

Byte Power Group Limited ABN 80 009 268 571

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting: Thursday 30 November 2017

Time of Meeting: 3.00 pm (Brisbane time)

Place of Meeting: HWL Ebsworth Lawyers, Level 19, 480 Queen Street, Brisbane

Notice of Annual General Meeting

Notice is given that an Annual General Meeting of shareholders of Byte Power Group Limited ABN 80 009 268 571 (**Company**) will be held at the offices of HWL Ebsworth Lawyers, Level 19, 480 Queen Street, Brisbane, on Thursday 30 November 2017 at 3.00 pm (Brisbane time).

Agenda

Ordinary business

1. Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflow and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2017.

Note: There is no vote on this item.

2. Resolution 1 - Remuneration Report

To consider and, if thought fit, pass the following non binding Ordinary Resolution:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2017 (as set out in the Directors Report) is adopted."

Non-binding Resolution

Resolution 1 shall be determined as if it was an Ordinary Resolution but under section 205R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors of the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

Voting Restriction pursuant to section 250R(4) of the Corporations Act

Terms used in this Notice of Meeting are defined in the Interpretation section of the accompanying Explanatory Memorandum (Section 10).

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel (**KMP**) details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of a KMP.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

However, a vote may be cast on Resolution 1 by a KMP or a Closely Related Party of a KMP, if:

- (a) the KMP or a Closely Related Party of a KMP does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the KMP details of whose remuneration are included in the Remuneration Report or a Closely Related Party of a KMP; and
- (c) either:
 - (1) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
 - (2) the proxy is the chair of the Meeting and the appointment of the chair as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the chair to exercise the proxy even if the

Notice of Annual General Meeting

resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

Shareholders should be aware that any undirected proxies given to the chair will be cast by the chair and counted in favour of Resolution 1, subject to compliance with the Corporations Act.

3. Resolution 2 - Approval of disposal of Soar Coins to Discharge the Company's liability owing to Directors of Byte Power Group Ltd for outstanding salaries and wages.

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company with or without amendment:

"That in accordance with the provisions of Listing Rule 10.1, and for all other purposes, the Shareholders approve the disposal of 27,385,026 Soar Coins to the Directors of Byte Power Group Ltd at an issue price of USD\$0.021 per Soar Coin (based on the RBA exchange rate of USD to AUD as at 16 October 2017) in full consideration of the outstanding salary and wages owing to each Director on the terms and conditions as set out in this Notice and Explanatory Memorandum."

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- any of the Directors; and
- any associate of the Directors

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

In accordance with ASX Listing Rule 10.10, the Company has engaged Powers Corporate Finance to provide an Independent Expert's Report in respect of Resolution 2. Shareholders should carefully consider the Independent Expert's Report accompanying the Explanatory Statement as Schedule 1. The Independent Expert's Report comments on the fairness and reasonableness of the proposed granting of Security by the Company.

Powers Corporate Finance has determined that the proposed disposal of Soar Coins pursuant to Resolution 2 is fair and reasonable to the Company's Shareholders whose votes in relation to Resolution 2 are not to be disregarded.

4. Resolution 3 - Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution, as a Special Resolution of the Company with or without amendment:

"That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the

Notice of Annual General Meeting

date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (**Placement Securities**)."

Voting exclusion statement

The Company will disregard any votes cast on this Special Resolution by:

- any person who may participate in the issue of the Placement Securities and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- any associate of such a person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Important note

The proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

5. Resolution 4 - Approval of election of Mr Michael Wee as a Director

To consider and, if thought fit, pass, with or without amendment, the following resolution as an Ordinary Resolution:

"That, for the purposes of rule 38.12(a) of the Company's Constitution and for all other purposes, Mr Michael Wee be appointed as a director of the Company".

6. Resolution 5 - Adoption of Long Term Incentive Plan

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"That, for the purposes of Exception 9 in Listing Rule 7.2 and section 260C(4) of the Corporations Act and for all other purposes, Shareholders approve the Long Term Incentive Plan (**LTIP**) and the issue of securities under the LTIP, on the terms and conditions as set out in the Explanatory Memorandum."

Notice of Annual General Meeting

Voting exclusion statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- the proxy is either:
 - a member of the KMP; or
 - a Closely Related Party of a KMP; and
 - the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply to this Resolution:

- the proxy is the chairperson of the meeting; and
- the appointment expressly authorises the chairperson to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the KMP

The Company will disregard any votes cast on this Resolution by any of the Directors (except a benefit solely in the capacity of a holder of ordinary securities) and an associate of those persons.

However, the Company need not disregard a vote in respect of this Resolution:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 6 - Approval of issue of Shares to Mr Raphael Tham

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors be authorised to issue 200,000,000 ordinary fully paid shares in the Company to Mr Raphael Tham (and/or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement

The Company will disregard any votes cast on this resolution by a person who may participate in the issue, namely Mr Raphael Tham and/or associates of Mr Raphael Tham. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Resolution 7 - Approval of issue of Shares to Mr Yano Lim

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors be authorised to issue 30,000,000 ordinary fully paid shares in the Company to Mr Yano Lim (and/or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

Notice of Annual General Meeting

Voting exclusion statement

The Company will disregard any votes cast on this resolution by a person who may participate in the issue, namely Mr Yano Lim and/or associates of Mr Yano Lim. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Resolution 8 - Approval of issue of Shares to Mr Alvin Phua

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors be authorised to issue 600,000,000 ordinary fully paid shares in the Company to Mr Alvin Phua (and/or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement

The Company will disregard any votes cast on this resolution by a person who may participate in the issue, namely Mr Alvin Phua and/or associates of Mr Alvin Phua. However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the board.

Yano Lim

Company Secretary

30 October 2017

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to shareholders of Byte Power Group Limited ABN 80 009 268 571 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at HWL Ebsworth Lawyers, Level 19, 480 Queen Street, Brisbane, on Thursday 30 November 2017 at 3:00 pm (Brisbane time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in Section 10.

The Notice of Meeting sets out the details of eight (8) separate resolutions to be put to Shareholders comprising the following:

2. Financial Statements and Reports

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the accounts for the Company for the financial year ended 30 June 2017 were released to the ASX Limited on 30 September 2017. Pursuant to section 317 of the Corporations Act, the Company's Annual Report will be laid before the Meeting. Shareholders will be given the opportunity to raise questions or comments on the reports at the Meeting. No voting is required for this item.

3. Resolution 1 - Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Ordinary Resolution. The vote on this Resolution is advisory only and does not bind the Directors or the Company. The Board will, however, take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

If at least 25% of the votes cast on the resolution to adopt the Remuneration Report are against adoption of the report, then:

- if comments are made on the report at the Meeting, the Company's remuneration report for FY18 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2018 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of Directors (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the 2018 Annual General Meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

Noting that each Director has a personal interest in their remuneration from the Company, as described in the Remuneration Report, the Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

4. Resolution 2 – Approval of disposal of Soar Coins to Discharge the company liability owing to Directors of Byte Power Group Ltd for outstanding salaries and wages.

4.1 Introduction

Resolution 2 seeks the approval of Shareholders for the disposal of Soar Coins to the Directors to discharge the Company's liability owing to Directors of Byte Power Group Ltd for long outstanding salaries and wages.

4.2 Listing Rule 10.1

Listing Rule 10.1 provides that an entity must ensure that it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party to the entity without the approval of security holders of the entity.

In accordance with Listing Rule 10.1, Shareholder approval is sought to approve the disposal of Soar Coins owned by the Company to the Directors, to discharge the Company's liability owing to Directors of Byte Power Group Ltd for outstanding salaries and wages.

On 13th July 2017 the Company sought guidance from the ASX on whether the issue of Soar Coins to Directors of the entity would be issuing cash or cash equivalent to discharge the Company's liability owing to Directors of Byte Power Group Ltd for outstanding salaries and wages. The ASX advised that Soar Coins were considered an asset for the purposes of Listing Rule 10.1

If this Resolution 2 is approved it will have the effect of reducing the Company's liability position by \$997,314 which will materially improve the overall liability position of the Group. The Directors have not drawn salaries and wages from the Company in many years and in the case of Alvin Phua over 8 years. By approving the disposal of these Soar Coins to the Directors, the Directors will finally be able to receive compensation for their efforts in managing the Group companies for many years.

For the purposes of Listing Rule 10.1, the Company advises:

- the number of Soar Coins to be disposed to each Director and the amount of salaries and wages owing by the Company are:
 - Mr Alvin Phua – Net salaries and wages owing (excluding Director's salary) – \$722,571 as at 30 June 2017
 - Mr Alvin Phua – Net Director's salary owing – \$200,512 as at 30 June 2017

- Mr Raphael Tham - Net Director's salary owing – \$43,643 as at 30 June 2017
- Mr Yano Lim - Net Director's salary owing – \$30,588 as at 30 June 2017
- The price of the Soar Coins used to discharge these liabilities is set at the market price on the 23rd June 2017. This price and date was chosen as it is the same price that other unrelated creditors of Byte Power Group Ltd were offered to discharge their liabilities owing by the Company, and accepted by the unrelated creditors of Byte Power Group following negotiations with them. As at 23rd June 2017, each Soar Coin is valued at US\$0.021.
- As the Soar Coins were acquired in US cents the price offered to Directors for these Soar Coins will be adjusted to Australian dollars based on the RBA currency exchange price at the date of disposal.

