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31 January 2014

## DECEMBER 2013 – QUARTERLY REPORT

*Aviva Corporation Limited (“Aviva” or the “Company”) is pleased to present its quarterly report for the period ended 31 December 2013. Aviva has previously advised that it is in the process of identifying and considering suitable acquisition opportunities. On 20 January 2014, Aviva announced that it has entered into a conditional agreement to acquire Decimal Group Pty Ltd (**Decimal**).*



**decimal**

*“Transforming the Financial Services Industry”*

*Highlights of the proposed Decimal acquisition are as follows:*

- *Decimal is a first mover industry-wide financial advice, sales and service cloud platform;*
- *Decimal has the capability to transform personal financial services by providing end to end digital solutions using the scalability and affordability of cloud;*
- *Building on six years of development, Decimal will have cash reserves in excess of \$13 million following completion of the transaction to strengthen its executive and sales team, undertake an aggressive marketing campaign and pursue overseas markets;*
- *For the ~17,000 financial advisors in Australia, Decimal delivers a new real-time capability in compliance management, digital client engagement and servicing to dramatically lower costs and drive client acquisition;*
- *For financial institutions, Decimal is the first enterprise platform providing unlimited scalability and user experience configurability;*
- *Decimal’s patented technology enables consumer driven financial advice via online, mobile, phone or face to face channels;*
- *By integrating new digital channels in client engagement with a lower cost base, Decimal’s platform allows users to reach ~60% of the Australian working population that is unadvised;*
- *Transformational technology developed by a proven team of industry specialists and software engineers led by Mr Jan Kolbusz, former Director of Technology and Operations of Asgard; and*
- *Decimal’s potential is to emulate the success of other new cloud-based entrants disrupting their respective industries (e.g. Xero, SEEK, Carsales and Freelancer).*

