

ADEFFECTIVE LIMITED
(ASX: ABN)

ASX and Media Release

22 July 2013

TERMS OF CEO'S CONTRACT

AdEffective Limited (**AdEffective** or the **Company**) is pleased to advise that the Company has entered into an executive services agreement with Mr Simon Crean (**Agreement**), in respect of his appointment as Chief Executive Officer (**CEO**).

A summary of the key terms of Mr Crean's employment under the Agreement is as follows:

(a) **Duration of the agreement**

Mr Crean's term of employment as CEO will commence on 9 September 2013 and will continue indefinitely until terminated in accordance with the Agreement.

(b) **Probationary period**

A three month probationary period commencing 9 September 2013 will apply, and Mr Crean's employment is subject to the satisfactory completion of the probationary period which itself is subject to termination during any stage, by either party, upon one week's notice in writing, or by payment in lieu of notice.

(c) **Remuneration, Entitlements and Expenses**

- i. **Fixed remuneration** – Mr Crean's fixed remuneration is \$160,000 per annum, plus compulsory superannuation contributions at the required statutory rate.
- ii. **Bonuses** – The Company may, if the Board determines in its absolute discretion and subject to any relevant performance or other conditions restrictions or requirements of the Board or of the listing rules of ASX, pay a short term incentive (**STI**) to the Executive, and/or grant shares or options to or for the benefit of Mr Crean as a long term incentive (**LTI**).

The Board has determined that subject to approval by its shareholders and any other approvals that may be required, for the purposes of an LTI, Mr Crean will be issued with:

- (a) 2 million options with an exercise price of 1.5 cents each to acquire 2 million ordinary shares in the Company (**A Options**); the A Options will vest as follows:
 - (1) 666,666 will vest and be exercisable at any time during a period of three years from the date that is 12 months after the date of issue of the A Options; and
 - (2) 666,667 will vest and be exercisable at any time during a period of three years from the date that is 24 months after the date of issue of the A Options; and

- (3) 666,667 will vest and be exercisable at any time during a period of three years from the date that is 36 months after the date of issue of the A Options.
 - (b) 2 million options with an exercise price of 2.5 cents each to acquire 2 million ordinary shares in the Company (**B Options**); the B Options will vest as follows:
 - (1) 666,666 will vest and be exercisable at any time during a period of three years from the date that is 12 months after the date of issue of the B Options; and
 - (2) 666,667 will vest and be exercisable at any time during a period of three years from the date that is 24 months after the date of issue of the B Options; and
 - (3) 666,667 will vest and be exercisable at any time during a period of three years from the date that is 36 months after the date of issue of the B Options.
- iii. **Expenses** – Mr Crean is entitled to claim from the Company reimbursement of reasonable out-of-pocket expenses properly incurred in the performance of his duties and responsibilities (and upon production of satisfactory receipts).

(d) **Termination of employment**

Termination by the Company – Mr Crean’s employment may be terminated at any time by the Company giving Mr Crean three (3) months’ notice of termination (or payment in lieu of such notice). The Company may terminate Mr Crean’s employment immediately in certain circumstances including serious misconduct and material breach of the employment agreement, in which event Mr Crean will not be entitled to any compensation, except for any outstanding payments for accrued leave entitlements.

Termination by Mr Crean – Mr Crean may terminate his employment at any time by giving the Company three (3) months’ notice of termination.

Consequences of termination – Upon termination of his employment, however occurring, Mr Crean must return to the Company all property belonging to AdEffective Group, including all documents and confidential information.

Restrictive Covenant – After termination, Mr Crean must not, for a period of 12 months, within the areas of Australia, the United States and Europe and without the written consent of the Company, directly or indirectly do any of the following:

- canvass, solicit, or accept any approach from any Company client, with a view to obtaining the custom of that Company Client for a business that competes with the Group or provides the same or similar services or sells or supplies the same or similar products;
- canvass, solicit, induce or encourage any person who was an employee of the Group at any time during the time Mr Crean was employed by the Company to leave the Company’s employ;
- provide services or accept any request to provide services (being services that are similar to those provided by the Group) to a Company client;
- sell or supply products or accept any request to sell or supply products (being products that are the same or similar to those provided by the Group) to a Company Client;

- accept employment with any Company client or any supplier to the Company; and
- counsel, procure or assist any person or company to do any of the acts referred to in this clause.

(e) **Non-competition and non-solicitation**

Mr Crean must not, without the consent of the Company during the continuance of his engagement be engaged or interested either directly or indirectly in any capacity in any trade, business or occupation whatsoever other than the business of the AdEffective Group.

-END

For further information contact:

Sophie Karzis

Company Secretary

+613 9286 7500

sk@ccounsel.com.au

About AdEffective Limited

AdEffective is an online advertising business focusing on the distribution of advertising to publishers and publisher networks. AdEffective has also formed a new Ecommerce and Website division which will acquire and create online stores and transaction based websites.

<http://www.adeffective.com>