4.3 Listing Rule 10.10

- Listing Rule 10.10 requires that the notice of meeting for a resolution under Listing Rule 10.1 include a report from an independent expert in which the independent expert states their opinion as to whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded. The Company engaged Powers Corporate Finance to provide their opinion, and the report from Powers Corporate Finance is attached as Schedule 1 to this Explanatory Statement.

In the independent expert's report attached as Schedule 1, Powers Corporate Finance confirms that in their opinion, the proposed disposal of Soar Coins is fair and reasonable to the Company's Shareholders whose votes in relation to Resolution 2 are not to be disregarded.

5. Resolution 3 - Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

5.1 Introduction

Pursuant to Resolution 3, the Company is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued).

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1A small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Placement**). The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1.

The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, may be applied towards potential acquisition, supporting the development of the Company's current businesses, for the retirement of debt of the Company and for general working capital.

5.2 Listing Rule 7.1A

(a) General

(1) Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index (**Eligible Entity**).

For illustrative purposes only, on 30 September 2017, the Company's market capitalisation was \$2,235,068 based on the closing trading price on that date. The calculation of market capitalisation will be based on the closing price of the shares, on the last trading day on which trades in the shares were recorded before the date of the AGM, multiplied by the number of shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this AGM, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholders' approval pursuant to this Resolution 3, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

(2) Special Resolution

Listing Rule 7.1A requires this Resolution 3 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the meeting.

(3) Shareholder Approval

The ability to issue the Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

(b) 10% Placement Period - Listing Rule 7.1A.1

Assuming Resolution 3 is passed, Shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the AGM; or
- (2) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire, on 30 November 2018. The approval will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under listing rule 11.1.2 or 11.2.

(c) **Calculation for Additional 10% Placement - Listing Rule 7.1A.2**

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (3) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4 (but note that this does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity without Shareholder approval); and
- (4) less the number of fully paid ordinary securities cancelled in the 12 months.

D is 10 percent.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

(d) **Listing Rule 7.1A.3**

(1) **Equity Securities**

Any Equity Securities issued under the Additional 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this notice of meeting, the only class of Equity Securities in the Company quoted on the ASX are ordinary shares. The Company presently has 2,232,569,989 ordinary shares on issue at the date of this Notice of Meeting.

(2) **Minimum Issue Price**

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (A) the date on which the price at which the relevant Placement Securities are to be issued is agreed; or

- (B) if the relevant Placement Securities are not issued within five trading days of the date in paragraph (A) above, the date on which the relevant Placement Securities are issued.

(e) **Information to be given to ASX - Listing Rule 7.1A.4**

If Resolution 3 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the Placement Securities and the number of Placement Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, which will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of Equity Securities caused by the issue;
 - (B) where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing shareholders would have been eligible to participate;
 - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (D) any other fees or costs incurred in connection with the issue.

(f) **Listing Rules 7.1 and 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 2,232,569,989 Shares. The Company will have the capacity to issue the following Shares on the date of the Meeting:

- (1) 334,885,498 Shares under Listing Rule 7.1; and
- (2) subject to Shareholder approval being obtained under Resolution 3, 223,256,999 Shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

5.3 Specific Information required by Listing Rule 7.3A

(a) **Minimum Price of securities issued under Listing Rule 7.1A - Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (2) if the Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

(b) **Risk of economic and voting dilution - Listing Rule 7.3A.2**

As provided by Listing Rule 7.3A.2, there is a risk of economic and voting dilution to the existing shareholders. The Company currently has on issue 2,232,569,989 Shares. The Company could issue 223,256,999 Shares on the date of the Meeting, however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 details of which are set out above. Any issue of Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the Meeting; and
- (2) the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- decreased by 50%; and
- increased by 100%.

Table 1

Issued Share Capital	50% decrease in Market Price \$0.0005		Current Market Price \$0.001		100% increase in Market Price \$0.002	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
Present Issued Share Capital = 2,232,569,989 shares	223,256,999	\$111,628.50	223,256,999	\$223,257.00	223,256,999	\$446,514.00
50% Increase in Share Capital = 3,348,854,984 shares	334,885,498	\$167,442.75	334,885,498	\$334,885.50	334,885,498	\$669,771.00
100% Increase in Share Capital = 4,465,139,978 shares	446,513,998	\$223,570.00	446,513,998	\$446,514.00	446,513,998	\$893,028.00

Assumptions and explanations

- The Market Price is \$0.001, based on the closing price of the Shares on ASX on 11 October 2017.
- The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only Shares are issued), and not:
 - any Shares issued under the 15% under Listing Rule 7.1;
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of Placement Securities.
- The issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 11 October 2017.
- The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).

(a) **Final date for issue - Listing Rule 7.3A.3**

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 30 November 2018.

However, this approval will cease to be valid in the event that holders of the eligible entity's ordinary securities approve a transaction under rule 11.1.2 or rule 11.2.

(b) **Purpose - Listing Rule 7.3A.4**

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, may be applied towards potential acquisitions, supporting the development of the Company's current businesses, for the retirement of debt of the Company and for general working capital.

(c) **Shares Issued for Non-cash consideration - Listing Rule 7.3A.4**

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments or as consideration for services provided to the Company. If the Company issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

(d) **Company's Allocation Policy - Listing Rule 7.3A.5**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Placement Securities. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and

- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

(e) **Shares Issued Since Last AGM - Listing Rule 7.3A6**

Since the 2016 AGM the Company has not issued any Equity Securities.

5.4 Voting Exclusion Statement - Listing Rule 7.3A7

A voting exclusion statement is included in the Notice. At the date of the Notice, the proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

5.5 Directors Recommendation

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 3.

6. Resolution 4 - Approval of election of Mr Michael Wee as a Director

6.1 Introduction

Under Rule 38.12 of the Constitution of the Company, the Company may by resolution in general meeting appoint a person as a Director.

Under Rule 38.13 nominations for election to the office of Director shall be accepted for up to 30 business days before the date of the general meeting at which the director will be elected.

The Company notes that it has received Mr Michael Wee's nomination on 6th October 2017

Resolution 4 seeks the approval of Shareholders for the appointment of Mr Michael Wee as a Director of the Company.

6.2 Biography

Mr Wee is a successful self-employed businessman who provides digital multimedia services (web and print content) to the Print and Design sectors and his clients include News Ltd., Bauer Media Group, Pacific Magazines, and Murdoch Books. Prior to running his own business Mr Wee was the General Manager of Comaxes Corporation, an IT Consulting business providing network and support services for clients including McKinsey & Co, Arthur Andersen, Resimac, and Sparke Helmore. Prior to his role in Comaxes Corporation Mr Wee held the position of General Manager of Bitwise Pty Ltd, an IT services business that provides security network services to the NSW Public Works network.

6.3 **Directors' interests**

Mr Wee does not hold any shares in Byte Power Group Ltd.

6.4 **Directors recommendations**

The Directors of the Company unanimously recommend that Shareholders vote in favour of Resolution 3.

7. **Resolution 5 - Adoption of Long Term Incentive Plan**

7.1 **Introduction**

The purpose of the LTIP is to provide incentives to management and Directors of the Company who are integral to the operations and ongoing success of the Company. These incentives are designed to encourage greater productivity from Directors and management and to better enable the Company to retain its management personnel in a highly competitive industry.

Should Resolution 5 be passed, the Company will have the necessary flexibility to issue securities as an incentive to management personnel.

A summary of the LTIP is set out at section 7.4.

7.2 **Proposed resolution**

Shareholder approval of the LTIP is sought for all purposes under the Corporations Act and the Listing Rules, including for the following purposes:

- (a) in accordance with Listing Rule 7.2 Exception 9, any securities issued under the LTIP will be excluded from the calculation of the maximum number of new securities that can be issued by the Company in any 12 month period for the purposes of Listing Rule 7.1 (currently 15% of securities previously on issue) and if Resolution 3 is approved for the purposes of Listing Rule 7.1A (currently a further 10% of securities previously on issue) for a period of three years from the date of this approval; and
- (b) section 260A(1)(c) of the Corporations Act prohibits a company from financially assisting a person to acquire shares in itself except as permitted by section 260C. Section 260C(4) provides for special exemption for approved employee shares schemes and states that financial assistance is exempted from section 260A if a resolution is passed at a general meeting of the company.

7.3 **Listing Rule 7.1 and 7.2 (Exception 9)**

Listing Rule 7.1 limits the number of equity securities which a listed company may issue in any twelve month period without shareholder approval (subject to certain exceptions, for example a pro rata issue to all shareholders). The limit is, generally speaking, no more than 15% of the total number of equity securities on issue at the beginning of the twelve month period, plus a further 10% of the total number of equity securities on issue with the approval of shareholders under Listing Rule 7.1A or under one of the exceptions during the previous twelve months.

