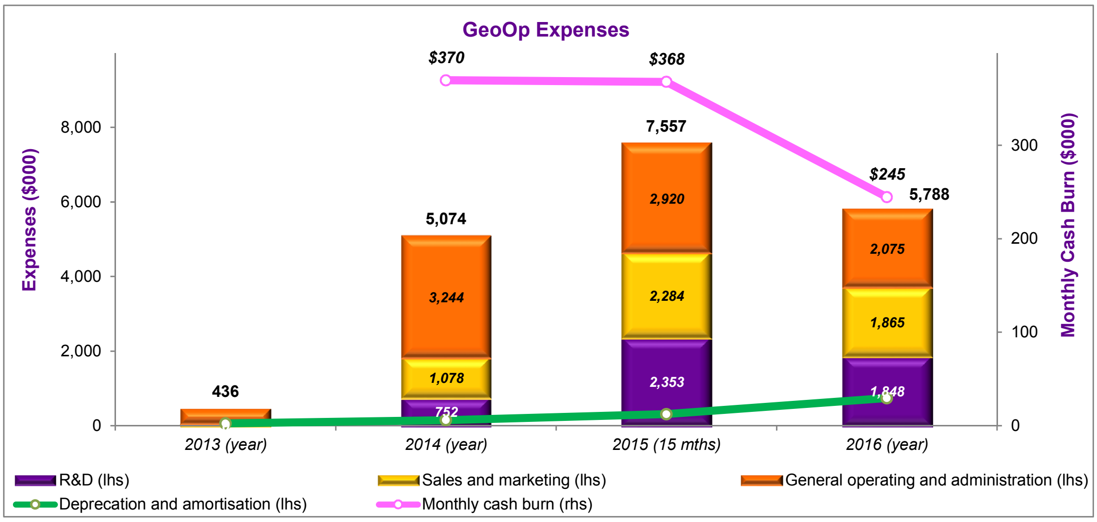
ARPU has increased from $32.61 as at 31 March 2013 to a forecast of $90.32 as at 30 June 2016 at a CAGR of 36%. The growth in ARPU has largely been driven by incremental pricing adjustments and a focus on direct selling to more profitable customer profiles.

Expenses

GeoOp's main expenses are:

- R&D
- sales and marketing expenses
- general operating and administrative expenses
- depreciation and amortisation.

The Company's annual expenses have increased from $0.4 million in the 2013 financial year to $7.6 million in the 2015 15 months financial period and are forecast to be $5.8 million in the 2016 financial year.



GeoOp's average monthly cash burn rate (calculated as revenue less cash costs) has reduced from $370,000 in the 2014 financial year to $293,000 in the first half of the 2016 financial year and is forecast to be $245,000 for the full 2016 financial year.

2016 Forecast

The forecast for the 2016 financial year is based on GeoOp's actual results for the 7 months to 31 January 2016 and its forecast results for the 5 months to 30 June 2016. The key assumptions in the forecast are:

- licensed users increasing from 19,009 as at 30 June 2015 to 23,615 as at 30 June 2016
- ARPU increasing from $78.13 as at 30 June 2015 to $90.32 as at 30 June 2016
- average monthly cash burn decreasing from $368,000 as at 30 June 2015 to $245,000.

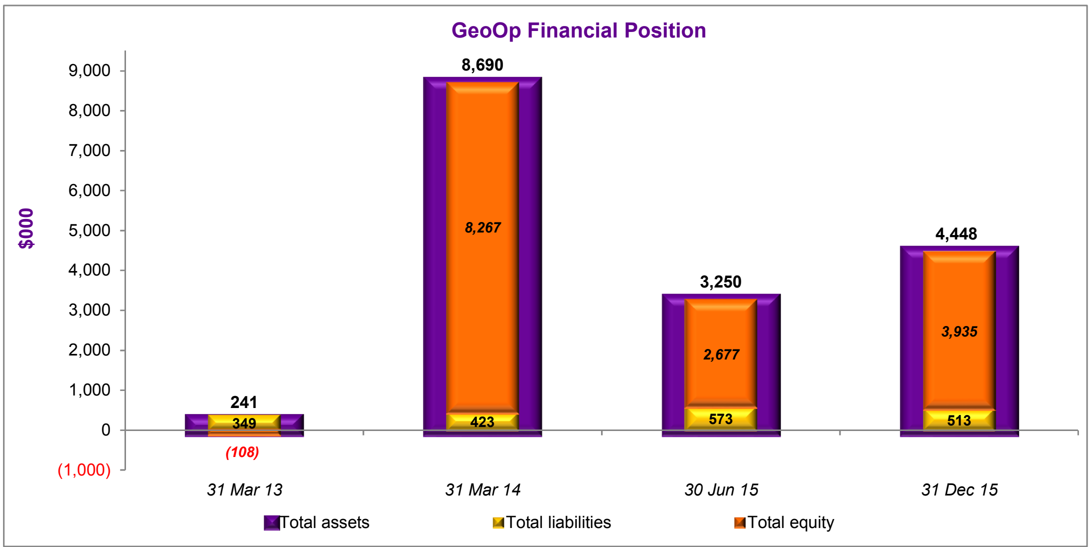
3.10 Financial Position

A summary of GeoOp's recent financial position is set out below.

Summary of GeoOp Financial Position

	As at 31 Mar 13 (Audited) $000	As at 31 Mar 14 (Audited) $000	As at 30 Jun 15 (Audited) $000	As at 31 Dec 15 (Unaudited) $000
Current assets	118	4,740	1,928	2,968
Non current assets	123	3,950	1,322	1,480
Total assets	241	8,690	3,250	4,448
Current liabilities	(349)	(423)	(573)	(513)
Total equity	(108)	8,267	2,677	3,935
NTA per share	($1.60)	$0.30	$0.07	$0.09

Source: GeoOp annual reports and 2016 interim report



The Company's current assets consist of cash at bank and accounts receivable (mainly from grants receivables). GeoOp held $2.7 million of cash and cash equivalents as at 31 December 2015.

The $2.8 million decrease in current assets between 31 March 2014 and 30 June 2015 was mainly due to a $3.1 million decrease in cash balances.

Non current assets consist predominantly of:

- intangible assets in the form of application software, amounting to $0.9 million as at 31 December 2015
- related party loans made to Mr Weldon and Ms Brownrigg on 26 September 2013 to enable them to each acquire 200,000 ordinary shares at $1 per share. The loans must be repaid by 30 September 2018 and amounted to $0.3 million as at 31 December 2015.

During the 2015 financial period, the Company sold $3.2 million of Government stock that it held as a term investment and carried as a non current asset.

The Company's main current liabilities are trade and other payables.

Shareholders' equity of $3.9 million as at 31 December 2015 consisted of:

- $16.7 million of issued share capital
- negative $12.8 million of accumulated losses and reserves.

GeoOp had an unrecognised deferred tax asset of $2.9 million as at 31 December 2015 arising from tax losses of $10.3 million.

3.11 Cash Flows

A summary of GeoOp's recent cash flows is set out below.

Summary of GeoOp Cash Flows

	Year to 31 Mar 13 (Audited) $000	Year to 31 Mar 14 (Audited) $000	15 Mths to 30 Jun 15 (Audited) $000	Year to 30 Jun 16 (Forecast)[1] $000
Net cash (outflow) from operating activities	(96)	(3,541)	(5,336)	(2,471)
Net cash inflow / (outflow) from investing activities	(164)	(3,668)	2,272	(739)
Net cash inflow from financing activities	331	11,673	-	2,453
Net increase / (decrease) in cash held	71	4,464	(3,064)	(757)
Foreign currency translation	-	(5)	-	-
Opening cash balance	9	80	4,539	1,475
Closing cash balance	80	4,539	1,475	718

1 Pro forma

Source: GeoOp annual reports and 2016 forecast

The Company's net cash outflows from its operations have trended in line with the losses it has incurred each period.

