
KAIRIKI ENERGY LTD

**(TO BE RENAMED “RPM AUTOMOTIVE GROUP LIMITED”)
(RPM)**

ACN 002 527 906

NOTICE OF GENERAL MEETING

TIME: 10:30AM

DATE: 27 May 2019

PLACE: Level 3, 32 Walker Street North Sydney NSW 2060

Kairiki Energy Ltd (ACN 002 527 906)

Notice of General Meeting

Notice is given that a General Meeting of Shareholders of Kairiki Energy Ltd (**Kairiki** or the **Company**) will be held at **Level 3, 32 Walker Street, North Sydney NSW 2060** on **Monday 27 May 2019** at **10:30 am AEST (Meeting)**.

Each of the resolutions proposed to be put to shareholders at the Meeting are set out in this Notice of General Meeting (**Notice**) and further details regarding those resolutions are set out in the Explanatory Memorandum accompanying this Notice. The details of the Resolutions contained in the Explanatory Memorandum should be read together with, and form part of, this Notice. Terms used and defined in the Explanatory Memorandum have the same meanings when used in this Notice.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

BUSINESS OF THE MEETING

AGENDA

RESOLUTION 1: SHARE CONSOLIDATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 254H of the Corporations Act 2001 (Cth) ASX Listing Rule 7.20 and for all other purposes, the issued capital of the Company be consolidated on the basis that every thirty-seven (37) Shares be consolidated into one (1) Share, with any resulting fractions of a Share rounded down to the next whole number of Shares, on the terms set out in the Explanatory Memorandum.”

RESOLUTION 2: APPROVAL FOR CHANGE TO SCALE AND NATURE OF ACTIVITIES

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the scale and nature of its activities as described in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if this resolution is passed or any associate of this person. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 3: APPROVAL FOR ISSUE OF CONSIDERATION SHARES TO THE SHAREHOLDERS OF FIX-MY-TRUCK PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,960,000 shares in the Company (on a post-Consolidation basis) to Fix My Truck Pty Ltd shareholders on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by Fix My Truck Pty Limited and a person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities of the Company) or any associates of these persons.

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4: APPROVAL FOR ISSUE OF CONSIDERATION SHARES TO THE SHAREHOLDERS OF EJ ANYWHERE PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of ASX Listing Rules 7.1 and for all other purposes, approval is given for the Company to issue 3,033,600 shares in the Company (on a post-Consolidation basis) to EJ Anywhere Pty Ltd (Trading as Air Anywhere) shareholders on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by EJ Anywhere Pty Limited and a person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue except a benefit solely by reason of being a holder of ordinary securities of the Company or any associates of these persons.

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 5: APPROVAL FOR ISSUE OF CONSIDERATION SHARES TO RPM WORLDWIDE GROUP PTY LTD (FOR THE ACQUISITION OF THE RW TYRES PTY LTD BUSINESS)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue 19,488,000 Consideration Shares (on a post-Consolidation basis) to RPM Worldwide Group Pty Ltd an entity associated with Clive Finkelstein and Lawrence Jaffe who will be directors of RPM at Completion, notwithstanding that their voting power in the Company will exceed 20% as a result of such issue, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by Clive Finkelstein or Lawrence Jaffe or any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 6: APPROVAL FOR ISSUE OF CONSIDERATION SHARES TO THE CONVERTIBLE NOTEHOLDERS LISTED IN THE ATTACHED EXPLANATORY MEMORANDUM

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 3,000,000 Consideration Shares (on a post-Consolidation basis) to the Convertible Noteholders listed in the Explanatory Memorandum at Completion, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by a person who is to expected to participate in or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 7: APPROVAL FOR ISSUE OF CONSIDERATION SHARES TO RPM AUSTRALASIA PTY LTD (FOR THE ACQUISITION OF REVOLUTION RACEGEAR PTY LTD & CARLINE AUTOMOTIVE GROUP PTY LTD BUSINESSES)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue 13,320,800 Consideration Shares (on a post-Consolidation basis) to RPM Australasia Pty Ltd an entity associated with Clive Finkelstein and Lawrence Jaffe who will be directors of RPM at Completion, notwithstanding that their voting power in the Company will exceed 20% as a result of such issue, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by RPM Australasia Pty Limited or any of its associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
 - (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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RESOLUTION 8: APPROVAL FOR ISSUE OF CONSIDERATION SHARES TO THE SHAREHOLDERS OF WILDCAT (AUST) PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue 4,224,000 shares in the Company (on a post-Consolidation basis) to Wildcat (Aust) Pty Limited shareholders on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by RPM Worldwide Pty Limited or its associates or by a person who is to receive the securities or any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
 - (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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RESOLUTION 9: APPROVAL FOR ISSUE OF SHARES TO LAWRENCE JAFFE (OR NOMINEES)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given

