

MARINE DRIVE MOBILE CORP.

Revolutionizing Daily Deals

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MARINE DRIVE MOBILE CORP. (OTC:QB - MDMC - \$0.425)

Price Target: \$1.50

Rating: Speculative Buy

COMPANY SNAPSHOT

Marine Drive Mobile Corp. is a San Francisco-based technology company dedicated to bringing simplicity, innovation and disruption to the deal software industry. The Company is transforming the online deal space by providing a breakthrough approach to the deal space. Marine Drive Mobile offers businesses a totally free online advertising platform that makes creating and promoting daily deals as simple as sending an email. Marine Drive Mobile connects merchants and consumers through its proprietary software platform and business systems.

KEY STATISTICS

Price as of 7/27/12	\$0.425
52 Wk High – Low	\$1.10 – 0.1027
Est. Shares Outstanding	38.2M
Market Capitalization	\$16.2M
3 Mo Avg Vol	1,382,386
Exchange	OTC:QB

COMPANY INFORMATION

Marine Drive Mobile Corp.
 1278 Indiana, Suite 301
 San Francisco CA 94107
 888.815.9458
investors@marinedrive.com
www.marinedrive.com

INVESTMENT HIGHLIGHTS

Marine Drive Mobile Corp. is poised to revolutionize the \$9 billion digital daily deal industry. The Company's groundbreaking model provides low-cost, highly-sought after consumer information and analytics (like CRM) to merchants and a high degree of loyalty among consumers.

Marine Drive's proprietary deal platform is built for traditional and mobile internet architectures. As a result, the Company is primed to generate significant revenue from m-commerce, as this application will dominate overall e-commerce applications in the next few years.

MDMC is initially targeting a segment of the widely successful golf industry, which served as a proof-of-concept venture and should open up opportunities in many other high profile retail verticals. The Company already has a joint venture with TapIn Solutions, which opens up well over 3,000 retail opportunities to the Company.

Given the hyper-growth exhibited by daily deal leaders Groupon (NASDAQ – GRPN), LivingSocial and Google Offers (NASDAQ – GOOG), we project \$5M in revenue in FY13 with break-even results, with \$100M achievable in the next few years.

While the stock will be event-driven over the coming months, we believe that the stock will trade at a premium to Groupon and other comps. Given the model, strength of the technology and the huge market opportunity, we believe that MDMC's shares could reach \$1.50 as milestones occur. If the analytics reach their value-added potential, a takeover of MDMC could also emerge as a possibility. We rate MDMC Speculative Buy.

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THE VIEW FROM 30,000 FEET

San Francisco-based Marine Drive Mobile Corp. develops “Software as a Service” (SaaS) mobile and Internet commerce applications and services for merchants and consumers primarily focused on the mobile smart phone, or m-commerce market. This huge, fast-growing market is forecasted to reach almost \$120 billion in the next few years, with 500 million subscribers by 2015.

MDMC’s goal is to become a major provider in the existing and growing \$9 billion dollar online deal space by offering a self-service deal platform wrapped around a loyalty program. The Company’s proprietary technology, in its free and easy use deal management software platform, enables allows merchants to reach new marketing channels with essentially zero cost and zero risk, and provides a platform to allow them to provide incremental business to existing customers.

Existing digital deal entities such as Groupon (NASDAQ – GRPN), Living Social (partly owned by Amazon – NASDAQ – AMZN), and Google Offers (NASDAQ – GOOG) have transformed the way consumers and merchants conduct business, allowing merchants to ensure revenue with ‘real-time’ ability for product pricing, and providing consumers optimal value. Marine Drive Mobile generates revenue primarily through the small consumer transaction costs in the ‘deal’, which guarantees a discounted price for goods and services from a specific merchant. This structure is referred to as a “dollar down” revenue model.

Interestingly, most online deal sites charge the merchant a percentage of sales, on top of its discounted offering. However, the “dollar down” method allows businesses to collect online revenue when a deal is redeemed, while also eliminating the risk for unused deal inventory and increasing profit. Additionally, the Company continues to integrate the technology acquired in the ILAD (I Like A Deal) purchase of 2011, to develop detailed consumer analytics and reporting. The unique architecture enables Marine Drive’s merchant customers to create new marketing targets and campaigns which will increase revenue and profit for both Marine Drive and its merchants.