One of the exceptions to Listing Rule 7.1 and Listing Rule 7.1A is Listing Rule 7.2 (Exception 9), which provides that Listing Rule 7.1 and Listing Rule 7.1A does not apply to an issue under an employee incentive scheme if, within the three years before the date of issue, shareholders have approved the issue as an exception to Listing Rule 7.1 and Listing Rule 7.1A.

Accordingly, ASX requires the LTIP to be renewed every three years for the purposes of Listing Rule 7.2 (Exception 9). The rules of the LTIP are submitted to Shareholders for approval at the Meeting for the first time.

Following approval at the Meeting scheduled for 30 November 2017, the Company will then be required to seek further renewal of the LTIP on or before 30 November 2020 otherwise the LTIP will be deemed to have lapsed and no further Shares could be offered or performance rights and/or options could be granted until further Shareholder approval had been obtained.

In accordance with Listing Rule 10.14, the Company shall not permit any of the following persons to acquire performance rights and/or options or Shares under the LTIP without the approval of Shareholders of the acquisition:

- (a) a Director of the Company;
- (b) an associate of a Director; or
- (c) a person whose relationship with the Company or a person referred to in sub-paragraphs (a) and (b) above is, in ASX's opinion, such that approval should be obtained.

This does not apply to securities purchased on market under the terms of a scheme that provides for the purchase of securities by or on behalf of employees or Directors.

7.4 Summary of the LTIP rules

(a) General

Under the LTIP, the Board has the discretion to offer Shares or grant options and/or performance rights to eligible employees (which includes executive Directors) of the Company or a related body corporate. An offer of Shares may be accompanied by an offer of a loan (acquisition loan) from the Company or a related body corporate to acquire the shares.

Both options and performance rights give a participant in the LTIP a right to acquire Shares in the Company subject to the achievement of both time based and performance based vesting conditions, with options requiring the payment of an exercise price to acquire the Shares and a performance right not requiring the payment of an exercise price.

The Board has the discretion to amend the rules of the LTIP (including respectively in respect of previous awards of Shares, options or performance rights) but not so as to reduce the rights of participants, except where necessary to correct obvious errors or mistakes or to comply with legal requirements or where agreed by the participant.

Awards under the LTIP are made at the Board's discretion.

(b) Eligibility

The rules allow for offers under the LTIP to be made to any employee of the Company or a related body corporate, including executive Directors, or such other person as the Board determines.

(c) Issue of shares and grant of options and performance rights

Shares, options and performance rights may be issued under the LTIP subject to vesting conditions, including time and performance based hurdles.

The Board determines the details of the vesting conditions attaching to shares, options and performance rights under the LTIP prior to offers of participation being made. Shares, options or performance rights will

only vest (under normal circumstances) upon satisfaction of the time and performance based vesting conditions. If those conditions are not met, Shares will be bought back or the options or performance rights will generally expire and not be capable of exercise.

To be eligible for ASIC Class Order relief in respect of disclosure obligations, licensing, hawking, advertising and on-sale restrictions, only a nominal amount may be payable on the grant of options or performance rights offered under the LTIP.

(d) **Delivery of Shares**

Shares in the Company will be delivered to participants upon exercise of vested options or performance rights. On exercise, the Company may deliver shares by new issue or by purchasing Shares for transfer to participants. No exercise price is payable on the exercise of performance rights.

(e) **Buy-back of shares**

The LTIP provides for the buy-back of shares offered under the LTIP in certain circumstances, including on the forfeiture of the Shares. Buy-back proceeds must be applied towards the repayment of any acquisition loan used to acquire the Shares.

(f) **Change of control**

On a change of control of the Company, the Board has discretion to waive the vesting conditions applicable to unvested options and performance rights, subject to such terms and conditions as it determines.

(g) **Plan limits**

Issues of Shares including on exercise of options or performance rights granted under the LTIP will be subject to a cap of 5% of the issued share capital of the Company, inclusive of Shares that may be issued under other employee incentive schemes of the Company for employees and non-executive Directors, but disregarding offers made outside of Australia, made under a prospectus or other disclosure document or which do not require a disclosure document.

(h) **Expiry of options and performance rights**

Unless otherwise determined by the Board in its discretion, options and performance rights which have not been exercised will expire and cease to exist on the expiry date specified at the date of grant or upon the Board making a determination that the options or performance rights are to be forfeited.

(i) **Restrictions on Shares and forfeiture conditions**

Shares, options and performance rights, and Shares delivered on exercise, may be subject to forfeiture (subject to lifting at the discretion of the Board) if a participant commits any act of fraud, defalcation or gross misconduct in relation to the Company or a related body corporate. In addition, the Board can decide, on the offer of Shares or the grant of options and/or performance rights under the LTIP the circumstances under which the Shares, options or performance rights are to be forfeited in additional circumstances, such as the termination or cessation of employment.

(j) **Hedging economic exposure prohibited**

Without limiting the prohibitions in Part 2D.7 of the Corporations Act (ban on hedging remuneration of key management personnel), the terms of the LTIP prohibit entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements under the LTIP.

7.5 Directors recommendation

As executive Directors may participate in the LTIP they do not provide any recommendation to Shareholders in relation to this Resolution 5.

8. Resolutions 6, 7 and 8 - Approval of issue of Shares to Mr Raphael Pham, Mr Yano Lim and Mr Alvin Phua

8.1 Introduction

Under Resolutions 6, 7 and 8, the Board seeks Shareholder approval, for the purpose of satisfying Listing Rule 10.11 to allow the following issue of new Shares on the terms described in this Explanatory Memorandum:

- (a) 200,000,000 ordinary fully paid shares in the Company to Mr Raphael Tham (and/or his nominee);
- (b) 30,000,000 ordinary fully paid shares in the Company to Mr Yano Lim (and/or his nominee);
- (c) 600,000,000 ordinary fully paid shares in the Company to Mr Alvin Phua (and/or his nominee).

8.2 Section 208 of the Corporations Act

Section 208 of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within fifteen (15) months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

8.3 Section 211 of the Corporations Act

Section 211 of the Corporations Act states that member approval is not needed to give a financial benefit if the benefit is remuneration to a related party as an officer or employee of the public company and to give the remuneration would be reasonable given the circumstances of the public company or entity giving the remuneration, and the related party's circumstances.

The Company is of the view that the issue of the shares to the 3 directors falls within the reasonable remuneration exemption set out in section 211, i.e. that the issue of the shares to the 3 directors are benefits that are reasonable remuneration. The Company does not intend to follow the procedure for obtaining member approval set out in Chapter 2E.

The shares are issued in lieu of once-off discretionary bonuses for the directors in recognition of their significant contribution and leadership in guiding the company through challenging times. The three Directors of the Company have for many years not received Directors salaries yet continued to lead the Company. In particular, the CEO Mr Alvin Phua, has supported the Company over many years by not drawing salaries or wages to provide the Company with the best chance of success.

Their loyalty has served the Company well and through the recent transaction with Soar Labs, they have brought the Company to a significantly improved net asset position. The net asset position has improved from -\$5,604,357 as at 30 June 2016 to +\$12,762,442 as at 30 June 2017. This turnaround has been achieved through the hard work and dedication of the Board. The Directors believe that because of this support this has allowed the Company to negotiate successfully the recent partnership with Soar Labs which places the Company in a strong position to explore future opportunities. The non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors.

The Board declines to make any recommendation in relation to the issue of the Shares to Mr Raphael Tham, Mr Yano Lim and Mr Alvin Phua on the basis that there may be a conflict of interest.

8.4 Listing Rule 10.11

Listing Rule 10.11 restricts the Company from issuing securities to a related party of the Company, unless approval is obtained from Shareholders.

Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company.

Mr Raphael Tham, Mr Yano Lim and Mr Alvin Phua are all Directors of and as such are related parties of the Company.

Listing Rule 7.2, exception 14 provides that if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

As Resolutions 6 to 8 involve the issue of securities to a related party of the Company, Shareholder approval is sought pursuant to Listing Rule 10.11. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

8.5 Specific information

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Shares will be issued to Mr Raphael Tham, Mr Yano Lim and Mr Alvin Phua (and/or their nominees).
- (b) The maximum number of Shares to be issued are as follows:
 - (1) 200,000,000 in respect of Mr Raphael Tham;
 - (2) 30,000,000 in respect of Mr Yano Lim;
 - (3) 600,000,000 in respect of Mr Alvin Phua.
- (c) The Shares will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Shares will be issued for nil cash consideration to Mr Raphael Tham, Mr Yano Lim and

Mr Alvin Phua.

- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (f) A voting exclusion statement is included in the Notice of Meeting for each of Resolutions 6, 7 and 8.
- (g) No funds will be raised from the issue of the Shares as they are being issued for nil cash consideration but as part of the consideration for the services provided by the Directors to date.

8.6 Director recommendation

The Board declines to make any recommendation in relation to the issue of the Shares to Mr Raphael Tham, Mr Yano Lim and Mr Alvin Phua on the basis that there may be a conflict of interest.