for the Company to issue 2,746,000 shares in the Company (on a post-Consolidation basis) to Lawrence Jaffe or his nominees who will be a director of RPM at Completion, notwithstanding that his voting power in the Company will exceed 20% as a result of such issue, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by Lawrence Jaffe or any of his associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 10: APPROVAL FOR ISSUE OF SHARES TO CLIVE FINKELSTEIN (OR NOMINEES)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue 2,746,000 shares in the Company (on a post-Consolidation basis) to Clive Finkelstein or his nominees who will be a director of RPM at Completion, notwithstanding that his voting power in the Company will exceed 20% as a result of such issue, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by Clive Finkelstein or any of his associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 11: APPROVAL FOR ISSUE OF SHARES UNDER THE PUBLIC OFFER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 25,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.20 per Share under the Prospectus (as part of the Capital Raising) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by a person who is to expected to participate in or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 12: APPROVAL FOR ISSUE OF OPTIONS UNDER THE PUBLIC OFFER

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

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of the general offer of Options of one (1) Option for every four (4) shares (on a post-Consolidation basis) to the same entities who are allocated Shares pursuant to Resolution 11 with an exercise price of \$0.25 per Option expiring two (2) years from the date of issue of the Options, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by a person who is to expected to participate in or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

However, the Company need not disregard a vote if:

- (a) 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
- (b) It is cast by the Chair as a proxy for a proxy who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 13: APPROVAL FOR ISSUE OF OPTIONS TO EXISTING KAIRIKI SHAREHOLDERS

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

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of the general offer of Options of one (1) Option for every two (2) shares (on a post-Consolidation basis) to the existing Shareholders of Kairiki Energy Limited with an exercise price of \$0.25 per Option expiring two (2) years from the date of issue of the Options, on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by a person who is to expected to participate in or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

However, the Company need not disregard a vote if:

- (a) 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
- (b) It is cast by the Chair as a proxy for a proxy who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 14: APPROVAL FOR ISSUE OF STAFF SHARES

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

“That, subject to and conditional upon each of the other Transaction Resolutions being passed pursuant to and in accordance with Listing Rule 7.1, Shareholders approve the issue of up to 500,000 Ordinary Shares (on a post-Consolidation basis) to such of the present Employees of RPM Group Companies, not being related parties, in such numbers as the Directors shall determine.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by a person who may participate in the proposed issue and a 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 an associate of that person.

However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

RESOLUTION 15: APPROVAL TO ISSUE ADVISER SHARES

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

“That subject to each of the other Transaction Resolutions being passed pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 1,000,000 Shares (on a post-Consolidation basis) to Novus Capital Limited or nominee an entity associated with Campbell Welch, a director of the Company, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates.

However, the Company will not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 16: APPROVAL TO ISSUE ADVISER OPTIONS

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

“That subject to each of the other Transaction Resolutions being passed pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 1,000,000 Options (on a post-Consolidation basis) to Novus Capital Limited or nominee an entity associated with Campbell Welch, a director of the Company, at an exercise price of \$0.25 per Option expiring two (2) years from the date of issue of the Options on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates.

However, the Company will not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 17: ELECTION OF DIRECTOR – LAWRENCE JAFFE

To consider and if thought fit, to pass, the following Resolution as an ordinary Resolution:

“That subject to and conditional upon each of the other Transaction Resolutions being passed, to elect Mr Lawrence Jaffe as a Director in accordance with the Company’s Constitution.”

Details of the experience of Mr Lawrence Jaffe are set out in the Explanatory Memorandum.

RESOLUTION 18: ELECTION OF DIRECTOR – CLIVE FINKELSTEIN

To consider and if thought fit, to pass, the following Resolution as an ordinary Resolution:

“That subject to and conditional upon each of the other Transaction Resolutions being passed, to elect Mr Clive Finkelstein as a Director in accordance with the Company’s Constitution.”

Details of the experience of Mr Clive Finkelstein are set out in the Explanatory Memorandum.

RESOLUTION 19: CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, subject to and conditional upon each of the Transaction Resolutions being passed for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to “RPM Automotive Group Limited” with effect from the date that ASIC alters the Company’s registration following Completion.”

This Resolution is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, attorney or representative, by members who are entitled to vote on the Resolution, are voted in favour.

RESOLUTION 20: CHANGE OF COMPANY AUDITOR

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

“That, Walker Wayland Advantage Audit Partnership of Level 7, 114 William Street, Melbourne Victoria 3000 having been nominated for appointment as the Company’s auditor and having consented in writing to so act, be appointed as auditor of the Company with such appointment to take effect from the later of the passing of this resolution and the time at which the resignation of Rothsay as auditor takes effect.”