As noted above, Marine Drive Mobile operates its self-service deal platforms via the rapidly growing m-commerce-based mobile device applications, and e-commerce-based traditional Internet applications. The Company uses a proprietary, flexible design to enable consumers to access deals on the iPhone or Android platforms, and even javascript Android devices. The “deal options” model is an easy to use interface, and allows merchants to offer promotional offers by just sending an email, and consumers to hit a ‘deal’ button, scan a code, or enter a deal ID number to initiate a transaction.

A Hole in One

Marine Drive Mobile’s initial primary vertical market target is a confederation of golf consumers and golf courses and product distributors in the Pacific Northwest, called eTeeoff.com. The golf industry is one of the largest sub-segments of the highly profitable leisure goods sector, generating tens of billions in annual revenue.

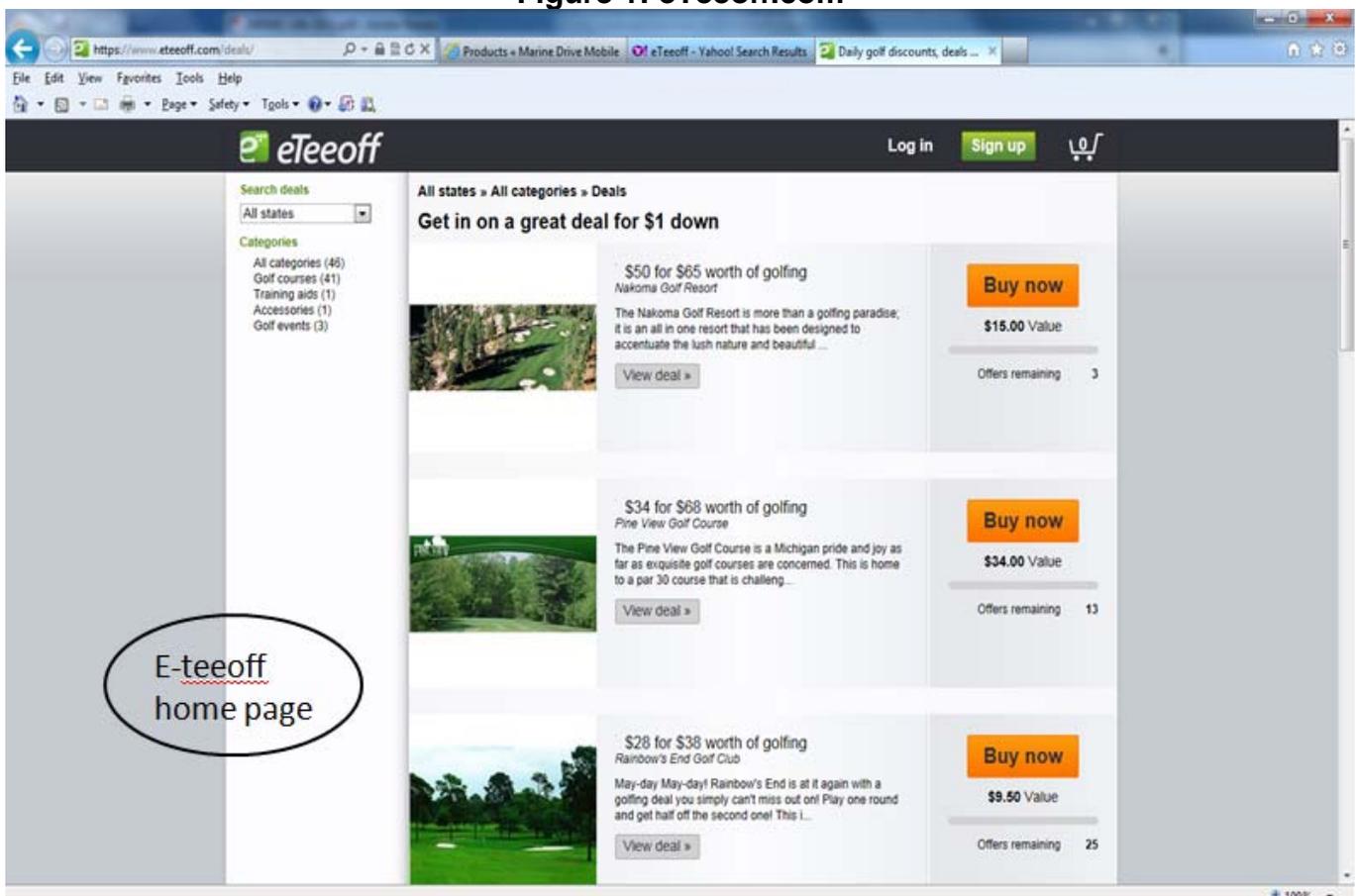
Interestingly, it appears that due to the economic downturn, there is now a mini-glut of golf courses and available products relative to the amount of golfers in certain regions of the U.S. Despite this environment, there exists a pent-up consumer demand for those who would want to start playing or play more often, provided a ‘deal’ could be offered.