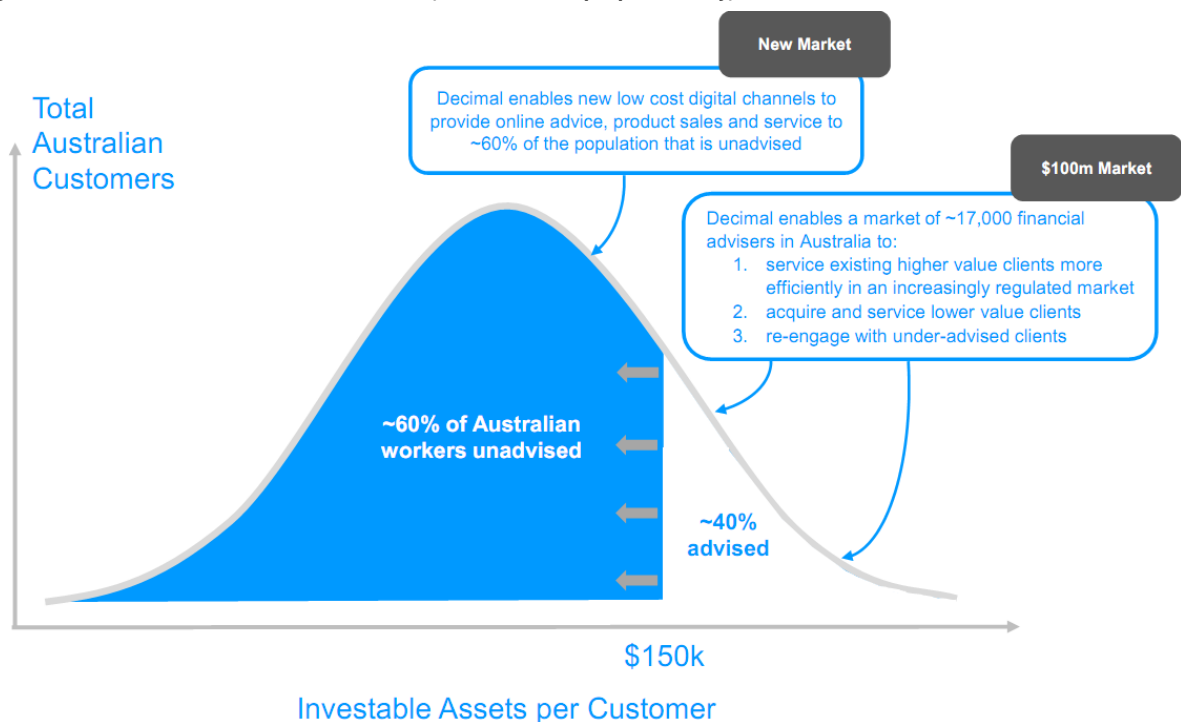
## ABOUT DECIMAL

On 20 January 2014, Aviva announced that it entered into a conditional agreement to acquire 100% of the shares in Decimal, which holds a 100% interest in the Australian patented intellectual property associated with the Decimal business.

Decimal is a 100% cloud platform specifically developed for the complex and highly regulated financial services industry that brings together financial advisors, clients, financial products, marketers, compliance and administration to all operate in real-time.

As has happened in other industries disrupted by innovative cloud-based technology solutions (e.g. Xero, SEEK, Carsales and Freelancer), Decimal also provides an industry cloud platform for independent financial advisors (“IFAs”), dealer groups, financial institutions, stockbrokers and super funds to penetrate a large, relatively untapped, new market of investors who require financial products but do not currently receive advice. Decimal was also constructed so that it can be seamlessly rolled-out across multiple jurisdictions, including the US and the UK.

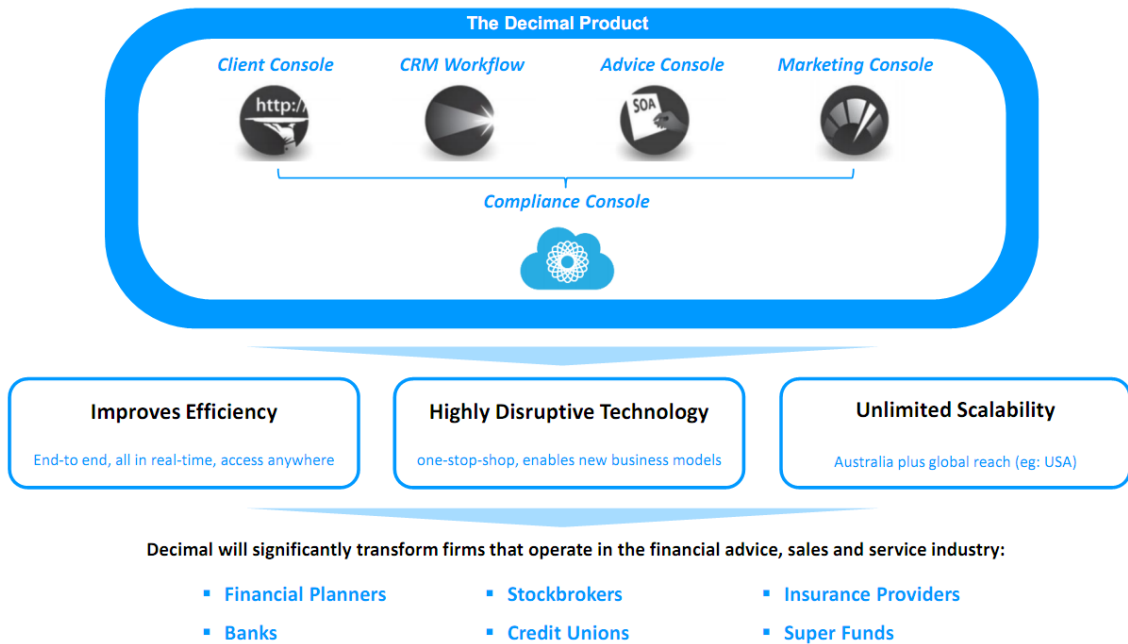
Figure 1: Decimal Reaches to the Unadvised (for illustrative purposes only)



Decimal has designed and built from the ground-up, the first complete end-to-end mobile enabled cloud platform for the financial services industry. The Decimal user interface appears very simple, but internally takes into account all the requisite complexity associated with offering full scale financial advice to scaled or limited advice (i.e. advice pertaining to a specific product or solution set without taking into account the client’s complete financial situation), in the context of an increasingly regulated environment.