8.7 Voting requirements

Resolutions 6, 7 and 8 of the Meeting are Ordinary Resolutions, which require the approval of more than 50% of the votes cast by Shareholders. A voting exclusion statement is contained after each of Resolutions 6, 7 and 8.

9. Trading Price History

The highest closing price for the Company's shares over the past three months prior to the dispatch of these Meeting materials was AUD\$0.001.

The lowest closing price for the Company's shares over the past three months prior to the dispatch of these Meeting materials was AUD\$0.001.

The VWAP of the Company's shares over the past three months prior to the dispatch of these Meeting materials was AUD\$0.001.

10. Interpretation

ASIC means the Australian Securities and Investments Commission;

ASX means the ASX Limited ACN 008 624 691;

Board means the board of the Company;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations under the Corporations Act for the purposes of the definition of a closely related party under the Corporations Act;

Company means Byte Power Group Limited ACN 009 268 571;

Corporations Act means Corporations Act 2001 (Cwlth);

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the meaning given to that term in the Listing Rules;

Explanatory Memorandum means the Explanatory Memorandum attached to the Notice.

Independent Expert's Report means the independent expert's report prepared by Powers Corporate Finance accompanying the Explanatory Statement as Schedule 1.

Key Management Personnel or **KMP** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

Listing Rules means the listing rules of the ASX;

LTIP means the Long Term Incentive Plan, as described in the Notice and Explanatory Memorandum;

Market Price has the meaning given to that term in the Listing Rules;

Meeting or AGM means the annual general meeting of the Company to be held on 30 November 2017;

Notice mean this notice of meeting.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution to be proposed at the Meeting;

Section means a section of this Explanatory Memorandum;

Shares means ordinary fully paid shares in the issued capital of the Company;

Shareholder means a shareholder of the Company;

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and,
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution

VWAP means the Volume Weighted Average Price.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Anna Cheng (Company Secretary):

*Unit 13, 76 Doggett Street, Newstead Qld 4006
(07) 3620 1688*

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the Corporations Act.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below, or the Share Registry**, Level 15, 324 Queen Street, Brisbane, QLD 4000 not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Byte Power Group Limited
Unit 13, 76 Doggett Street, Newstead Qld 4006
Telephone Phone: 07 3620 1688
Facsimile No: 07 3620 1689

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney Time) on 29 November 2017 (Noting that this will be 6.00pm Brisbane time). Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, either of the security holders may sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a sole Director who is also the sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

Schedule 1 - Independent Expert's Report



Byte Power Group Ltd

Independent Experts' Report

Related Party Transaction

October 2017

Powers Corporate Finance Pty Ltd ACN 608 106 038 Financial Services Guide

About us

Powers Corporate Finance Pty Ltd (PCF or we or us or our) (Australian Financial Services Licence 485435) has been engaged by Byte Power Group Limited (BPG or Company) to provide financial product advice in the form of an independent expert's report (Report) in connection with the transfer of company assets to a related party (the Transaction). Our Report sets out our opinion as to whether the Transaction is fair and reasonable and our reasons for forming those conclusions. The Corporations Act 2001 (Cth) requires us to provide this Financial Services Guide (FSG) in connection with the attached Report prepared for BPG. You are not the party who engaged us to prepare this Report and we are not acting for any person other than BPG. This FSG provides important information designed to assist Shareholders in forming their views of the Transaction and in understanding any general financial advice provided by PCF in this Report. Our Report is not intended to comprise personal retail financial product advice to retail investors or market-related advice to retail investors. This FSG contains information about our engagement by the directors of BPG to prepare this Report in connection with the Transaction, the financial services we are authorised to provide, the remuneration we (and any other relevant parties) may receive in connection with the Engagement, and details of our internal and external dispute resolution systems and how these may be accessed.

Financial services we are authorised to provide

PCF, the holder of Australian Financial Services Licence (AFSL) number 485435, is responsible to you for the services provided under this FSG. Our Australian Financial Services Licence authorises us to provide the following services to both retail and wholesale clients, financial product advice in relation to securities, fixed income and derivatives.

General financial product advice

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. Where the advice relates to the application for or acquisition of a financial product, you should also obtain and read carefully the relevant offer document or explanatory memorandum provided by the issuer or seller of the financial product before making a decision regarding the application for or acquisition of the financial product.

Remuneration, commissions and other benefits

PCF charges fees for its services, and will receive a fee of \$15,000 (excluding GST) for its work on this Report. These fees have been agreed on, and will be paid solely by BPG, which has engaged our services for the purpose of providing this Report. PCF may seek reimbursement of any out of pocket expenses incurred in providing these services. Our advisers are directors and employees of PCF who are paid salaries and dividends by PCF, and may also receive bonuses and other benefits from PCF. Our advisers may alternatively be paid by means of commission determined by a percentage of revenue written by the adviser.

Associations and relationships

Other than as set out in this FSG or this Report, PCF has no association or relationship with any person who might reasonably be expected to be capable of influencing them in providing advice under the Engagement. PCF, its officers and employees and other related parties have not and will not receive, whether directly or indirectly, any commission, fees, or benefits, except for the fees to be paid to PCF for services rendered in producing this Report. PCF, its directors and executives do not have an interest in securities, directly or indirectly, which are the subject of this Report. PCF may perform paid services in the ordinary course of business for entities, which are the subject of this Report.

Risks associated with our advice

This FSG is provided in connection with the attached Report relating to the Transaction. The Report comprises general product advice and does not comprise personal retail financial product advice to retail investors or market-related advice to retail investors. The Report is an expression of PCF's opinion as to whether the Transaction is fair and reasonable. However, PCF's opinion should not be construed as a recommendation as to whether or not to approve the Transaction. Approval or rejection of the Transaction is a matter for individual shareholders based on their own circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. Shareholders who are in any doubt as to the action they should take in relation to the Transaction should consult their own independent professional advisers. Further information on the risks, assumptions and qualifications associated with the advice is contained within the Report.

Compensation arrangements

The law requires PCF to have arrangements in place to compensate certain persons for loss or damage they suffer from certain breaches of the Corporations Act by PCF or its representatives. PCF has internal compensation arrangements as well as professional indemnity insurance that satisfy these requirements.

Complaints

As an Australian Financial Services Licence holder, we are required to have an internal complaints-handling mechanism. All complaints must be addressed to us in writing at 10/8 Metroplex Avenue, Murarrie QLD 4172. You may contact us on P: (07) 3906 2888, F: 07 3906 2889, E: melissa.firms@powers.net.au. If we are not able to resolve your complaint to your satisfaction within 45 days of first lodging it with us, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS). You will not be charged for using the FOS service. To contact the FOS: GPO Box 3, Melbourne, VIC 3001 Tel: 1300 780 808 Fax: (03) 9613 6399

Privacy & use of information

We do not collect personal information on individual clients and are bound by the PCF Privacy Policy in the way that it governs personal information collected on clients. If you have any questions on privacy please contact us on the details above.

24 October 2017

Alvin Phua
 Managing Director
 BPG Limited
 1/75 Longland Street
 NEWSTEAD QLD 4006

Dear Directors

INDEPENDENT EXPERT’S REPORT TO BYTE POWER GROUP LTD SHAREHOLDERS – RELATED PARTY TRANSACTION

Introduction

We understand that you are requesting shareholder approval to issue Soar Coins to discharge liabilities to several directors (“The Proposed Transaction”). The price of the Soar Coins used to discharge these liabilities is set at the market price on the 23rd June 2017. This price and date was chosen as it is the same price that other unrelated creditors of BPG were offered to discharge their liabilities owing by the Company, and accepted by the unrelated creditors of BPG following negotiations with them.

As the Soar Coins were acquired in US cents the price offered to Directors for these Soar Coins will be adjusted to Australian dollars based on the RBA currency exchange price at the date of disposal.

Summary of Opinion

In our opinion, the proposed transaction is fair to the non-associated Shareholders and as a result the transaction is reasonable as well.

Fairness

In forming our opinion in relation to the fairness of the Transaction, we have valued the consideration provided to the directors instead of the money or cash owed to them. If the value of the Soarcoin is more than the liability extinguished then the liability is not fair, if it is less than the liability extinguished then it is fair.

	Low Value	High Value
Fair Market Value of a Soarcoin	0.0170	0.0299
Value of Soarcoin used to extinguish liability	0.0267	0.0267
Total Soar Coin consideration	635,545.47	1,117,812.33
Fair Value of Liability extinguished	997,314.00	997,314.00
Premium / (Discount)	361,768.53	- 120,498.33

PCF assessed fair market value of the Soarcoin consideration is between \$635,545.47 and \$1,117,812.33. By comparison, the assessed value of the liability being extinguished is \$997,314. On the basis of taking the midpoint of our valuation for the Soarcoins of \$0.02345, the transaction is fair.

Reasonableness

As the proposed transaction is fair, it is also reasonable. To assist Shareholders in their decision making process we have detailed the following:

- The likely advantages and disadvantages associated with the Transaction; and
- Alternatives, including the position of Shareholders if the Transaction does not proceed.