Company Report

Thus, the eTeeoff.com website is the perfect fit for the industry at this time. Figure 1 below shows the main home page for the site. Local course offers and deals are displayed along with remaining inventory. Additionally, there are offers on events, training aids, and accessories. Figure 2 shows the initial phase of the deal transaction, and where Marine Drive Mobile generates its revenue. Once the 'Check Out' button is selected, the user is prompted to login or register for the first time.

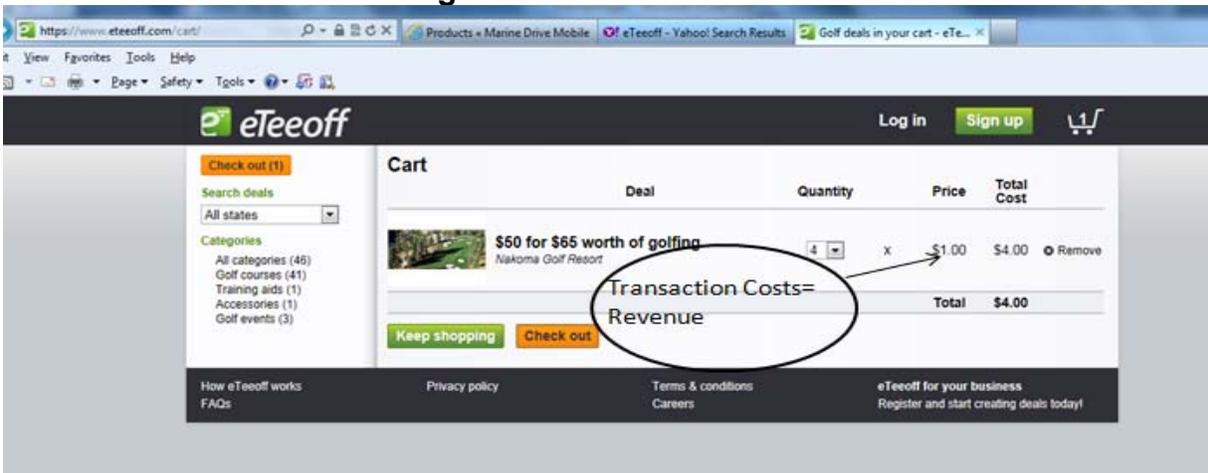
These transactions allow Marine Drive Mobile to track consumers and allow merchants to target new promotions and deals, creating a cycle of more revenue for both the merchants, and Marine Drive Mobile. The Company plans to replicate this model for use in other high value vertical consumers such as athletics and natural health and focus on target audiences to maximize brand identity.

Figure 1: eTeeoff.com



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Figure 2: Deal Transaction



PRIMED TO REACH \$100M IN SALES

In our view, management is building Marine Drive Mobile correctly. Following the proof-of-concept with eTeeoff, and the introduction of the next generation of its deal platform, and its financial payments gateway, we believe that the Company is poised to win new business from key, high profile retailers in a variety of verticals, as well as chains with 10-15 locations. The MDMC model provides low-cost, highly-sought after consumer information and analytics to merchants and a high degree of loyalty among consumers, which should attract droves of merchants and consumers alike. **If the platform is as successful as advertised, it could become a primary source of marketing for all retailers.**

MDMC is initially targeting a segment of the widely successful golf industry, which served as a proof-of-concept venture and should open up opportunities in many other high profile retail verticals. The Company already has a joint venture with TapIn Solutions, which opens up well over 3,000 retail opportunities and distributors to the Company. Given the hyper-growth exhibited by daily deal leaders Groupon, LivingSocial and Google Offers, we project \$5M in revenue in FY13 with break-even results, with \$100M achievable in the next few years. For example, in GRPN's most recent quarter, revenue rose 89% in 1Q12 from 1Q11, while LivingSocial's revenue leaped 168% in 1Q12, to \$110M, up from \$41M in 1Q11.