Investing cash flows have included:

- the acquisition of $3.2 million of Government stock in the 2014 financial year which was sold in the next financial period
- capitalised software development costs which have ranged from $0.2 million in the 2013 financial year to $0.8 million in the 2015 15 month financial period and are forecast to be $0.7 million in the 2016 financial year.

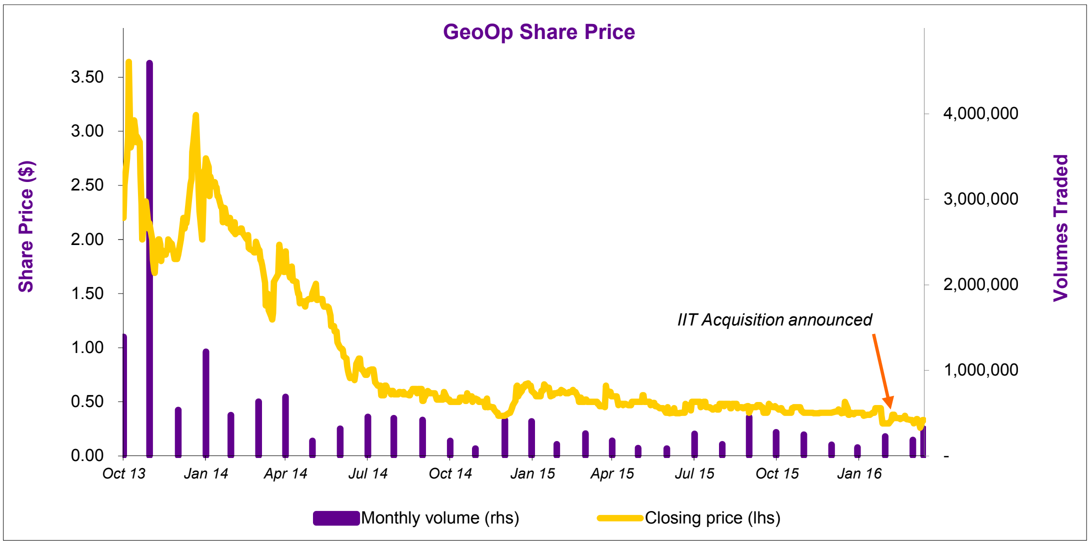
Financing cash flows have included:

- $11.8 million of equity raised in the 2014 financial year, including the issue of 10,081,000 ordinary shares to eligible and habitual investors at an issue price of $1.00 per share on 9 October 2013 prior to GeoOp's shares being listed on the NZAX
- $3.1 million of equity raised in the first half of the 2016 financial year, including:
  - the issue of 5,110,583 ordinary shares to eligible and habitual investors (including Ryder Capital) at an issue price of $0.48 per share on 24 September 2015
  - the issue of 1,408,022 ordinary shares under a share purchase plan at an issue price of $0.446 per share on 30 September 2015.

3.12 Share Price History

The Company's shares were first quoted on the NZAX on 31 October 2013.

Set out below is a summary of GeoOp's daily closing share price and monthly volumes of shares traded from 31 October 2013 to 12 April 2016.



Source: NZX Company Research

During the period, GeoOp's shares have traded between $0.26 (on 8 April 2016) and $3.64 (on 6 November 2013) at a VWAP of $1.80.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to the trading day before the announcement of the IIT Acquisition on 11 March 2016 is set out below.

GeoOp Share Trading up to the Announcement of the IIT Acquisition

Period	Low [1] $	High [1] $	VWAP [1] $	Volume Traded [1] (000)	Liquidity
1 month	0.30	0.44	0.38	200	0.6%
3 months	0.30	0.50	0.39	411	1.2%
6 months	0.30	0.50	0.42	1,440	4.2%
12 months	0.30	0.67	0.45	2,443	7.1%

1 To 10 March 2016

Source: NZX Company Research

Trading in the Company's shares is very thin, with only 7.1% of the shares trading on 164 days in the past year.

Since the announcement of the IIT Acquisition and up to 12 April 2016, a total of 484,114 shares have traded on 17 trading days in the range of $0.26 to $0.39 at a VWAP of $0.33.

4. Profile of InterfaceIT Pty Limited

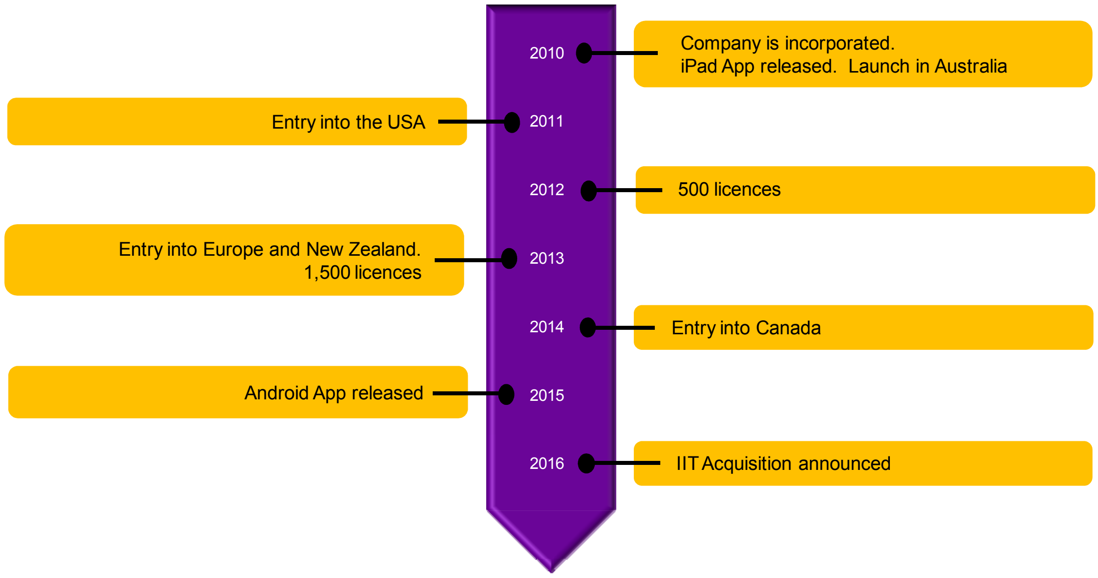
4.1 Background

IIT is a cloud-based SaaS business incorporated as a limited liability company in Australia in 2010.

From its inception, IIT has been a joint venture between Jordan Muir (an experienced sales professional and the entrepreneur who conceived the application) and North Ridge.

IIT is based in Melbourne, Australia.

Key events in IIT's history are set out below.



4.2 Nature of Operations

IIT is a SaaS company that provides cloud-based programs for managing in-field, face-to-face sales teams.

The company has developed a class-leading mobile sales application *iKnock* that is used by blue-chip corporations across New Zealand, Australia, the USA and Canada. It focuses on the mobile workforce, enabling productivity growth for companies and their workforces.

The application enables enterprise and small-to-medium enterprise customers to allocate territory to their sales representatives, provides them with sales collateral and tracks their performance and efficiency, all in real time. It integrates with its clients' enterprise systems to create a seamless bridge between face-to-face sales, customer sign-up and administration, while improving customer sign-up speed and reducing the cost of sales.

The mobile application operates on both iOS and Android platforms.

IIT's application combines geographic and demographic data to enable field forces to complete highly targeted personal interactions across diverse industries such as:

- utilities
- solar and renewable energy
- telecommunications
- media
- food and beverage
- market research
- political canvassing.

IIT's customers include:

- Trustpower, New Zealand
- Simply Energy, Australia
- Aussie Farmers Direct, Australia
- Telstra, Australia
- SunRun, USA.

4.3 Directors and Senior Management

The directors of IIT are:

- Jordan Muir, founder
- Roger Sharp, chair.

IIT's senior management team comprises:

- Karl Unterlechner, president, USA
- Jonathon Meredith-Smith, chief financial officer
- Rod Milynn, general manager, Australia / New Zealand
- Ron Wail, development manager.