Advantages	Disadvantages
A long standing liability to several directors is paid out.	Loss of the potential upside of the Soarcoins should they increase in value in the future.
Removes the potential for any of these parties to start legal action to recover the money owed to them.	

Other key matters in our assessment:

The company has limited surplus cash and the inability to pay out these creditors could lead to further financial pressure for the company in the future.

Conclusion

Based on the above, we have concluded that the Offer is fair and reasonable. This summary opinion should be read in conjunction with the following Report that sets out in full the purpose, scope, basis of evaluation, limitations, valuation analysis and our other findings.

Yours faithfully

Powers Corporate Finance



Brett Plant

Director

Contents

OUTLINE OF THE TRANSACTION	6
The proposed Transaction	6
The result of the Transaction	6
PURPOSE OF REPORT	7
Legislative Requirements	7
Purpose of Report	7
Basis of Evaluation	7
Reliance on Information	8
Current Market Conditions	8
Sources of Information	8
BYTE POWER GROUP LTD	9
Company overview	9
Board and management	10
Ownership	11
Share price	12
Profit and Loss	12
Statement of financial position	13
BACKGROUND SOARCOIN	14
Soar labs	14
Cryptocurrencies	14
Competitive Analysis	15
VALUATION OF SOARCOIN	16
Valuation method	16
Soarcoin market analysis	16
Valuing Currencies	17
Valuing Cryptocurrencies	18
TRANSACTION ASSESSMENT	19
Assessment of fairness	19
Assessment of reasonableness	19
QUALIFICATIONS, DECLARATIONS AND CONSENTS	20
Qualifications	20
Independence	20
Declarations	20
Indemnity	21
Consents	21
Other	21
APPENDIX 1 – INFORMATION SOURCES	22
APPENDIX 2 – VALUATION METHODS	23

Outline of the Transaction

THE PROPOSED TRANSACTION

The notice of meeting states at Resolution 2 the Company seeks the approval of Shareholders for the disposal of Soarcoins to the Directors to discharge the Company's liability owing to Directors of Byte Power Group Ltd for long outstanding salaries and wages.

In accordance with Listing Rule 10.1, Shareholder approval is to be sought to approve the disposal of Soarcoins owned by the Company to the Directors, to discharge the Company's liability owing to Directors of Byte Power Group Ltd for outstanding salaries and wages.

On 13th July 2017 the Company sought guidance from the Australian Stock Exchange ("ASX") on whether the issue of soarcoins to Directors of the entity would be issuing cash or cash equivalent to discharge the Company's liability owing to Directors of Byte Power Group Ltd for outstanding salaries and wages. The ASX advised that Soarcoins were considered an asset for the purposes of Listing Rule 10.1

The number of Soarcoins to be disposed to each Director and the amount of salaries and wages owing by the Company are:

Schedule of Soarcoins to be issued to Directors

	Salary owed as at 30 June 2017	Currency Conversion Rate USD:AUD 16/10/17	Price per coin in AUD @ issue price of US\$0.021	Coins to be issued
Alvin Phua	\$ 923,083	0.7872	0.02668	34,602,426
Raphael Tham	\$ 43,643		0.02668	1,635,989
Yano Lim	\$ 30,588		0.02668	1,146,613
	\$ 997,314			37,385,028

The price of the Soar Coins used to discharge these liabilities is set at the market price on the 23rd June 2017. This price and date was chosen as it is the same price that other unrelated creditors of Byte Power Group Ltd were offered to discharge their liabilities owing by the Company, and accepted by the unrelated creditors of Byte Power Group following negotiations with them. As the Soar Coins were acquired in US cents the price offered to Directors for these Soar Coins will be adjusted to Australian dollars based on the RBA currency exchange price at the date of disposal.

THE RESULT OF THE TRANSACTION

The result of the transaction will be that the Current and Non-Current Related Party Liability (Note14 per accounts) recorded in the accounts at 30 June 2017 will be reduced as follows:

Transaction Effect on Liabilities

	Before	After
Current Related Party Liability	\$ 1,729,062	\$ 805,979
Non-Current Related Party Liability	\$ 131,322	\$ 57,091
	\$ 1,860,384	\$ 863,070

The Intangible Asset –Cryptocurrency (Note10 per accounts) will be reduced from \$21,409,561 to \$20,412,247.

Purpose of Report

LEGISLATIVE REQUIREMENTS

The Proposed Transaction is subject to ASX Listing Rules (the “Act”) in particular Listing Rule 10. Listing Rule 10.1 requires the approval of the holders of the entity’s ordinary securities where it is proposed to acquire an asset from, or dispose of an asset to, a director, officer or substantial shareholder, and the value of the sale/acquisition is greater than 5% of the total issued capital and reserves of the listed company, as at the date of the last audited accounts.

Listing Rule 10.11 provides that an entity must not issue or agree to issue securities to a related party without shareholder approval. Listing Rule 10.10.2 requires that the Notice of Meeting to approve the Proposed Transaction be accompanied by a report from an independent expert stating whether the Proposed Transaction is fair and reasonable to the shareholders.

Listing Rule 10 provides that shareholders must be provided with a report by an expert, stating whether values are fair and reasonable in a transaction where it is proposed to acquire an asset from, or dispose of an asset to, a director, officer or substantial shareholder, and the value of the sale/acquisition is greater than 5% of the total issued capital and reserves of the listed company, as at the date of the last audited account.

PURPOSE OF REPORT

The directors of BPG have engaged PCF to prepare an independent expert’s report in relation to the Transaction and to express an opinion as to whether or not the Transaction is fair and reasonable to the shareholders of BPG for the purposes of Listing Rule 10, and to provide reasons for that opinion.

This Report or part thereof, may form part of the Notice of Meeting and Explanatory Memorandum to be sent by BPG to its Shareholders.

This Report has been prepared for use by Directors and Shareholders to provide them with information relating to the Transaction and should not be used by any other person or for any other purpose. This Report will be provided to Shareholders to assist them to make an informed decision as to whether to vote in favour of the Transaction. This Report should be read in full, including all of the assumptions upon which our work is based. The Report should be read together with the Notice of Meeting and any other information provided to Shareholders in connection with the Transaction. The specific terms of the resolution to be approved by Shareholders are set out in the Notice of Meeting accompanying this Report.

A Shareholder’s decision to accept or reject the Transaction is likely to be influenced by their particular circumstances. This Report does not address circumstances specific to an individual Shareholder. Shareholders who are in any doubt as to the action they should take, should consult with their own independent professional advisers.

BASIS OF EVALUATION

The Act does not define the expressions “fair” and “reasonable”. However, guidance is provided by the Regulatory Guides issued by ASIC, which establish certain guidelines in respect of independent expert’s reports required under the Act or commissioned voluntarily. In particular, Regulatory Guide 111 “Content of Expert Reports” (“RG 111”) has been considered. RG 111 draws a distinction between “fair” and “reasonable”.

Generally, ASIC expects an expert who is asked to analyse a related party transaction to express an opinion on whether the transaction is ‘fair and reasonable’ from the perspective of non-associated members. This analysis

is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under ASX Listing Rule 10.1.

RG 111.57 states a proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made: (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

RG 111.58 states where the proposed transaction consists of an asset acquisition by the entity, it is 'fair' if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. Where the financial benefit given by the entity is securities in the entity and the consideration is securities in another entity held by a related party, the value of the entity's securities should be compared to the value of the securities it is purchasing. If the expert uses the market price of either of the securities as a measure of their value, it should consider, among other things, the factors set out in RG 111.32(a)–RG 111.32(b).

A proposed related party transaction is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for members to vote for the proposal.

RELIANCE ON INFORMATION

This Report is based upon financial and other information provided by BPG. PCF has considered and relied upon this information. PCF believes the information provided to be reliable, complete and not misleading, and we have no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Offer is fair and reasonable.

PCF does not warrant that its inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to PCF was prepared in accordance with generally accepted accounting principles and except where noted, prepared in a manner consistent with the method of accounting used by BPG in previous accounting periods.

Where PCF has relied on the views and judgement of management the information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation. In the context of this Report, the views not capable of direct external verification or validation related principally to matters such as the likely future actions of management and/or the likely future behaviour of competitors.

CURRENT MARKET CONDITIONS

Our opinion is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Accordingly, changes in those conditions may result in any valuation opinions becoming quickly outdated and in need of revision. PCF reserves the right to revise any valuation, or other opinion, in the light of material information existing at the date of this Report that subsequently becomes known to PCF.

SOURCES OF INFORMATION

Appendix 1 to this report sets out details of information referred to and relied upon by PCF during the course of preparing this report and forming our opinion.