While MDMC may not enjoy the same type of meteoric growth as these firms, it will likely be profitable much sooner than either of these companies, given its innovative business model and platform architecture. Still, we think it possible for the Company to reach \$100M in a few years, following \$5M in sales 2013, with break-even results. The analytics offered to both big block retailers and small chains, along with the growth of m-commerce, on which the platform is based, should drive revenue and implementation.

Company Report

THE MARINE DRIVE MOBILE TEAM**Colin MacDonald – Acting President, Chief Executive Officer**

Colin is a seasoned consulting entrepreneur. He has worked throughout North America at Board and Executive levels for Accenture, Best Buy, ICBC, Oracle and Vancity. Colin specializes in mission critical financial systems and high volume transaction processing, having been a hands-on Senior Consultant to Central 1, Sears, Shoppers Drug Mart, Yahoo, Rogers and Future Shop. Colin is passionate about usability and accessibility, and tirelessly looks for ways to maximize the potential of mobile and online technologies.

Tony Cinotti - VP Mobile Banking

Tony is the co-inventor of two method patents for processing transactions on a video enabled phone (Smart Phone) US Patent numbers 5,606,361 2/25/1997 and 5,724,092 3/31/1998. The system basically allows for an interactive mailbox, a method of user identification, an encryption process, a means of viewing information and the interaction with merchants and financial institutions to conduct a transaction over a network. The system demonstrates a process for shopping online, stock trading and making payments by various methods via a video enabled phone with immediate confirmation of the transaction.

Joel Flynn – Chief Innovation Officer

Joel is a compulsive innovator in culture, media, and disruptive digital technologies with ten years of teaching experience, applied research, and boundary-pushing curriculum development at SFU's School of Interactive Arts & Technology. He holds a Bachelor of Commerce in International Business, Senior Management Certification in New Media Design, as well as tech-focused Masters degrees in Applied Science and Business Administration. While at SFU, Joel led the development of industry-academic co-op programs based on virtualized remote collaboration technologies and stressed the importance of innovation – especially with mobile and digital media applications – where technology, culture, and marketing meet.

Igor Stelmashenko, Chief Technical Architect

Igor brings over 20 plus years of technological engineering and administration experience to MDMC. He leads the technical team and streamlining their technology further. Starting with a degree in microelectronics he spent most of his career delivering software for a wide-range of industries: online gaming, social networking, financial, and e-commerce. Igor is a passionate advocate of mobile and cloud computing, digital media and electronic payment methods. His working experience covers everything from mainframes to embedded electronics and smartphones.

COMPETITIVE ADVANTAGES

In our view, MDMC has advantages over other companies in the space. For example, despite their exhortations, the 800-pound gorillas in the industry are not particularly liked by merchants as the deals provided to consumers do not foster loyalty. Furthermore, analytics are only useful in situations where loyalty rules the day. Its JV with TapIn will ensure solid revenue and break-even results next year, and should open the door to many, major opportunities beyond the golf vertical. As a result, we believe that MDMC will likely trade at several times forward revenue forecasts.

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RISK FACTORS

In our view, MDMC's biggest risks are twofold. First, the Company needs to demonstrate it can consistently and profitably execute daily deals and provide value-added analytics. Second, it must execute its sales and marketing plan on the business development front in other verticals, notably big block stores. We believe that MDMC will be very successful in its development efforts but understand that the timing of the start of commercialization could push meaningful revenue generation out to a later date, or in a smaller initial ramp, thus impacting the Company's revenue ramp or time to profitability. Competition from larger firms or even from newer entrants is a typical concern and is also consistent with firms of MDMC's size and standing.

VALUATION AND CONCLUSION

While the stock will be event-driven over the coming months, we believe that the stock will trade at a meaningful premium to the revenue multiple afforded Groupon and other comps in the market. Given the innovative model, strength of the technology and the huge market opportunity, we believe that MDMC's shares could reach \$1.50 as new business and development milestones occur. In our view, \$100M in revenue is in the cards in the next few years, given the type of hyper-growth in the space, but with profitability achieved sooner than its competitors, making the stock more valuable to investors. Moreover, if the platform is as successful as advertised, it could become a primary source of marketing for all retailers. Therefore, if the MDMC analytics provided to merchants reach their value-added potential, a takeover of MDMC could also emerge as a possibility. We rate MDMC Speculative Buy.

Company Report

Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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