4.4 Capital Structure and Shareholders

IIT has 2,156,809 ordinary shares on issue held by the 4 IIT Shareholders.

IIT Shareholders				
Shareholder	**No. of Shares Held**		**%**	
North Ridge	49,319		2.29%	
Valuestream	1,668,593		77.36%	
North Ridge Associates		1,717,912		79.65%
JKM Holdings	500		0.02%	
JKM Investments	438,397		20.33%	
Muir Associates		438,897		20.35%
Total		2,156,809		100.00%

Source: IIT Deed

North Ridge and Valuestream hold their IIT Shares on behalf of Co-Investor No. 1 Fund and Co-Investor No. 3 PIPE Fund respectively. The North Ridge Associates collectively hold 79.65% of IIT's ordinary shares.

The Co-Investor Funds are fixed unit trusts that were managed by Co-Investor Capital Partners Pty Limited and are now managed by North Ridge.

North Ridge is an independent merchant bank that invests in and advises technology companies throughout the Asia Pacific region. It is a joint venture between its management team and the Victor Smorgon Group (an Australian investment company). It has offices in Singapore, Sydney and Melbourne and an extensive international partner network. North Ridge has led and executed more than 100 technology advisory roles, financings and mergers and acquisitions since its formation in 2002. It is currently a cornerstone shareholder in New Zealand company Tru-Test Corporation Limited and ASX listed Asia Pacific Digital Limited. Roger Sharp is the chair of North Ridge and Peter Hynd is its managing director.

Valuestream provides an independent trustee service to fund managers.

JKM Investments and JKM Holdings are private companies owned by Mr Muir, IIT's founder. The companies are based in Melbourne, Australia. The Muir Associates collectively hold 20.35% of IIT's ordinary shares.

4.5 Financial Performance

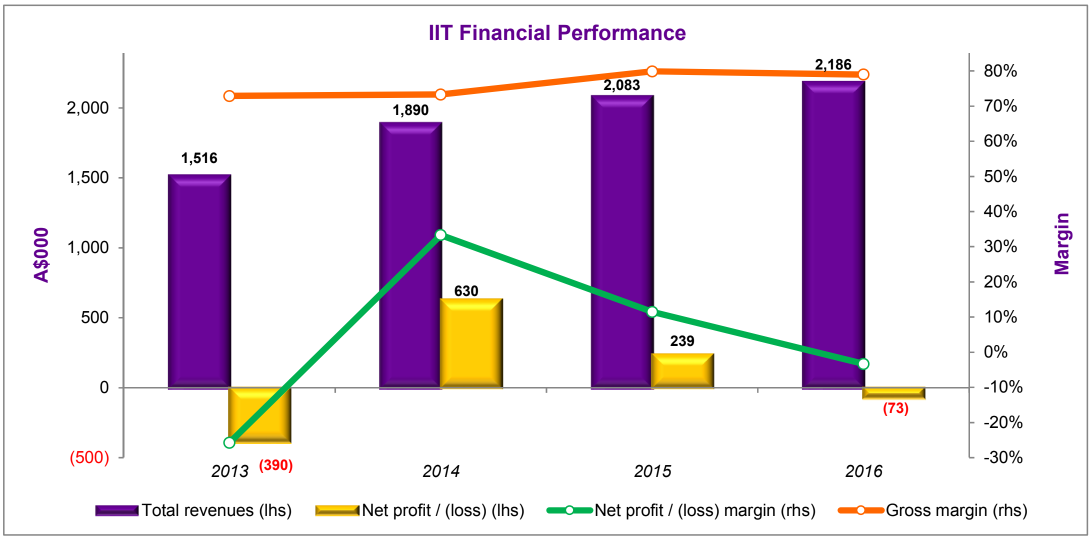
Summary of IIT Financial Performance

	Year to 30 Jun 13 (Audited) A$000	Year to 30 Jun 14 (Audited) A$000	Year to 30 Jun 15 (Audited) A$000	Year to 30 Jun 16 (Forecast) A$000
Revenue	1,516	1,890	2,083	2,186
Gross profit	1,105	1,386	1,664	1,726
EBITDA	(700)	1,004	618	758
Profit / (loss) before tax	(706)	857	99	(73)
Profit / (loss) after tax	(390)	630	239	(73)
Number of licensed users[1]	1,548	1,601	2,103	2,590
ARPU (A$)	A$1,206	A$1,105	A$1,052	A$960

EBITDA: Earnings before interest, tax, depreciation and amortisation

1 As at balance date

Source: IIT annual reports and 2016 forecast



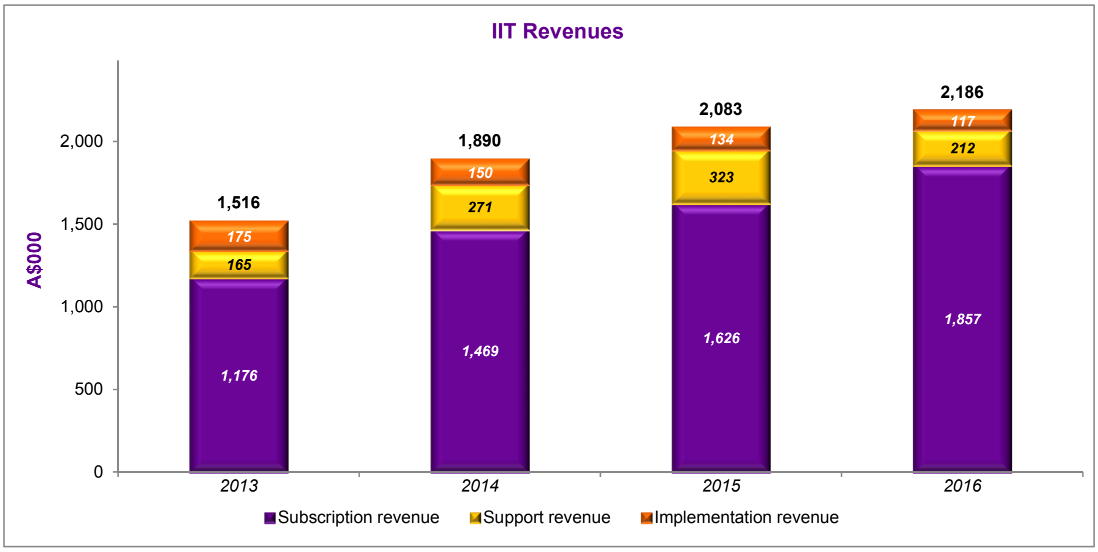
Revenues

IIT uses the SaaS business model to distribute its products to the market. The Company derives its revenues primarily from subscription revenue, which is generally invoiced on a monthly basis.

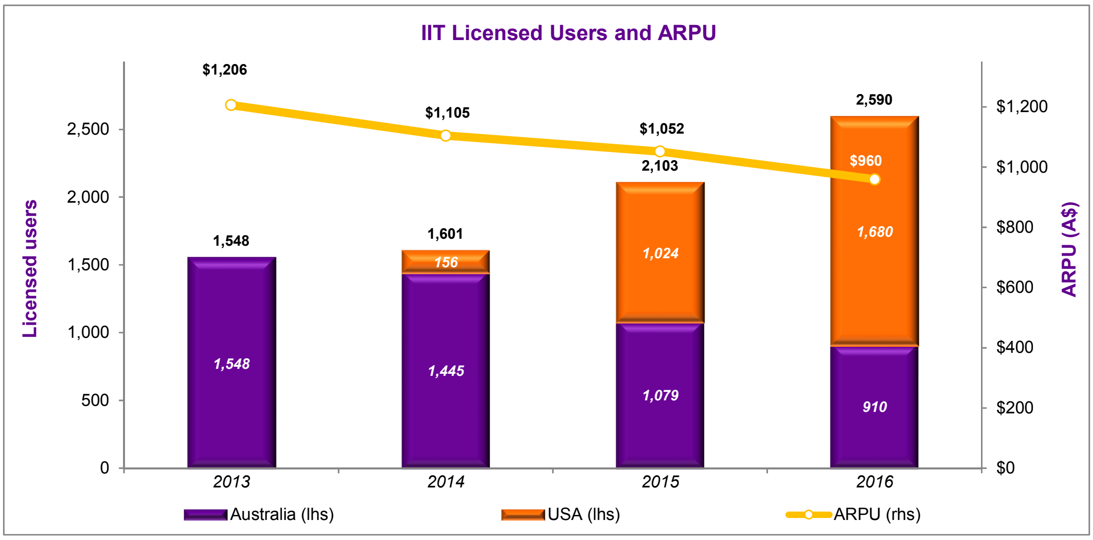
IIT also derives revenue from:

- support services
- one-off implementation fees.