Byte Power Group Ltd

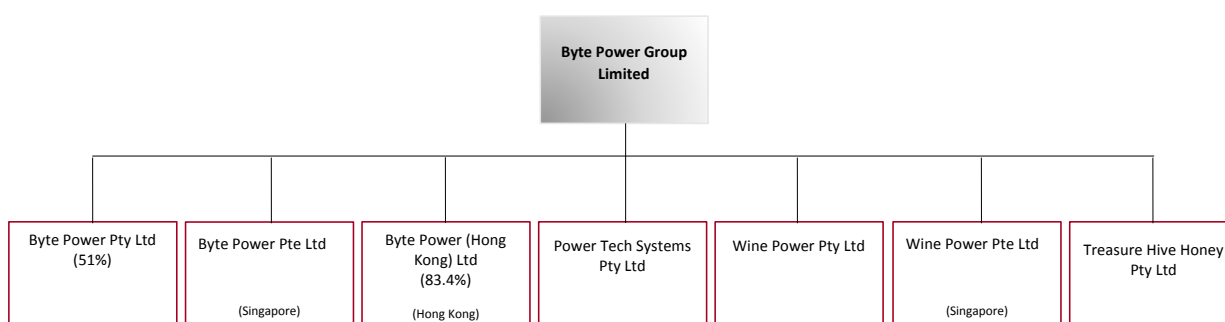
COMPANY OVERVIEW

BPG is a diversified technology, food and wine distribution company. The Company's principal activities include distribution of wine and honey; service and sale of information technology and telecommunication (IT&T) equipment; service and sales of uninterruptible power supply (UPS) equipment nationally, and provision of IT consultancy and services. The Company's segments include Power management, which includes the supply of power management technology, including UPS devices, and services and sells into large corporations and hospitals; IT&T, which includes providing IT consulting services and IT products trading; Asian Business Division, which focuses on the wine and organic honey export business, as well as pursuing both investment and business trade opportunities in Asia, and Other, which includes the Company's other operations. Its solutions include mobile phone-based payment solutions, and implementation and management services. It operates in Australia, Singapore, China and Hong Kong.

Byte Power Group Limited is a company limited by shares and is incorporated and domiciled in Australia. Byte Power Group Limited has prepared the financial report incorporating the following trading entities it controlled (100% ownership unless stated otherwise) during the financial year;

- Byte Power Pty Ltd (51% ownership)
- Byte Power Pte Ltd
- Byte Power (Hong Kong) Limited (83.4% ownership)
- Power Tech Systems Pty Ltd
- Wine Power Pty Ltd
- Wine Power Pte Ltd
- Treasure Hive Honey Pty Ltd

Byte Power Group Limited – Corporate Structure as at 30 September 2017



Subsidiaries Relating to Information Technology

Byte Power Pty Ltd (“Byte Power Australia”)

Byte Power Australia was established in Queensland in 1989 and provides IT products and services to SME’s as well as corporate and government clients. Byte Power Australia has exclusive distribution rights over Wimobilize’s Big Data solutions in the regions of Australia and New Zealand. Byte Power Pty Ltd, has also entered into a partnership with Singapore based Soar Labs Pte Ltd, investing US\$5M for 49% of the issued capital of Byte

Power Pty Ltd. The investment received will be applied to the establishment and running of a cryptocurrency exchange in Australia, to marketing and distribution of the Company’s Wimobilize Big Data solution in Australia and New Zealand and general working capital.

Byte Power Pte Ltd (“Byte Power Singapore”)

The Singapore subsidiary was formed in April 2012 to cater for the Singapore and surrounding market in terms of IT&T trading and other business opportunities. Byte Power Singapore has exclusive distribution rights over Wimobilize’s Big Data solutions in the regions of Singapore and Malaysia.

Byte Power (Hong Kong) Ltd (“Byte Power Hong Kong”)

Based in Hong Kong this subsidiary provides local presence and support within the regional market. Byte Power Hong Kong has exclusive distribution rights over Wimobilize’s Big Data solutions in the regions of Hong Kong, Macau, China and Taiwan.

Subsidiary Relating to Power Management

Power Tech Systems Pty Ltd (“Power Tech Systems”)

A supplier and importer of state of the art power management technology, Power Tech Systems specialises in providing network solutions with the design, distribution and maintenance of Uninterruptible Power Supplies (UPS). Power Tech Systems provides lifetime support for their range of products and offers on-site support and maintenance services Australia-wide on a majority of branded power management solutions.

Subsidiaries Relating to Food & Beverage

Wine Power Pty Ltd (“Wine Power Australia”)

Established in August 2012, this subsidiary was formed to supplement the Asian Business Division and its foreign subsidiaries in wine distribution. Wine Power Pty Ltd has released its premium 8 Eagles range of wines and focuses on marketing and branding in Australia and Asia of this range.

Wine Power Pte Ltd (“Wine Power Singapore”)

This entity was established in August 2013 to distribute wines within Singapore, Myanmar and South-East Asia. The Company focuses on establishing a market for its 8 Eagles range in these markets.

Treasure Hive Honey Pty Ltd (“Treasure Hive Honey”)

This subsidiary was established in May 2016 for the purpose of the distribution of 100% Australian Certified Organic (“ACO”) honey and honeycomb products to be branded under its own brand name of Treasure Hive Honey.

BOARD AND MANAGEMENT

The directors of the company are as follows:

Director	Qualifications and experience	Special responsibilities	Interest in shares and options
Mr. Alvin Phua	Alvin is a Singaporean-born Australian. As a founder of Byte Power in 1989, Alvin has key business and government relationships throughout Australia and South-East Asia.	Executive Chairman & CEO Member of Remuneration Committee	34,477,395 ordinary shares, Nil options

Mr. Raphael Tham	Raphael is a Singaporean who has strong technology industry credentials and is an experienced business strategist. He has held senior positions and advisor with several companies in Asia. His skills and experience include starting new businesses, overseas expansion, and mergers & acquisitions.	Non-Executive Director Chairman of Audit Committee	12,479,844 ordinary shares, Nil options
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Mr. Yano Lim	Yano has over 20 years' experience as a Business Analyst for large corporations reviewing business processes, change management and systems enablement. His strong Business Analytical skills and experience in various overseas environments such as Australia, New Zealand, Indonesia, Papua New Guinea and the United States of America brings valuable insight to the Group.	Non-Executive Director Member of Remuneration Committee Member of Audit Committee Company Secretary	24,425,000 ordinary shares, Nil options
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OWNERSHIP

As at the 18th of October 2017 BPG has issued shares of 2,232,569,898. The top 20 shareholders are listed below.

Shareholder	Number of Ordinary Shares held	Percentage held of issued Ordinary Capital
Cheng (Wai Yi William)	288,839,983	12.9%
Lau (Ethel)	200,000,000	8.9%
Baorong (Li)	175,630,567	7.9%
Wenhao (Du)	164,666,667	7.4%
Chris (Carr)	150,000,000	6.7%
Yaoqing (Chen)	133,775,649	6.0%
Pershing Australia Nominees Pty. Ltd	107,183,654	4.8%
King (Kenneth William)	95,000,000	4.3%
Zhang (Zhou)	92,364,335	4.1%
Khen Ong (Boon)	53,540,000	2.4%
Citicorp Nominees Pty. Ltd	42,325,063	1.9%
Tech Pacific Australia Pty. Ltd	38,220,860	1.7%
Yuen (Tze-Fai)	23,959,021	1.0%
Apel Pacific Group Pty. Ltd	22,727,273	1.0%
Chen (Yaoqing)	20,050,000	0.9%
RBO Pty Ltd	20,000,000	0.9%
Bollam (Christopher)	17,980,812	0.8%
BNP Paribas Noms Pty Ltd	17,737,702	0.8%
HSBC Custody Nominees (Australia) Ltd	14,437,310	0.6%
Lim (Yano & Susanty)	13,625,000	0.6%
Total Top 20	1,692,063,896	75.7%
Other	543,006,096	24.3%
Total	2,235,069,989	100.0%

The top 20 shareholders hold approximately 76% of the total shares on issue in BPG, whilst the remaining shareholders hold parcels which are individually less than 0.5% of the total shares on issue.

As at 18th of October 2017, there were no listed or unlisted options which were exercisable over unissued shares in BPG.

SHARE PRICE

As at the 18th of October 2017 there had been no trading in the company's shares for the past 6 months according to Thomson Reuters. As the company has no liquidity in its shares, the share price is not considered an accurate indicator of the value of the company.

PROFIT AND LOSS

We have detailed the statement of Profit and Loss below for the past 3 years.

Profit and Loss	30-Jun 2015 \$000s	30-Jun 2016 \$000s	30-Jun 2017 \$000s
Revenue	4,524	3,073	4,059
Cost of Goods Sold	-2,523	-1,839	-2,942
Gross Profit	2,002	1,234	1,117
Other Income	324 -	110	1,778
Depreciation and amortisation expenses	- 10 -	30 -	21
Finance cost expenses	- 505 -	514 -	422
Salaries and employee benefits expenses	- 856 -	607 -	539
Directors' fees	- 91 -	107 -	99
Rent and outgoings	- 71 -	67 -	69
Travel, accommodation and entertainment	- 232 -	148 -	131
Consultants / Professional fees	- 101 -	138 -	151
Provision for impairment – trade receivables		- -	656
Other expenses from ordinary activities	-111	-269	-111
Profit / (loss) before related income tax	349	-755	697
Income tax (expense) / benefit	0 -	0	0
Net profit / (loss) for the year from continuing operations	349	-755	697
Profit / (loss) from discontinued operations	-41	203	0
Profit / (loss) for the year attributable to members of the parent entity	308	-552	697
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations	-83	0	-1
Revaluation gain on intangible assets - cryptocurrency			10159
Total other comprehensive income for the period, net of tax	-83	0	10159
Total comprehensive income attributable to:	225	-551	10856
Owners of Byte Power Group Limited			
Total comprehensive income attributable to:			
Owners of Byte Power Group Limited		-551	7390
Non-controlling interests			3465
		-551	10,856

STATEMENT OF FINANCIAL POSITION

We have detailed the statement of financial position below for the past 3 years.

