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JUMBO EXPANDS INTO USA THROUGH JOINT VENTURE



- 50/50 Joint venture company established in New York to provide new generational lottery solutions incorporating Internet, physical merchandising and lottery affinity/loyalty programs to US retailers.
- Contract signed with first customer that serves 15,000 retail locations in several US states.

Leading interactive lottery business, Jumbo Interactive Limited (ASX: JIN), is pleased to announce an important step into the US lottery market with the launch of a joint venture with Retail Gaming Solutions (RGS), a New York based company specialising in physical lottery merchandising and affinity programs.

The move follows Jumbo's strategy of entering new markets and embracing established lottery retailers by providing interactive solutions to grow lottery sales. The move also gives Jumbo exposure to the \$A60 billion North American lottery market with games such as the US Powerball and Megamillions. This week the US Powerball has jackpotted to US\$550 million and in March 2012, the Megamillions game jackpotted to US\$640 million.

The new joint venture company, called "Lotto Points Plus" (LPP), will be equally owned by Jumbo and RGS and is based in New York. LPP will market a unique lottery retailer solution to existing lottery retailers with the goal of increasing lottery sales. The unique solution incorporates advantages from new technologies (provided by Jumbo) with innovative, in-store lottery merchandising and affinity/loyalty programs (provided by RGS).

A distribution and implementation program for the LPP solution has already commenced. Launching next month, one of America's largest distributors to the convenience store industry will begin rolling out the LPP retailing solution to its network of over 15,000 independent retail locations across several northeast US states.

In addition, a pilot program has also been completed with one of the largest single retailers of lottery tickets in the United States. Stores in the pilot program realized a significant increase in lottery sales. Based on these results, LPP is in final negotiations for a full, phased rollout of the LPP Program across a wider, single retailer network of several hundred retail outlets across several northeast US states.

"Jumbo is providing its interactive lottery technology as a key component to a service helping traditional lottery retailers increase their lottery sales", said Mr Mike Veverka, CEO of Jumbo Interactive Limited.

"This joint venture is an ideal way to establish a presence in the USA and demonstrate the capabilities of our system", he said.

"RGS is excited to work with Jumbo to create this "best of breed" lottery retailing solution designed to unlock potential and increase lottery sales", said Mr Jeff Perlee, director of RGS. Mr Perlee is a 20-year veteran of the US lottery industry having served as Director/CEO of the New York Lottery and general counsel with the Illinois lottery. During Mr Perlee's tenure at the New York Lottery, annual sales increased from US\$3 billion to over US\$4 billion per year, making the New York Lottery the largest and most profitable state/provincial lottery in North America.

Jumbo has agreed to fund the expansion of LPP with a US\$250,000 loan to the joint venture company. Jumbo will supply technology including its Internet and

mobile lottery software, “E-Retailer” commission sharing system and “Smart Signs” interactive sign technology.

About Jumbo Interactive

Jumbo recently launched an ambitious plan to bring interactive and traditional lottery sales channels together to meet customer demand.

Five new lottery products were released in September 2012 at the Montréal World Lottery Summit including the E-Retailer and Smart Signs technology as well as social media innovations.

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.

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.

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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