IIT's annual revenue has steadily increased from A$1.5 million in the 2013 financial year to A$2.1 million in the 2015 financial year at a CAGR of 20% and is forecast to increase by 5% to A$2.2 million in the 2016 financial year.



Subscription revenue represented 78% of IIT's total revenues in the 2015 financial year and is forecast to be 85% in the 2016 financial year.



Licensed user numbers have increased from 1,548 as at 30 June 2013 to 2,103 as at 30 June 2015, representing a CAGR of 17%. Licensed user numbers are forecast to be 2,590 as at 30 June 2016, representing growth of 23% over the year, driven by new USA users.

As at 30 June 2015, Australia accounted for 51% of licensed users and the USA 49%. By 30 June 2016, the forecast split is Australia 35% and the USA 65%.

ARPU has decreased from A$1,206 as at 30 June 2013 to A$1,052 as at 30 June 2015 at a CAGR of negative 7%. ARPU is forecast to be A$960 as at 30 June 2016, representing a decrease of 9% over the year.

The decreases in ARPU are due to the new USA users and IIT's product strategy:

- IIT's USA clients are typically much larger than its Australian clients and consequently they expect larger price breaks for volume. IIT's USA pipeline contains some large USA prospects and if the Company continues to grow in the USA then it would expect ARPU across the Company to reduce in line with client size
- IIT's core product is a premium product. The Company has also identified a market opportunity for a "lite" product with lower functionality. The "lite" product is priced at below 50% of the core product, thereby reducing overall ARPU.

Expenses

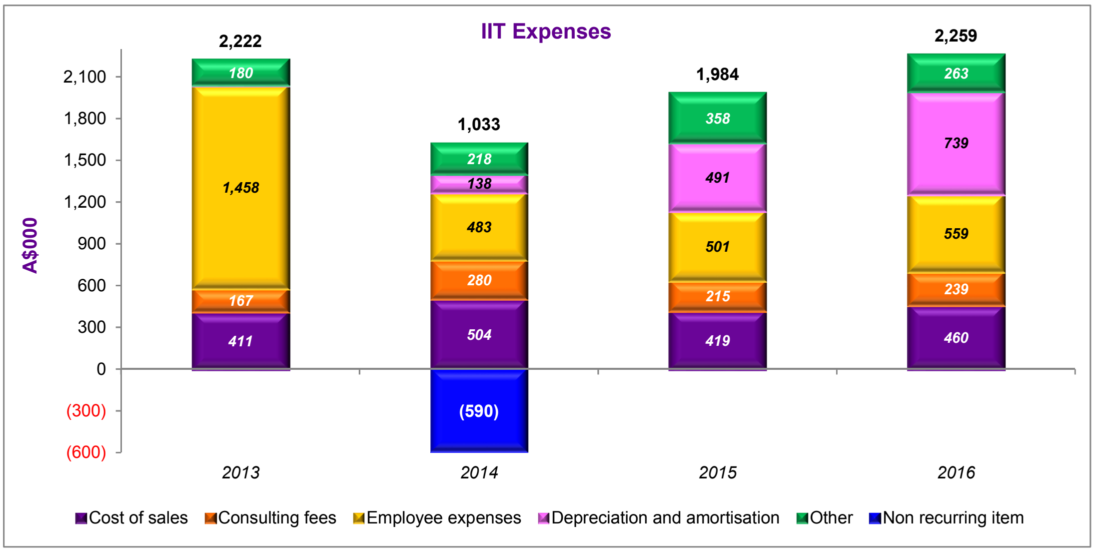
IIT's main expenses are:

- cost of sales – representing charges for USA regional mapping data, Amazon Web Services data fees and Acurus support costs
- consulting fees – finance services and legal and accounting fees
- employee expenses – in respect of software developers, sales people and administration personnel
- depreciation and amortisation – mainly in respect of the amortisation of capitalised software development costs.

IIT's annual expenses have decreased from A$2.2 million in the 2013 financial year to A$2.0 million in the 2015 financial year and are forecast to be A$2.3 million in the 2016 financial year.

The main reasons for the A$1.2 million decrease in expenses in the 2014 financial year were:

- IIT changed its accounting policy in respect of software development expenses, resulting in A$1.0 million of expenses being capitalised rather than being expensed as per previous year
- a A$0.6 million reversal of previously accrued costs in respect of Mr Muir's services which were capitalised into equity.



2016 Forecast

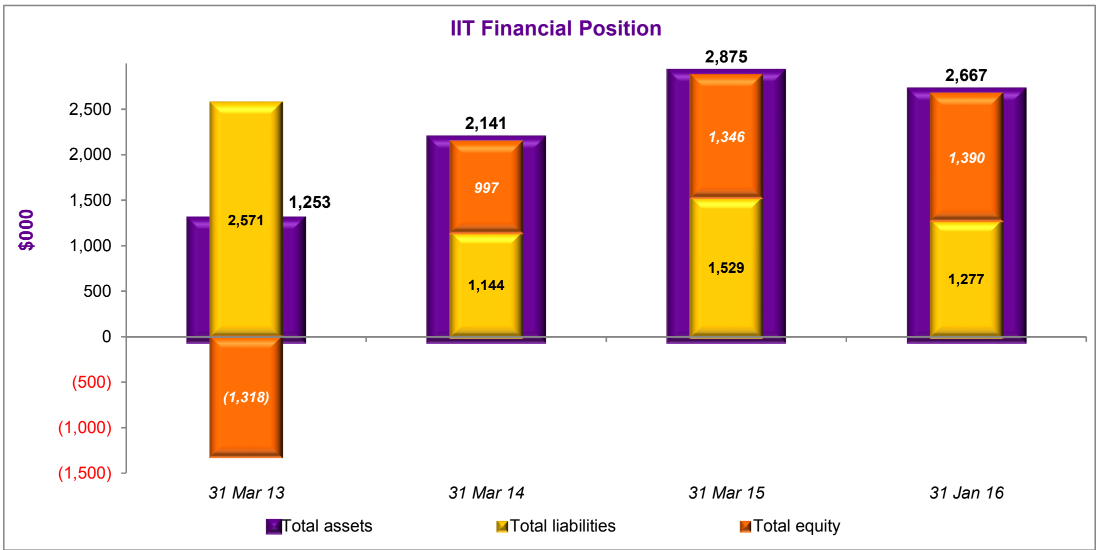
The forecast for the 2016 financial year is based on IIT's actual results for the 7 months to 31 January 2016 and its forecast results for the 5 months to 30 June 2016. The key assumptions in the forecast are:

- licensed users increasing from 2,103 as at 30 June 2015 to 2,590 as at 30 June 2016
- ARPU decreasing from A$1,052 as at 30 June 2015 to A$960 as at 30 June 2016
- gross margin decreasing from 80% to 79%
- operating expenses increasing from A$1.6 million to A$1.8 million
- A$0.8 million of software development costs being capitalised.