Statement of Financial Position	30-Jun 2015 \$000s	30-Jun 2016 \$000s	30-Jun 2017 \$000s
Current Assets			
Cash and cash equivalents	4	12	19
Receivables	3,399	2,587	4,531
Inventories	271	85	62
Intangible assets - Cryptocurrency	0	0	21,410
Other current assets	9	9	41
Total Current Assets	3,683	2,693	26,063
Non-Current Assets			
Property, plant and equipment	148	118	3
Other	57	9	9
Total Non-Current Assets	204	127	12
TOTAL ASSETS	3,887	2,821	26,075
Current Liabilities			
Trade and other payables	2,005	3,656	4,056
Related Party Payables	1,053	1,777	1,729
Interest-bearing liabilities	0	0	241
Provisions	256	250	255
Borrowings	19	130	0
Total Current Liabilities	3,333	5,814	6,282
Non-Current Liabilities			
Convertible Note	560	592	321
Related Party Payables	1,549	107	131
Interest-bearing liabilities	3,284	1,845	2,156
Long Term Liabilities	86	68	68
Deferred Tax Liability	128	0	4,354
Total Non-Current Liabilities	5,607	2,611	7,030
TOTAL LIABILITIES	8,940	8,425	13,312
NET ASSETS	-5,053	-5,604	12,762
EQUITY			
Issued capital	53,110	53,110	53,110
Reserves	-71	-71	13,169
Accumulated losses	-58,091	-58,643	-58,344
Equity attributed to Group		-5,604	7,935
Non-Controlling Interest			4,828
TOTAL EQUITY	-5,053	-5,604	12,762

Background Soarcoin

SOAR LABS

Soar Labs (a Singapore-based company) is one of the early adopters of cryptocurrency and is the creator of Soarcoin. Soarcoin is a digital token/ coin that was launched in March 2017 on the Ethereum blockchain network and is designed to function as online cash, similar to the original version of Bitcoin. Soarcoin is specifically designed to be used as a way to store and transfer value just like money.

Soarcoin Features:

Overall, Soarcoin has many of the same features as other digital currencies, including the following:

- Based on Ethereum: Soarcoin is a token built on the Ethereum blockchain.
- Multiple ways to buy: Soarcoin can be bought from someone who already owns it or can be bought from C-Cex and Livecoin.
- Limited Supply: A total supply of 5 billion Soarcoins has already been released. No new tokens will be released in the future. Since no further coins will ever be releases, the creators of Soarcoins claim that the value of the coin is guaranteed. And it won't be subject to inflation or monetary policy decisions. Demand will dictate the price.

CRYPTOCURRENCIES

Although the concept of electronic currency dates back to the late 1980s, Bitcoin (the first decentralized cryptocurrency), launched in 2009 by developer Craig Wright. Craig also created the Blockchain network or "database" that Bitcoin is traded on. Blockchain is essentially an incorruptible digital ledger that can be programmed to record economic transactions.

In short, Cryptocurrency is a virtual coinage system that functions much like a standard currency, enabling users to provide virtual payment for goods and services free of a central trusted authority. Cryptocurrencies rely on the transmission of digital information, utilizing cryptographic methods to ensure legitimate, unique transactions. Bitcoin took the digital coin market one step further by decentralizing the currency. This enabled individuals and businesses to transact with the coin electronically on a peer to peer network. It caught wide attention beginning in 2011, and various altcoins (a general name for all other cryptocurrencies post Bitcoin) soon appeared.

COMPETITIVE ANALYSIS

Cryptocurrency Market

According to coinmarketcap.com, there are just over 800 distinct cryptocurrencies with a total Market capitalization of approximately \$170 Billion. The top 10 Cryptocurrencies make up approximately \$150 billion of that and are outlined below:

Rank	Cryptocurrency	Market Cap USD (\$M)
1	Bitcoin	92,000
2	Ethereum	30,000
3	Ripple	8,800
4	Bitcoin Cash	6,300
5	Litecoin	3,100
6	Dash	2,200
7	Nem	1,900
8	Neo	1,500
9	Monero	1,400
10	BitConnect	1,400
224	Soarcoin	11

Source: coinmarket.com/coins/ as at 18/10/17

Valuation of Soarcoin

VALUATION METHOD

A number of valuation methodologies are available, as detailed in Appendix B, to determine an estimate of the value of a company and its assets. Each of these valuation methodologies has application in different circumstances and not all of them are applicable to companies involved with resource-based projects, especially those in an early development stage, nor does sufficient information necessarily exist to use them reliably.

The primary factor in determining which methodology is appropriate is the actual practice adopted by purchasers of the type of businesses and assets involved. Among the methods used for companies such as BPG and the Soarcoin's are:

- discounting projected cash flows (DCF);
- market-based values;
- comparable transactions;
- industry rules of thumb; and
- replacement or residual value analysis.

In our opinion, Soarcoin is currently a “thinly traded” crypto currently.

We consider that the most appropriate method with which to value Soarcoin is the market value of the Soarcoin as traded on the market.

This method is appropriate for the following reasons:

- Soarcoin is form of currency,

SOARCOIN MARKET ANALYSIS

We have analysed Soarcoin's price and volume trading over the past 6 months. This analysis has shown that Soarcoin demand has waned since its launch in March 2017 at around USD 1 cent. Soarcoin peaked at around AUD 8 cents (USD 6 cents) in June 2017 before it dropped to AUD 6 cents (USD 5 cents) when traded on the Cryptocurrency Markets on 4 July 2017. Soarcoin has since and has dropped to AUD 1.7 cents as at 16 October 2017.

Soarcoin Charts



Source: coinmarket.com

We have analysed the volume weighted average price (“VWAP”) of the trading of Soarcoin over the past month, 3 months and 6 months below.

Table 1 Share Price (AUD) and Volume

Unit Price & Volume	High	Low	VWAP	Average daily volume
As at 16 Oct 2017	\$0.017	\$0.017	\$0.017	4,939
1 month to 16 Oct 2017	\$0.0214	\$0.0121	\$0.0174	4,306
3 months to 16 Oct 2017	\$0.0575	\$0.0121	\$0.0299	13,687
6 months to 16 Oct 2017	\$0.0826	\$0.0121	\$0.0418	19,114

Source: coinmarket.com

Soarcoin’s price, 24 hour trading volume and Market Capitalization has been steadily declining over the past 6 months. Soarcoin’s unit price currently sits at around AUD 1.7 cents (USD 1 cent), a market Cap of approximately AUD \$14.2mil (USD \$11m) and a daily average trading volume of about 4,900 units as compared 19,000 units 6 months ago.

VALUING CURRENCIES

In a floating exchange rate system, a currency's value goes up (or down) if the demand for it goes up more (or less) than the supply does. In the short run this can happen unpredictably for a variety of reasons, having to do with trade flows, speculation, inflation or other factors in the international capital market. For example, a surge in purchases of foreign goods by home country residents will cause a surge in demand for foreign currency with which to pay for those goods, causing a depreciation of the home country currency.

A longer-run trend of appreciation (or depreciation) is likely to be caused by home country inflation being lower (higher) on average than inflation in other countries, according to the principle of long-run purchasing power parity.

An appreciation of a country's currency makes it cheaper to buy foreign currency with which to pay for foreign goods, leading to more of that activity, and leading to downward pressure on the home price level as the foreign-goods component of the market basket, used for calculating the price level, becomes less expensive. In contrast, purchases of home country goods by foreigners become more expensive since the home country currency has become more expensive to obtain. A depreciation of the home currency has the opposite effects.

VALUING CRYPTOCURRENCIES

Cryptocurrencies were designed as a unit of exchange and as a place to store assets without relying on a central bank. Cryptocurrencies are broadly described as a cross between a commodity and a currency as they store value and have a finite supply. However, they are also liquid and can be used to pay for transactions. Fundamentally, their price, just like that of any other asset, is determined by demand and supply.

Most if not all cryptocurrencies have a finite supply that is either already in circulation or will slowly start decreasing until it reaches a known limit. Due to this, the price of cryptocurrencies is driven primarily by factors that affect demand.

The value and demand for any currency especially fiat currencies, is derived from the trust its users have in its ability to preserve its purchasing power. When a currency loses trust, its value drops precipitously. Government trust in terms of regulation plays a vital role in the success of cryptocurrencies and affects their valuation. The original skepticism with Bitcoin was principally due to the belief that governments would never legalize it due to fears it would facilitate money laundering and black market trade.