RESOLUTION 21: APPROVAL FOR ISSUE OF PERFORMANCE SHARES TO THE VENDORS OF THE RPM GROUP BUSINESSES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of Item 7 of Section 611 of the Corporations Act and of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 10,901,600 shares in the Company (on a post-Consolidation basis) to the vendors of the RPM Group businesses contingent on those businesses meeting targeted financial results for FY 2019 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by a person who is to expected to participate in or will obtain a material benefit as a result of the proposed issue

(except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 22: APPROVAL FOR ISSUE OF EARNOUT SHARES TO THE VENDORS OF THE RPM GROUP BUSINESSES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to and conditional upon each of the other Transaction Resolutions being passed, for the purposes of Item 7 of Section 611 of the Corporations Act and of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 10,901,600 shares in the Company (on a post-Consolidation basis) to the vendors of the RPM Group businesses contingent on those businesses exceeding targeted financial results for FY 2019 on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of this resolution by a person who is to expected to participate in or will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or any of their associates. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board.

Notes

The Explanatory Memorandum accompanying and forming part of this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of General Meeting.

Voting Entitlements

The Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the General Meeting will be taken to be held by the persons who are registered holders at 10:30 am (AEST) on Saturday 25 May 2019. Accordingly, transfers registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the General Meeting.

Proxies

A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Shareholders can appoint a body corporate as well as an individual as their proxy. A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at general meetings of the Company or in the capacity of the Shareholder's proxy at general meetings of the Company. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a general meeting or in voting on a resolution.

A Shareholder who appoints two proxies must state on the Proxy Form what proportion or number of the Shareholder's votes each proxy is being appointed to exercise.

A proxy need not be a Shareholder of the Company.

Either the original or facsimile of the Proxy Form(s) and any Power of Attorney or authority under which they are signed must be received at least 48 hours prior to the General Meeting (i.e. no later than 10:30 am AEST on Saturday 25 May 2019). Any Proxy Form received after this deadline will be invalid.

The Proxy Form must be received by the Company at Level 3, 32 Walker Street, North Sydney NSW 2060 or by facsimile on +61 2 9247 4844 or by email to Campbell.welch@novuscapital.com.au.

A Proxy Form accompanies this Notice of Meeting.

Additional Proxy Forms will be supplied by the Company on request.

If a corporate representative is to attend the General Meeting on behalf of a corporation, a formal Notice of Appointment must be brought to the General Meeting.

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 10:30 am (AEDT) on 25 May 2019. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the General Meeting.

PROXY FORM

I/We.....

of.....

being a member/members of Kairiki Energy Limited HEREBY APPOINT

or failing him, the Chairman of the Meeting, as my/our Proxy to vote for me/us and on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Members of the Company to be held at **10:30 am on Monday, 27 May 2019** and at any adjournment thereof.

The Proxy is directed by me/us to vote as indicated by the marks in the appropriate voting boxes below:

Resolution	For	Against	Abstain
1 Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval for Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval for Issue of Consideration Shares to the Shareholders of Fix-My-Truck Pty Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for Issue of Consideration Shares to the Shareholders of EJ Anywhere Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval for Issue of Consideration Shares to RPM Worldwide Group Pty Limited (for the acquisition of the RW Tyres Pty Ltd Business)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval for Issue of Consideration Shares to the Convertible Noteholders listed in the attached Explanatory Memorandum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval for Issue of Consideration Shares to RPM Australasia Pty Ltd (for the acquisition of Revolution Racegear Pty Ltd and Carline Automotive Group Pty Ltd Businesses)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval for Issue of Consideration Shares to the Shareholders of Wildcat (Aust) Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval for Issue of Shares to Lawrence Jaffe (or nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 Approval for Issue of Shares to Clive Finkelstein (or nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 Approval for Issue of Shares under the Public Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 Approval for Issue of Options under the Public Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Approval for Issue of Options to existing Kairiki Shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 Approval for Issue of Staff Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15	Approval for Issue of Adviser Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	Approval for Issue of Adviser Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Election of Lawrence Jaffe as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Election of Clive Finkelstein as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Change of Company Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	Approval for Issue of Performance Shares to the Vendors of the RPM Group Businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	Approval for Issue of Earnout Shares to the Vendors of the RPM Group Businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important information if the Chairman of the Meeting is your proxy or is appointed as your proxy by default.

If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by marking the voting boxes above (for example if you wish to vote for, against or abstain from voting). If you do not so direct the Chairman then the Chairman of the Meeting intends to vote all available proxies in favour of each resolution.

Signature of Security holder(s) *This section must be completed.*

Dated this day of 2019

Signatures of Securityholder(s).

Individual Securityholder(s)

Sole Director & Company
Secretary

Director/Company
Secretary

KAIRIKI ENERGY LIMITED

(TO BE RENAMED “RPM AUTOMOTIVE GROUP LIMITED”)

(RPM)

ACN 002 527 906

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at Level 3, 32 Walker Street, North Sydney NSW 2060 at 10:30 am on Monday 27 May 2019.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice of Meeting. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice of Meeting.