4.6 Financial Position

Summary of IIT Financial Position				
	As at 30 Jun 13 (Audited) A$000	As at 30 Jun 14 (Audited) A$000	As at 30 Jun 15 (Audited) A$000	As at 31 Jan 16 (Unaudited) A$000
Current assets	388	401	360	452
Non current assets	865	1,740	2,515	2,215
Total assets	1,253	2,141	2,875	2,667
Current liabilities	(2,544)	(839)	(1,095)	(1,247)
Non current liabilities	(27)	(305)	(434)	(30)
Total liabilities	(2,571)	(1,144)	(1,529)	(1,277)
Total equity	(1,318)	997	1,346	1,390

Source: IIT annual reports and 31 January 2016 management accounts



IIT's current assets as at 31 January 2016 consisted of A$0.1 million of cash and cash equivalents and A$0.4 million of trade and other receivables.

Its main investment in non current assets is in respect of intangible assets in the form of capitalised software development costs, which amounted to A$1.4 million as at 31 January 2016. Non current assets also included A$0.8 million of deferred tax assets which mainly relate to tax incentives on R&D expenditure.

IIT's main current liabilities as at 31 January 2016 were A$0.7 million of loans and A$0.4 million of trade and other payables and provisions. The loans are from the IIT Shareholders to provide a general working capital facility for IIT. The loan facility has a limit of A$1.0 million and is secured by a first ranking general security deed over all the assets and undertakings of IIT. In order to meet its obligations under the IIT Deed, the loan will be either capitalised or novated out of IIT to allow the IIT Shares to be transferred debt-free to GeoOp.

Its non current liabilities as at 31 January 2016 represented provisions.

4.7 Cash Flows

A summary of IIT's recent cash flows is set out below.

Summary of IIT Cash Flows	Year to 30 Jun 13 (Audited) A$000	Year to 30 Jun 14 (Audited) A$000	Year to 30 Jun 15 (Audited) A$000	Year to 30 Jun 16 (Forecast) A$000
Net cash inflow from operating activities	32	916	972	615
Net cash (outflow) from investing activities	-	(982)	(970)	(748)
Net cash inflow from financing activities	-	-	-	106
Net increase / (decrease) in cash held	32	(66)	2	(27)
Opening cash balance	48	80	14	16
Closing cash balance	80	14	16	(11)

Source: IIT annual reports and 2016 forecast

IIT has generated cash from its operations over each financial period roughly in line with the levels of EBITDA generated each year.

Investing cash outflows have mainly been in respect of capitalised software development costs.

IIT raised A$0.1 million in the first half of the 2016 financial year through the drawdown of loans under its general working capital facility.

5. Valuation of the IIT Shares

5.1 Standard of Value

We have assessed the fair market value of 100% of the IIT Shares.

Fair market value is defined as the price that a willing but not anxious buyer, with access to all relevant information and acting on an arm's length basis, would be prepared to pay to a willing but not anxious seller in an open, unrestricted and stable market.

5.2 Basis of Valuation

In general terms it is recognised that the value of a share represents the present value of the net cash flows expected therefrom. Cash flows can be in the form of either dividends and share sale proceeds or a residual sum derived from the liquidation of the business.

There are a number of methodologies used in valuing shares and businesses. The most commonly applied methodologies include:

- discounted cash flow (**DCF**)
- capitalisation of earnings
- net assets or estimated proceeds from an orderly realisation of assets.

Each of these valuation methodologies is applicable in different circumstances. The appropriate methodology is determined by a number of factors including the future prospects of the business, the stage of development of the business and the valuation practice or benchmark usually adopted by purchasers of the type of business involved.

The DCF method is the fundamental valuation approach used to assess the present value of future cash flows, recognising the time value of money and risk. The value of an investment is equal to the value of future free cash flows (**FCF**) arising from the investment, discounted at the investor's required rate of return.

The capitalisation of earnings method is an adaptation of the DCF method. It requires an assessment of the maintainable earnings of the business and a selection of a capitalisation rate (or earnings multiple) appropriate to that particular business for the purpose of capitalising the earnings figure.

An assets based methodology is often used in circumstances where the assets of a company have a market value independent of the profitability of the company that owns them. A valuation based on an orderly realisation of assets is normally restricted to instances where the investor holds sufficient control to effect a sale of the assets and / or there is some indication that an orderly realisation is contemplated.

5.3 Valuation Approach

Our preference is to assess the fair market value of the IIT Shares using the DCF method. However, we do not have access to detailed robust forecasts of IIT's cash flows over a long term period of (say) 5 to 10 years.

In the absence of suitable cash flow forecasts, we have assessed the fair market value of the IIT Shares using the capitalisation of earnings method.

The capitalisation of earnings method we have applied involves applying a revenue multiple to IIT's forecast revenue to derive IIT's enterprise value.

Early stage SaaS businesses are frequently loss making. As a result, investors and analysts have tended to default to valuing these businesses on a revenue multiple basis. Commonly, the enterprise value of the SaaS business is derived by applying a prospective revenue multiple to the business' annualised recurring revenue (**ARR**).

Given that the IIT Shareholders are obliged under the IIT Deed to repay IIT's loans prior to the completion of the IIT Acquisition, IIT will be debt free / cash free at completion date and hence its enterprise value will equate to the value of the IIT Shares.

5.4 Valuation Assessment

Annualised Recurring Revenue

GeoOp and North Ridge have developed forecasts for the combined entity for the 3 years to 30 June 2018. The forecasts have been prepared for:

- GeoOp on a standalone basis
- IIT on a standalone basis
- the potential synergies arising from the IIT Acquisition
- the combined GeoOp and IIT entity post the IIT Acquisition (incorporating the synergies).

A summary of the revenue forecasts for the 2016 financial year is set out below.

Summary of Revenue Forecasts

	GeoOp		IIT	
	Year to 30 Jun 15 (Actual) $000	Year to 30 Jun 16 (Forecast) $000	Year to 30 Jun 15 (Actual) A$000	Year to 30 Jun 16 (Forecast) A$000
Licensed user numbers	19,009	23,615	2,103	2,590
- *growth*	*67%*	*24%*	*31%*	*23%*
Revenues as reported / forecast	1,383	2,113	2,083	2,186
Less: Government grants	(212)	(229)	-	-
Interest received	(202)	(50)	-	-
Customer revenues	969	1,834	2,083	2,186
- *growth*	*164%*	*89%*	*10%*	*5%*

Source: GeoOp and IIT forecasts

The underlying assumptions for the GeoOp forecast are set out in section 3.9. The underlying assumptions for the IIT forecast are set out in section 4.5.

The analysis shows that:

- GeoOp's annual growth rates are significantly higher than IIT's
- IIT's revenue levels are higher than GeoOp's.

IIT's forecast customer revenues of A$2.2 million for the 2016 financial year equate to $2.4 million based on an exchange rate of $1 = A$0.90.

We have used IIT's forecast customer revenues of A$2.2 million as IIT's ARR for the purposes of our valuation assessment.

Revenue Multiple

In our view, the following criteria are key factors for assessing an appropriate revenue multiple for a SaaS business:

- forecast revenue growth – the higher the level of forecast growth, the higher the multiple
- return on investment (**ROI**) on sales and marketing spend – the higher the ROI, the higher the multiple
- earnings margin – the higher the margin, the higher the multiple
- the size of the business – the larger the business, the higher the multiple.