However, governments have looked at cryptocurrencies more favorably than originally assumed and have understood the potential that blockchain technology has in improving efficiency. The impact of government trust on valuations is clearly outlined by the price spikes that occur when governments legalize it.

Bitcoin's total valuation soared to more than \$1bn in mid-April 2017 when Japan and Russia moved to legitimize it. During mid-June, Ethereum's price spiked to above \$400 per unit when some Asian governments legitimized it in part as a form of payment. Similarly Soarcoin operating on Ethereum's network also experienced a price spike reaching its high of AUD 8 cents around the same period. (see Soarcoin Chart)

Ultimately, the value of Soarcoin is based on its adoption. Total Soarcoin's circulating supply is over 750 million, with a maximum supply of 5 billion. Therefore, as more people start to use Soarcoin, the value of the token will rise.

VALUE OF SOARCOIN

In determining the valuation of Soarcoin we have considered the following:

- The Soarcoin is valued in BPG's accounts at 30 June at \$0.0706 with a total on hand of 303,462,024;
- Soarcoins trading volumes have been dropping;
- The coins are thinly traded and as such could be subject to significant volatility.

Based on our analysis of the trading of Soarcoin we have determined a low value of \$0.017 the trading on the 16th of October 2017 and the high value being the VWAP for the past 3 months of \$0.0299.

Transaction Assessment

ASSESSMENT OF FAIRNESS

In forming our opinion in relation to the fairness of the Transaction, we have valued the consideration provided to the directors instead of the money or cash owed to them. If the value of the Soarcoin is more than the liability extinguished then the liability is not fair, if it is less than it is fair.

	Low Value	High Value
Fair Market Value of a Soar Coin	0.0170	0.0299
Value of Soarcoin used to extinguish liability	0.0267	0.0267
Total Soar Coin consideration	635,545.47	1,117,812.33
Fair Value of Liability extinguished	997,314.00	997,314.00
Premium / (Discount)	361,768.53	- 120,498.33

PCF assessed fair market value of the Soar Coin consideration is between \$635,545.47 and \$1,117,812.33. By comparison, the assessed value of the liability being extinguished is \$997,314. On the basis of taking the midpoint of our valuation for the Soarcoins of \$0.02345 the transaction is fair.

ASSESSMENT OF REASONABLENESS

As the proposed transaction is fair, it is also reasonable. To assist Shareholders in their decision making process we have detailed the following:

- The likely advantages and disadvantages associated with the Transaction; and
- Alternatives, including the position of Shareholders if the Transaction does not proceed.

Advantages	Disadvantages
A long standing liability to several directors is paid out.	Loss of the potential upside of the Soarcoins should they increase in value in the future.
Removes the potential for any of these parties to start legal action to recover the money owed to them.	

Other key matters in our assessment:

The company has limited surplus cash and the inability to pay out these creditors could lead to further financial pressure for the company in the future.

Qualifications, Declarations and Consents

QUALIFICATIONS

PCF provides corporate advisory services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and schemes of arrangements. PCF directors have prepared a number of public expert's reports since 2001.

The principal person responsible for preparing this Report on behalf of PCF is Brett Plant who is a Director and Responsible Manager of PCF. Brett Plant holds the following qualifications BBus, MCom, FCA and CA Business Valuation Specialist. Mr Plant has in excess of twenty years' experience in the Chartered Accountancy profession and has been involved in specialist corporate advisory services including over 15 years of experience in relevant corporate advisory matters. Mr Plant has been actively involved in the preparation of this report.

INDEPENDENCE

PCF is not aware of any matter or circumstance that would preclude it from preparing this Report on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC. PCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for the Scheme in relation to the Proposal, other than the preparation of this Report. Further, PCF has not held and, at the date of this Report, does not hold any units in, or other relationship with the Scheme that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposal. PCF considers itself to be independent in terms of RG 112 Independence of experts ("RG 112"), issued by the ASIC. PCF will receive a fee of \$15,000, plus Goods and Services Tax, which represents based on the time spent in the preparation of this Report. PCF will not receive any fee contingent upon the outcome of the Proposal, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposal. Five drafts of this Report were provided to the Directors for review of factual accuracy. Certain changes were made to the Report as a result of the circulation of the draft Reports. However, no changes were made to the methodology, conclusions or recommendations made to the members. This report is prepared in accordance with APES 225 – Valuation Services issued by the Accounting Professional & Ethical Standards Board Limited

DECLARATIONS

It is not intended that this Report should be used or relied upon for any purpose other than as an expression of PCF's opinion as to whether the Transaction is fair and reasonable. PCF expressly disclaims any liability to any Shareholder who relies or purports to rely on this Report for any other purpose and to any other party who relies or purports to rely on this Report for any purpose.

This Report has been prepared by PCF with care and diligence and the statements and opinions given by PCF in this Report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by PCF or any of its directors, officers or employees for errors or omissions however arising in the preparation of this Report, provided that this shall not absolve PCF from liability arising from an opinion expressed recklessly or in bad faith (unless the law otherwise requires).

PCF has had no involvement in the preparation of the Notice of Meeting and has not verified or approved any of the contents of the Notice of Meeting. PCF does not accept any responsibility for the contents of the Notice of Meeting or any other documents provided to the Shareholders (except for this Report).

INDEMNITY

Under the terms of our engagement, BPG has agreed that no claim shall be made by BPG or any of its subsidiaries against PCF, any of their directors, officers, partners, employees or agents (Indemnified Persons) to recover any loss or damage which BPG or any of its subsidiaries may suffer by reason of or arising out of anything done or omitted in relation to the provision of the services by PCF, provided that such loss or damage does not arise from the negligence or wilful default of any of the Indemnified Persons. BPG has unconditionally indemnified PCF and its related bodies corporate and their respective officers, employees and agents against any losses, claims, damages, liabilities, costs, expenses and outgoings whatsoever (Losses) which they may suffer or incur directly or indirectly arising out of: PCF relying on information provided by BPG or any of its employees, agents or advisers; or BPG failing to provide PCF with material information in relation to the Transaction or BPG.

Further, BPG must pay and must indemnify PCF against any Losses in relation to any investigations, enquiries or legal proceedings by ASIC or any other competent regulatory body arising out of, or in connection with, the Transaction, including reasonable legal expenses and disbursements incurred by PCF and fees payable to PCF attributable to time reasonably spent by its staff assessed at its hourly rates to the extent that investigation, enquiry or legal proceeding is not caused by an act or omission of the Indemnified Persons

CONSENTS

PCF consents to the issuing of this Report in the form and context in which it is to be included in the Notice of Meeting to be sent to the Shareholders. Neither the whole nor any part of this Report nor any reference thereto may be included in, or attached to, any other document without the prior written consent of PCF as to the form and context in which it appears.

PCF takes no responsibility for the content of the Notice of Meeting or any other documents provided to the Shareholders, other than this Report.

OTHER

The opinion of PCF is made at the date of this Report and reflects circumstances and conditions as at that date. In particular, PCF provides no representations or warranties in relation to the future value of shares of BPG.

Shareholders who are in any doubt as to the action they should take should consult their own independent professional advisers.

PCF has prepared a Financial Services Guide as required by the Act. The Financial Services Guide is set out at the beginning of this Report.

Appendix A – Information Sources

In preparing this report we have had access to and relied up the following principal sources:

- Copy of Organisation Structure
- Copy of Corporate Structure including subsidiaries
- Audited financial reports of Byte Power Group Ltd for the year ended 2016 & 2017
- Publically available market analysis information on Cryptocurrency industry
- Publically available market analysis information on Soarcoin
- Other publically available publications on Cryptocurrency

In addition to the above, PCF has had various discussions and correspondence with the management Byte Power regarding the nature of their business and its operations.

Appendix B – Valuation Methods

In conducting our assessment of the value of the assets transferred and the consideration,, the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (“**DCF**”) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (“**NPV**”).

DCF is appropriate where:

- the businesses’ earnings are capable of being forecast for a reasonable period (preferably five to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Future Maintainable Earnings Method

This method involves the capitalisation of estimated future maintainable earnings by an appropriate multiple. Maintainable earnings are the assessed sustainable profits that can be derived by the vendor’s business and excludes any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Realisable Value of Assets

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- *orderly realisation*: this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- *liquidation*: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- *going concern*: the net assets on a going concern basis estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding company. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The net realisable value of a trading company's assets will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where a company is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding company, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets.

Share Market Trading History

The application of the price that a company's shares trade on the ASX is an appropriate basis for valuation where:

- the shares trade in an efficient market place where 'willing' buyers and sellers readily trade the company's shares; and
- the market for the company's shares is active and liquid.

Constant Growth Dividend Discount Model

The dividend discount model works best for:

- firms with stable growth rates;
- firms which pay out dividends that are high and approximate free cash flow to equity;
- firms with stable leverage; and
- firms where there are significant or unusual limitations to the rights of shareholders.

Special Value

Special value is the amount which a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the potential acquirer of potential economies of scale, reduction in competition or other synergies arising from the acquisition of the asset not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchases.