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JUMBO EXPANDS INTO LATIN AMERICA THROUGH LANDMARK DEAL IN MEXICO



- Signed long-term exclusive agreements with Sorteo Games (“Sorteo”) which holds two national lottery systems (“Lotería Nacional” and “Pronósticos”) and distribution licenses in Mexico
- Exclusive agreement includes rights to sell official “Lotería Nacional” and “Pronósticos” Mexican lotteries in Mexico via internet and mobile.
- Strategic investment of US\$2 million in Sorteo Games Inc, plus an option for an additional US\$3 million, to assist with the expansion of the business in Latin America.

Leading interactive lottery business, Jumbo Interactive Limited (ASX: JIN) (“Jumbo or “the Company”), is pleased to announce a significant step forward in its plans to expand into high-growth territories, internationally, with the signing of exclusive long-term agreements with US-based Sorteo Games Inc, a leading provider of electronic lottery systems. Additionally, Jumbo is making a strategic investment with the acquisition of 6% of issued share capital in Sorteo Games Inc for US\$2 million.

Under the terms of the agreement, Jumbo will integrate its technology with Sorteo Games' distribution platform and become an official internet and mobile retailer of products from Lotería Nacional and Pronósticos, the two largest lotteries in Mexico with combined sales of over US\$1.2 billion.

“With a population of over 110 million people and 40 million on the Internet, there is enormous potential to grow the Mexican lottery market with our Internet lottery software and interactive marketing skills”, said Mr Mike Veverka, CEO of Jumbo Interactive Limited.

“Lotería Nacional is looking forward to working with Sorteo Games in its distribution platform integration with Jumbo to grow lottery sales via the Internet and mobile”, said Mr Mario Ramirez, Commercial Director of Lotería Nacional.

Rationale for Investment in Sorteo Games

Sorteo Games Inc, a US-based lottery company with interests in Mexico since 2002, has exclusive long-term agreements with Mexico's Lotería Nacional and Pronósticos to manage the modernisation and automation of the two lotteries. The company has integrated all games onto a single technological platform replacing pre-printed tickets with real-time on-demand tickets. This platform enables the rapid creation of new products and opens new electronic distribution channels.

Sorteo Games is in the process of rolling out the next phase of their expansion plans in Mexico and Latin America. As part of the agreements, Jumbo has the opportunity to provide additional technological solutions for all other lotteries and countries that Sorteo Games enters into.

Jumbo will invest US\$2 million for 6% of issued share capital of Sorteo Games with an option to invest an additional US\$3 million. Jumbo will receive one board

seat and provide valuable technological and lottery experience to the management of Sorteo Games.

“Jumbo is pleased to become closely aligned with Sorteo Games and become a valuable technological partner not only in Mexico but in other countries as well”, said Mr Mike Veverka.

“We welcome this investment from Jumbo which will enable us to accelerate our roll-out programme. The automation of the lotteries is progressing well, we have launched Keno and now we can provide the ability to play online quicker than anticipated. Jumbo’s track record of success with the Australian lotteries makes them the partner of choice to introduce online lottery games in Mexico. We look forward to a long and fruitful relationship with them”, said Mr Nour-Dean Anakar, CEO and Founder of Sorteo Games Inc.

Mexican Lottery Agreements

Legislation in Mexico supports the sale of lotteries via the internet and Sorteo Games has the exclusive right to develop an integrated electronic platform. Agreements have been signed between Jumbo Interactive and Sorteo Games for Jumbo to manage internet and mobile channels using its software and experience gained in Australia over the past 12 years. The agreements run for the full term and pursuant to the agreements between Sorteo Games and Lotería Nacional and Pronósticos.

The national lottery of Mexico, Lotería Nacional para la Asistencia Publica (“Lotería Nacional”) has been in operation for over 240 years (established 1770) and operates 8 traditional lottery games with annual sales circa US\$450 million. Sales are conducted through a network of agents and are undergoing a complete modernisation and automation process managed exclusively by Sorteo Games. Pronósticos para la Asistencia Publica (“Pronósticos”) is the only other national lottery and has been operating for more than 30 years (established 1978). The

lottery has grown quickly following automation in recent years to become the most popular lottery in Mexico with sales circa US\$760 million.

“We wish to make it easy and provide choice for people of Mexico to play the lottery. Early projects of modernisation and automation of the distribution channels for both Lotería Nacional and Pronósticos are yielding strong results and adding an online channel will only increase the potential of growth”, said Mr Nour-Dean Anakar, Founder and CEO of Sorteo Games.

Mexico is the 14th largest country in terms of Gross Domestic Product (US\$1.15 trillion), next to Australia, which is the 13th largest country by the same scale (US\$1.37 trillion). On a population basis, Mexico has 5 times the population of Australia (Mexico: 114.7 million. Australia 22.6 million).

“Australia has an A\$4 billion lottery market indicating significant potential for growth in the US\$1.2 billion Mexican lottery market when comparing the two countries in terms of population and GDP”, said Mr Mike Veverka.

Jumbo has quadrupled internet lottery sales in Australia over the past 4 years from A\$25 million to A\$100 million using its own in-house Internet lottery software powering web and mobile sales (www.ozlotteries.com and m.ozlotteries.com).

Jumbo has allocated a first year budget of US\$2 million to build and market a website similar in functionality to www.ozlotteries.com for both national Mexican lotteries. The strategy will be to quickly build a customer database of Mexican players using similar interactive marketing techniques used to build a customer database of 1.37 million accounts in Australia. Jumbo will open an office in Mexico City to facilitate the expansion plans

About Jumbo Interactive

Jumbo recently released FY 2012 results including a 32% increase in Total Transactional Value to A\$100 million, 33% increase in Revenue to A\$24 million and a 39% increase in Net Profit After Tax to A\$6.7 million. A 2.0c final dividend was declared bringing the total for the full year to 3.0c.

In 2000, the Company sold its first lottery ticket on the Internet and since then has developed www.ozlotteries.com into a popular place for lotteries to be played.

Jumbo has proven its ability to open up new lottery markets with its innovative technology and Internet marketing initiatives that have brought lotteries to new demographics via the Internet.

International markets are key targets for the Company, in particular the A\$60 billion North American and A\$110 billion European lottery markets.

Jumbo employs over 80 staff, has its headquarters in Brisbane and plays an important role in the Australian lottery industry with over A\$22 million in additional State Government revenue raised from sales in 2012, A\$17 million in 2011 and A\$15 million in 2010.

For further information:

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