In order to assess an appropriate revenue multiple for IIT, we have reviewed:

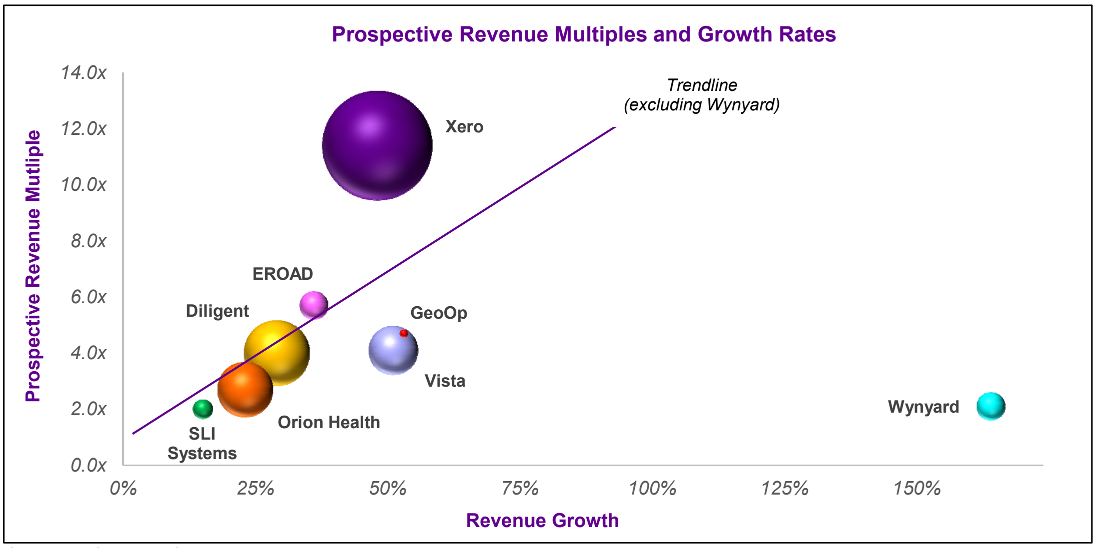
- observed multiples for publicly traded companies that are generally comparable with IIT
- observed multiples from transactions involving entities that are generally comparable with IIT.

Trading Multiples

Set out at Appendix I is an analysis of historic and prospective revenue multiples and revenue growth rates for GeoOp and 10 NZX Main Board software companies. Also set out at Appendix I is an analysis of the historic and prospective revenue multiple and revenue growth rate for ComOps Limited (**ComOps**). ComOps is listed on the ASX and provides workforce management software and services in Australia and internationally.

The historic revenue multiples (based on the companies' last 12 months' revenue) range from 1.1x to 12.9x (excluding an outlier of 62.9x) and the prospective revenue multiples (based on the companies' next financial year's revenue) range from 2.0x to 11.4x.

The graph that follows plots prospective revenue multiples, forward revenue growth rates and enterprise values for the 8 comparable companies (including GeoOp) that have forecast revenue information available.



Source: *Capital IQ, data as at 12 April 2016*

The analysis shares a strong correlation between revenue multiples and revenue growth rates. Excluding Wynyard Group Limited, companies with lower growth rates tend to have lower revenue multiples and vice versa.

The observed revenue multiples are based on trading prices for minority parcels and as such do not include any premium for control. IIT is a private company with significantly less liquidity than the comparable companies. We would expect any control premium for IIT to be largely offset by a private company illiquidity discount.

Transaction Multiples

There is negligible publicly available data in respect of transactions that involve target companies that are directly comparable with IIT.

Summarised below is data in respect of transactions which provide some assistance in the selection of an appropriate revenue multiple for IIT:

- Diligent Corporation (**Diligent**) announced on 15 February 2016 that it had entered into a definitive merger agreement with Insight Venture Partners. A description of Diligent is set out in Appendix I. The transaction is subject to shareholder approval in April 2016. The transaction implies an enterprise value of US$556 million at a historic revenue multiple of 5.6x and a prospective revenue multiple of 4.6x
- HGCapital Mercury acquired Allocate Software plc (**Allocate**) on 31 January 2015. Allocate provides workforce optimisation and compliance software application services primarily to healthcare, defence and maritime offshore oil and gas markets in Europe, the USA, Australia and internationally. The transaction implied an enterprise value of £91 million at a historic revenue multiple of 2.3x and a prospective revenue multiple of 2.2x
- we have reviewed revenue multiples for 44 transactions in the last 2 years involving USA SaaS and application software businesses with enterprise values between US$10 million and US$50 million. The implied revenue multiples for the transactions ranged from 0.4x to 5.5x at an average of 2.2x.

Conclusion

Based on our analysis of comparable companies' trading multiples and transaction multiples, we consider an appropriate prospective revenue multiple for IIT is in the range of 2.5x to 3.5x.

Standalone Value of IIT

Based on ARR of $2.4 million and a prospective revenue multiple of 2.5x to 3.5x, we assess the standalone enterprise value of IIT to be in the range of $6.1 million to $8.5 million. As IIT will have no interest bearing debt at the completion date of the IIT Acquisition, the standalone value of the IIT Shares equates to the enterprise value.

IIT Standalone Value		
	Low $000	**High $000**
ARR	2,429[1]	2,429[1]
Revenue multiple	2.5x	3.5x
Standalone enterprise value	6,073	8,502
Debt at completion	-	-
Standalone equity value	6,073	8,502

1 A$2,186,000 at $1=A$0.90

5.5 Synergies

GeoOp and North Ridge have undertaken an analysis of the level of synergies that may arise from merging the 2 businesses following the IIT Acquisition.

The main areas of potential synergies are:

- enhanced revenue – through cross selling to the GeoOp and IIT customer bases
- reduced costs – eliminating duplicated costs in areas such as the finance, sales and training functions.

The quantum of synergies is estimated to be in the range of $0.75 million to $1.0 million per annum over the next 3 years.

For the purposes of assessing the potential value of the synergies, we consider an EBITDA multiple of 3.0x to 4.0x to be appropriate.

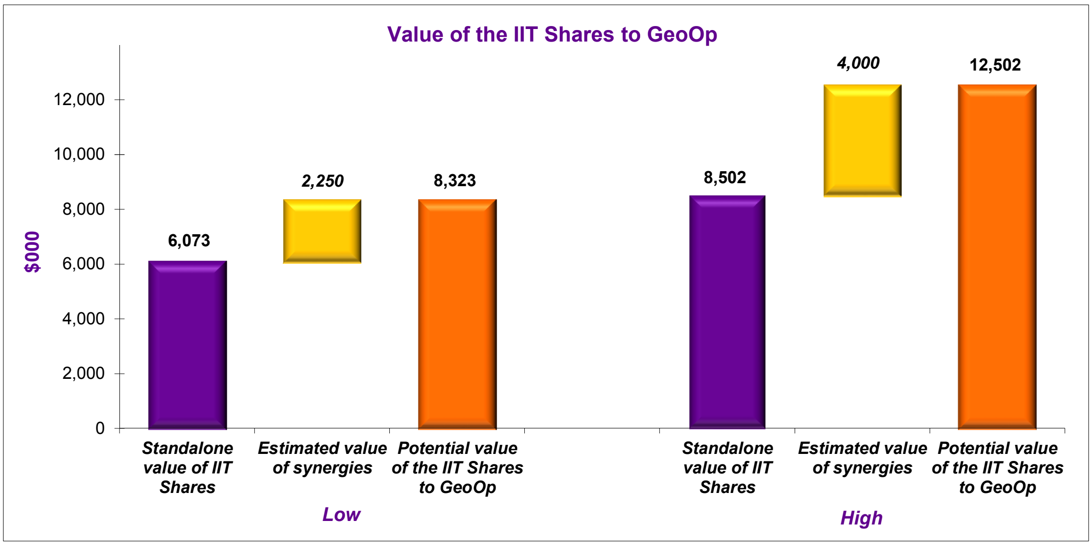
Based on the estimated synergies of $0.75 million to $1.0 million per annum and an EBITDA multiple of 3.0x to 4.0x, we estimate the potential value of the synergies to be in the range of $2.3 million to $4.0 million.

5.6 Conclusion

We assess the fair market value of the IIT Shares on a standalone basis to be in the range of $6.1 million to $8.5 million.

Based on the analysis undertaken by GeoOp and North Ridge, the potential value of the synergies arising from the IIT Acquisition could be in the range of $2.3 million to $4.0 million.

Accordingly, the potential value of the IIT Shares to GeoOp could be in the range of $8.4 million to $12.5 million, assuming the value of the synergistic benefits are realised.


Value of the IIT Shares to GeoOp
$000
12,000
10,000
8,000
6,000
4,000
2,000
0
6,073
2,250
8,323
8,502
4,000
12,502
Standalone value of IIT Shares
Estimated value of synergies
Potential value of the IIT Shares to GeoOp
Low
Standalone value of IIT Shares
Estimated value of synergies
Potential value of the IIT Shares to GeoOp
High

6. Value of the Consideration

6.1 Introduction

The consideration for the IIT Shares will be in the form of:

- the issue of 15,000,000 Consideration Shares at $0.40 per share totalling $6.0 million plus
- $3.0 million of Convertible Notes.

A Performance Fee may also be paid if revenue milestones are exceeded in the 2017 financial year.

6.2 Value of the Consideration Shares

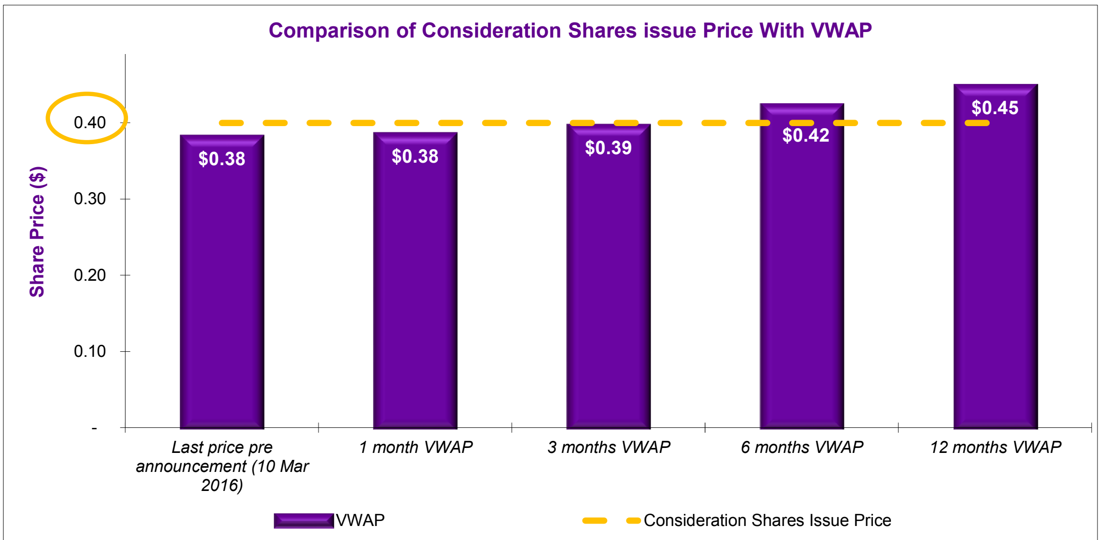
The reasonableness of the issue price of the Consideration Shares can be assessed by reference to:

- the prices at which the shares have recently traded on the NZAX prior to the announcement of the IIT Acquisition
- the prices at which the Company has recently issued shares
- the asset backing of the shares.

Recent Share Trading Prices

A summary of GeoOp's daily closing share price and monthly volumes of shares traded since listing on the NZAX on 31 October 2013 is set out in section 3.12.

The Consideration Shares issue price of $0.40 per share exceeds the recent trading prices for GeoOp's shares over the past 3 months.



The issue price of $0.40 per share represents:

- a premium of 5.3% over the last trading price prior to the announcement of the IIT Acquisition
- a premium of 5.3% over the one month VWAP
- a premium of 2.6% over the 3 months VWAP.

Recent Share Issues

An analysis of GeoOp's recent significant equity raisings is set out below.

GeoOp Recent Share Issues				
Date	**Type of Issue**	**No. of Shares**	**Issue Price ($)**	**Equity Raised ($000)**
9 Oct 2013	Pre-IPO placement	10,081,000	$1.00	10,081
24 Sep 2015	Private placement	5,110,583	$0.48[1]	2,453
30 Sep 2015	Share purchase plan	1,408,022	$0.446	628

1 Shareholders also received warrants on a 1:3 basis for no additional consideration

The 2 most recent share issues in September 2015 have been at higher prices than the $0.40 issue price of the Consideration Shares.

The most recent significant equity raising was the share purchase plan in September 2015 – some 6 months ago. The issue price of $0.446 per share was based on the 5 day VWAP to 25 September 2015.

As set out above, the Company's share price has decreased since the share purchase plan was implemented.

Net Assets per Share

GeoOp's total equity amounted to $3.9 million as at 31 December 2015, equating to net assets of $0.11 per share.

As a listed SaaS company, we are of the view that GeoOp's net assets are unlikely to be a strong indicator of the value of the Company's shares. Rather, its value is likely to be driven by:

- its intellectual property assets
- its ability to monetise its intellectual property assets
- the expectations of the levels of customer and revenue growth that the Company can achieve in the future
- the cash margins that the Company can derive on its revenue.

Most of these value drivers are not reflected in the Company's net assets.

Conclusion

We consider the recent market prices to be the best basis for assessing the value of the Consideration Shares. Accordingly, we assess the value of the Consideration Shares to be in the range of $5.7 million to $5.9 million.

Valuation of the Consideration Shares			
Measurement Period	**Share Price**	**No. of Shares**	**$000**
As at 10 March 2016[1]	$0.38	15,000,000	5,700
1 month VWAP[2]	$0.38	15,000,000	5,750
3 months VWAP[2]	$0.39	15,000,000	5,917

1 Last price before the announcement of the IIT Acquisition
2 To 10 March 2016

6.3 Value of the Convertible Notes

Valuation Approach

In general terms, a convertible note represents a security which is a combination of a bond and an embedded option:

- the bond component promises the convertible note holder the repayment of the principal amount after a period of time and a specified coupon (ie interest rate on the bond)
- the embedded option component provides the convertible note holder with the ability to benefit if the company’s share price is above the face value of the convertible note.

To assess the value of a convertible note, it is necessary to assess the value of the bond component and the embedded option component.

Valuation of the Bond Component

The value of a bond is a function of the coupon (interest rate) on the bond and the value of the principal returned.

The Convertible Notes carry a zero coupon (ie no interest is receivable on the bond) and repayment of $1.00 of principal at the end of the 2 years.

In our view, the required rate of return on a “plain vanilla” unsecured bond offered by GeoOp at this point in time would be in the range of 8% to 10% per annum.

If the bond was held to maturity (2 years), we would assess its value to be in the range of $0.83 to $0.86 (per $1 face value). The assessed value below the face value reflects that the coupon is lower than the required rate of return on the bond.

However, the holder has the right to convert the Convertible Notes into Conversion Shares at any time prior to the end of the 2 year term at the 90 business day VWAP. Accordingly, the holder can convert each Convertible Note into $1 of GeoOp Shares at any time. In theory, the holder could therefore realise $1 of cash by converting a Convertible Note into $1 of GeoOp shares and then selling those shares. This would incur transaction costs, which we have assumed to be 1%.

Based on the above, we assess the fair value of the bond component of the Convertible Notes to be in the range of $0.83 to $0.99 per Convertible Note.

Valuation of the Embedded Option Component

The value of a call option is a function of the probability of the value of the underlying security over which the option is granted being higher than the exercise price of the option.

In the case of the Convertible Notes, the issue price of the Conversion Shares is equal to the 90 business day VWAP. Therefore the exercise price in effect will always be equal to the market value of the shares.

Accordingly, we are of the view that the fair value of the embedded option in the Convertible Notes is negligible.

Conclusion

Based on the above, we assess the fair value of the Convertible Note to be in the range of $0.83 to $0.99. This equates to $2.5 million to $3.0 million for the 3,000,000 Convertible Notes to be issued.