At its core, is a sophisticated engine that incorporates seamlessly all the planning steps and investment options to providing online financial advice and enter into new untapped markets for ~60% of the Australian working population that is unadvised.

**Figure 2: Summary of the Decimal Solution**



If a new technology is not highly disruptive to an industry, it is not a “game-changer”. Decimal’s cloud platform will transform the financial services industry, enabling efficiency and quality of service provided by financial advisors to significantly increase, along with major improvements in compliance and scalability. Provided below is an overview of how Decimal will transform the financial planning industry (for example):

**Figure 3: Comparison of the Financial Planning Industry and Decimal**

	Financial Planning Industry	Decimal
<i>Operating platform</i>	Server hosted (with some cloud based modules)	100% Cloud
<i>SoA<sup>1</sup> assembly</i>	6 hours or more	Real-time
<i>SoA client delivery</i>	2 – 3 weeks	Real-time
<i>Client interface</i>	Static client reports emailed out	Real-time
<i>Monitoring adviser strategies and implementation from audit trail</i>	Manual with time delays	Real-time
<i>Update for ASIC, ATO, FoFA regulations or firm policy change</i>	Decentralised manual configuration	Automatically integrated
<i>Client acquisition</i>	Personal referrals / traditional ads	Mass personalised digital marketing
<i>Advice delivery</i>	Phone or Face-to-face	Seamless choice between digital , phone and face-to-face
<i>Total profitable clients per adviser</i>	<120	+300
<i>Scalability</i>	Capped at capacity of back-office	unlimited
<i>Minimum Investable Assets per Customer<sup>2</sup> (\$)</i>	~\$150,000	No minimum

Notes: (1) SoA refers to a Statement of Advice, a lengthy document which is required to be prepared when providing financial advice to clients  
 (2) Typically, financial planners will only service clients with investable assets of \$150,000 or more to remain profitable

Decimal has undergone more than 6 years of development commensurate with supporting an industry responding to increased regulatory change, contestable consumer markets and technology ubiquity. Decimal is a proven platform based on a variety of customer initiatives leveraging Decimal's innovations as well as a diverse and growing range of deployments.

Figure 4: Decimal's Customers and Networks



## COMMERCIAL TERMS AND BOARD CHANGES

The commercial terms of the Acquisition, which are subject to approval by Aviva shareholders, include the following:

- Return of capital of \$0.06 per share to Aviva Shareholders at the Record Date which will be prior to the Acquisition;
- Share consolidation of Aviva shares on a 1 for 3 basis; and
- Issue of 112.5 million Aviva shares (post Share Consolidation) to the shareholders of Decimal.

Following completion of the Share Consolidation and issue of Consideration Shares, a total of 179.2 million<sup>1</sup> Aviva shares will be on issue. Completion of the Acquisition and issue of the Consideration Shares is expected to occur on 9 April 2014.

In addition, following completion of the Acquisition, Aviva will:

- Appoint Mr Michael Sertorio and Jan Kolbusz to the board of Aviva. Mr Sertorio will be appointed as Executive Chairman and Mr Kolbusz will be appointed as Executive Director; and
- As a result of the Company's change in industry focus, the current Directors of Aviva will either all resign on the transaction end date, or alternatively one current Director will remain. In the case where all current Directors resign, Aviva will have the option to appoint one new Director. The current Aviva Directors' position will be clearer following preliminary meetings with the ASX.

<sup>1</sup> On the basis that no further shares are issued or options are exercised prior to completion of the transaction.

The Acquisition of Decimal constitutes a change to the nature and scale of Aviva's activities. The Company will therefore need to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

As part of satisfying its requirements to re-comply, the Acquisition must be approved by Aviva shareholders at a general meeting.

## **CORPORATE**

### **Share Capital**

On 31 December 2013, 2.5 million unlisted ordinary options in Aviva expired. Of these options 1.25 million had an exercise price of 20 cents and a further 1.25 million options had an exercise price of 30 cents.

Aviva issued 2 million shares on 21 January 2014 following the exercise of 2 million options at 12 cents, which led to proceeds of \$240,000. The issue of these shares increased Aviva's issued share capital to 190.9 million. At the date of this report, Aviva has 10.5 million unlisted options on issue.

### **Cash position**

Aviva's cash position as of 31 December 2013 was \$23.2 million, with no debt. The Company implemented several initiatives during the previous quarter which led to a reduction in corporate and administration costs during the December quarter.

### **Coppermoly Investment**

Aviva made an investment in Coppermoly Ltd ("**Coppermoly**") in January 2013 through a convertible note of \$125,000. Aviva provided notice to Coppermoly in December 2013 that it will not convert the convertible note which subsequently matured on 21 January 2014. Repayment of the \$125,000 is expected to be received within 10 business days following maturity.

Aviva continues to hold one million unlisted options in Coppermoly, which was issued on 21 January 2013 at an exercise price of 5 cents per option and with an expiry date of 21 January 2016. Coppermoly is re-acquiring 100% of the three tenements in the West New Britain Project ("West Britain") from Barrick Gold subsidiary Barrick (PNG Exploration) Limited. Coppermoly announced on 8 October 2013 that it has made the first payment on the re-acquisition, increasing its ownership to 51% in West Britain.

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### **Forward-Looking Statements**

*This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to, statements concerning Aviva Corporation Limited's planned exploration program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Aviva Corporation Limited believes that its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

**AVIVA CORPORATION LIMITED**

ABN

31 009 235 956

Quarter ended ("current quarter")

31 DECEMBER 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	(26)
(b) development	-	-
(c) production	-	-
(d) administration	(161)	(388)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	233	450
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other:		
- Staff redundancies	-	(281)
- Restructuring costs	(14)	(116)
- Business Development	(29)	(46)
<b>Net Operating Cash Flows</b>	<b>29</b>	<b>(407)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	(304)
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	3,500
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>3,196</b>
1.13 Total operating and investing cash flows (carried forward)	29	2,789

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	29	2,789
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	1,650
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share issue costs)	-	(13)
	<b>Net financing cash flows</b>	-	1,637
	<b>Net increase (decrease) in cash held</b>	<b>29</b>	<b>4,426</b>
1.20	Cash at beginning of quarter/year to date	23,185	18,790
1.21	Exchange rate adjustments to item 1.20	-	(2)
1.22	<b>Cash at end of quarter</b>	23,214	23,214

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	48
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments of directors fees and associates of directors

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	180
<b>Total</b>	<b>180</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	414	185
5.2 Deposits at call	22,800	23,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>23,214</b>	<b>23,185</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	188,993,287	188,993,287	Not Applicable	Not Applicable
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
- Unlisted Options	250,000	Nil	\$0.25	1 July 2014
- Unlisted Options	250,000	Nil	\$0.35	1 July 2014
- Unlisted Options	1,000,000	Nil	\$0.12	18 March 2014
- Unlisted Options	2,000,000	Nil	\$0.12	18 March 2014
- Unlisted Options	500,000	Nil	\$0.30	30 June 2015
- Unlisted Options	500,000	Nil	\$0.20	30 June 2015
- Unlisted Options	10,000,000	Nil	\$0.175	15 July 2017
7.8 Issued during quarter				

+ See chapter 19 for defined terms.

7.9	Exercised during quarter <i>-Perf. Share Rights</i>				
7.10	Expired during quarter <i>-Unlisted Options</i>	500,000	Nil	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31 December 2013
	<i>-Unlisted Options</i>	500,000	Nil	\$0.30	31 December 2013
	<i>-Unlisted Options</i>	750,000	Nil	\$0.20	31 December 2013
	<i>-Unlisted Options</i>	750,000	Nil	\$0.30	31 December 2013
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 31 January 2014  
(~~Director~~/Company secretary)

Print name: Stef Weber

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the

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+ See chapter 19 for defined terms.

## Appendix 5B Mining exploration entity quarterly report

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reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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