Valuation of Convertible Notes		
Security Component	**Value of Convertible Note** **Low** **($)**	 **High** **($)**
Bond	0.83	0.99
Embedded option	-	-
Value per Convertible Note	0.83	0.99
Value of 3,000,000 Convertible Notes ($000)	2,490	2,970

6.4 Value of the Consideration (Excluding any Performance Fee)

We assess the value of the consideration to be paid to the IIT Shareholders for the IIT Shares (excluding any Performance Fee) to be in the range of $8.2 million to $8.9 million.

Valuation of Consideration Paid to the IIT Shareholders		
	Low ($000)	**High ($000)**
Value of Consideration Shares	5,700	5,917
Value of Convertible Notes	2,490	2,970
Value of consideration[1]	8,190	8,887

1 Excluding any Performance Fee

6.5 Performance Fee

The IIT Shareholders will be paid the Performance Fee if GeoOp's recurrent revenues in the 2017 financial year (post the IIT Acquisition) exceed $4.5 million. The Performance Fee is effectively an earn-out payment.

The combined forecast recurrent revenues for GeoOp and IIT for the 2016 financial year total $4.3 million.

The Performance Fee equates to $2 x the excess recurrent revenues. In effect, it represents a revenue multiple of 2.0x on the excess recurrent revenues. The Performance Fee revenue multiple is below the revenue multiple range that we have applied in our valuation assessment in section 5.4.

We consider the Performance Fee to be reasonable:

- it is payable only if the combined business generates a superior level of recurrent revenues (ie above what is forecast for the current financial year)
- the revenue multiple of 2.0x is reasonable.

7. Sources of Information, Reliance on Information, Disclaimer and Indemnity

7.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of special meeting
- the IIT Deed
- the CN Deed
- extracts from GeoOp's Board minutes in respect of the IIT Acquisition
- various GeoOp internal documents regarding its strategy and operations
- the GeoOp annual reports for the years ended 31 March 2013 and 2014 and the 15 months ended 30 June 2015
- the GeoOp interim report for the 6 months ended 31 December 2015
- the GeoOp financial forecasts for the 3 years ended 30 June 2018
- various GeoOp presentations to technology conferences
- the GeoOp *Disclosure Document* dated October 2013
- GeoOp share price data and shareholder data from NZX Company Research
- the IIT annual reports for the years ended 30 June 2014 and 2015
- the IIT management accounts for the 7 months ended 31 January 2016
- the IIT financial forecasts for the 3 years ended 30 June 2018
- information in respect of IIT compiled by GeoOp during its due diligence review process
- publicly available information regarding GeoOp and IIT
- information in respect of comparable companies from Capital IQ and public sources.

During the course of preparing this report, we have had discussions with and / or received information from the executive management and directors of GeoOp and GeoOp's financial and legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the IIT Acquisition that is known to it and that all the factual information provided by Company contained in this report is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is necessary for the purpose of preparing this Independent Adviser's Report.

In our opinion, the information set out in this Independent Adviser's Report is sufficient to enable the Board and the Company's shareholders to understand all the relevant factors and to make an informed decision in respect of the IIT Acquisition.

7.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by GeoOp and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of GeoOp. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

7.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of GeoOp or IIT will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of GeoOp or IIT and their respective directors and management teams. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of special meeting issued by GeoOp and have not verified or approved the contents of the notice of special meeting. We do not accept any responsibility for the contents of the notice of special meeting except for this report.

7.4 Indemnity

GeoOp has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of this report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. GeoOp has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law, Simmons Corporate Finance shall reimburse such costs.

8. Qualifications and Expertise, Independence, Declarations and Consents

8.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

8.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with GeoOp or IIT or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the IIT Allotments.

Simmons Corporate Finance has not had any part in the formulation of the IIT Acquisition or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the IIT Acquisition. We will receive no other benefit from the preparation of this report.

8.3 Declarations

An advance draft of this report was provided to the Board for its comments as to factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

8.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of special meeting to be sent to GeoOp's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Peter Simmons
Director
Simmons Corporate Finance Limited
13 April 2016

Appendix I

Comparable Companies Trading Multiples

Trading Multiples								
Company	Market Capitalisation ($m)	Enterprise Value ($m)	Revenue Multiple		Revenue		Revenue Growth	
			Historic	Prospective	LTM ($m)	CY+1 ($m)	LTM	CY+1
GeoOp	$11	$10	5.3x	4.7x	$2	$2	183%	53%
NZX Main Board Software Companies								
Diligent	$830	$763	5.1x	4.0x	$148	$190	20%	29%
EROAD	$156	$137	6.3x	5.7x	$22	$24	76%	36%
Gentrack	$185	$173	4.1x	n/a	$42	n/a	9%	n/a
Orion Health	$620	$543	2.9x	2.7x	$185	$202	7%	23%
Pushpay	$601	$597	62.9x	n/a	$10	n/a	1,415%	n/a
Serko	$51	$49	4.1x	n/a	$12	n/a	55%	n/a
SLI Systems	$70	$65	2.0x	2.0x	$32	$32	27%	15%
Vista	$437	$422	6.5x	4.1x	$165	$99	39%	51%
Wynyard	$154	$139	5.6x	2.1x	$25	$65	(2%)	164%
Xero	$2,360	$2,136	12.9x	11.4x	$165	$188	78%	48%
Minimum	*$51*	*$49*	*2.0x*	*2.0x*	*$10*	*$24*	*(2%)*	*15%*
Median	*$311*	*$298*	*5.4x*	*4.0x*	*$37*	*$99*	*33%*	*36%*
Average	*$546*	*$502*	*11.2x*	*4.6x*	*$81*	*$114*	*172%*	*52%*
Adjusted average[1]	*$540*	*$492*	*5.5x*	*4.6x*	*$88*	*$114*	*34%*	*52%*
Maximum	*$2,360*	*$2,136*	*62.9x*	*11.4x*	*$185*	*$202*	*1,415%*	*164%*
ASX Workforce Management SaaS Company								
ComOps	A$13	A$11	1.1x	n/a	A$9	n/a	36%	n/a

1 Excluding Pushpay (which is treated as an outlier)

LTM: Last 12 months
CY+1: Next financial year
n/a: Not available
n/m: Not meaningful

Source: Capital IQ, data as at 12 April 2016

Diligent Corporation develops and commercialises *Diligent Boards*, an online software application that allows board members, management and administrative staff to produce, deliver, review and vote on board materials.

EROAD Limited is a transport technology and services company that provides electronic on-board units and SaaS to the heavy vehicle industry in New Zealand and internationally.

Gentrack Limited develops, implements and supports enterprise billing and customer management software solutions for electricity, gas and water utilities and airports.

Orion Health Group Limited provides health information exchange and healthcare integration solutions worldwide.

Pushpay Holdings Limited provides mobile commerce and payment solutions in New Zealand, the USA, Canada and Australia.

Serko Limited provides computer software solutions for the management and administration of corporate travel bookings in New Zealand, Australia, India, Singapore, the USA and internationally.

SLI Systems Limited provides site search and navigation technologies to connect site visitors with products on e-commerce websites in New Zealand, the USA, Australia, the United Kingdom and Japan.

Vista Group International Limited provides cinema management, film distribution and customer analytics software solutions to companies across the global film industry.

Wynyard Group Limited owns, develops, markets and sells software products and services that protect companies from threats, crime and corruption worldwide.

Xero Limited provides a platform for online accounting and business services to small businesses and their advisers in New Zealand, Australia, the United Kingdom and North America.

ComOps Limited provides workforce management software and services in Australia and internationally. Its workforce management solutions include rostering and scheduling, award interpretation, labour cost management, fatigue risk management, leave management, time and attendance, employee self-service portals, risk management and safety compliance and workforce analytics. The company serves customers operating in the ports, rail, shipping and ferries, corrections, emergency and fire, health, hospitality, mining, utilities, security and services industries. ComOps Limited was founded in 1972 and is headquartered in North Sydney, Australia.