Personalised Proxy Forms have been sent out with this Notice of Meeting.

2. RESOLUTION 1: SHARE CONSOLIDATION

2.1 Background

Resolution 1 seeks approval from the Company’s Shareholders to consolidate the number of ordinary fully paid shares on issue on a 37 for 1 basis (**Consolidation**) pursuant to Listing Rule 7.20.3.

The purpose of the consolidation is to implement a more appropriate capital structure for the Company for the future and to comply with relevant Listing Rules when the Company seeks to obtain re-quotation of its ordinary shares on the ASX, should Shareholder approval be obtained for the Transaction Resolutions.

The Directors intend to implement the Consolidation prior to completion of the Acquisition and prior to the proposed issues of securities pursuant to the Transaction Resolutions, but the Consolidation will only occur if resolutions necessary for the Transaction are passed (namely Resolutions **3-19**).

The Directors recommend that Shareholders vote in favour of Resolution 1 and intend to vote all the Company’s Shares controlled by them in favour of Resolution 1.

2.2 Legal Requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

2.3 Fractional Entitlements and Taxation

Not all Shareholders will hold a number of ordinary fully paid shares which can be evenly divided by 37. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole security. It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and the Company, the existing Directors and the Proposed Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the Consolidation or the other Transaction Resolutions.

2.4 Holding Statements

From the date of the Consolidation all holding statements for previously quoted securities will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to holders of those Shares. It is the responsibility of each Shareholder to check the number of Shares held prior to disposal.

2.5 Effect on Capital Structure

The Company currently has 349,122,480 ordinary (pre-Consolidation) shares on issue. Following completion of the Consolidation the Company will have approximately 9,435,743 ordinary fully paid shares on issue. Shareholders should refer to the table in Section 3.10 of this Explanatory Memorandum for details of the effect of the Transaction Resolutions on the post-Consolidation capital structure of the Company.

2.6 Timetable

If Resolution 1 and all the other resolutions necessary for the Transaction are passed, the Consolidation of capital is proposed to take effect pursuant to the timetable below:

<i>Event</i>	<i>Date</i>
Company announces to ASX that Shareholders have approved the Consolidation	27 May 2019
Last day for Company to register transfers of securities on a pre-Consolidation basis	31 May 2019
First day for the Company to send notice to each security holder.	
First day for the Company to register securities on a post-Consolidated basis and the first day for issuing holding statements.	3 June 2019
Despatch date	7 June 2019
Last day for securities to be transferred into the holders' name(s) and new holding statements to be issued. Last day for sending notice to each security holder.	7 June 2019

Note: The above dates are indicative only. Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, the Company reserves the right to vary any of the above dates and times without notice.

2.7 Additional Information

- 2.7.1 ASX required an application for a waiver of Listing Rule 7.3.2 (timing of issue of securities following shareholder approval) which was granted on 17 April 2019. ASX has also determined that further escrow restrictions other than those set out in Section 3.9, upon securities to be issued pursuant to the transaction will not be required pursuant to Listing Rule 9.1.3.
- 2.7.2 The conditions precedent to the transaction proceeding are as set out in Section 3.14.
- 2.7.3 The fees payable by the Company for arranging and facilitating the transaction are as set out in Section 3.15.
- 2.7.4 The Directors of the Company confirm that they have undertaken the appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses of the vending businesses and are satisfied that the transaction is in the interests of the Company and its security holders.
- 2.7.5 The transaction requires security holder approval under ASX Listing Rules and will not proceed if Shareholders at the General Meeting do not approve the transaction resolutions.**
- 2.7.6 The Company is required to re-comply with ASX requirements for admission and quotation of its securities and therefore the transaction may not proceed if those requirements are not met.**
- 2.7.7 ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the transaction may not proceed if ASX exercises that discretion adversely to the Company.**
- 2.7.8 Shareholders should take account of these uncertainties in deciding whether or not to vote for or against each of the transactions and other resolutions at the General Meeting.**
- 2.7.9 The likely effect of the transaction on the Company's consolidated total assets, total equity interests, annual revenue, annual expenditure and annual profit before tax is set out in Section 3.13 and in the 30 June 2017 and 30 June 2018 audited accounts annexed to this Explanatory Memorandum.**

3. SUMMARY OF THE PROPOSED ACQUISITION OF RPM AUTOMOTIVE GROUP

3.1 General background

The Company was incorporated on 20 October 1982 and was admitted to the Official List of the ASX on 10 November 1983. The Shares of the Company were suspended from quotation on ASX official list at the close of trading on 27 May 2016 due to the inability of the Company to find a suitable investment opportunity within the six month timeframe set by ASX to comply with Listing Rule 12.1.

On 19 July 2018, the Company announced that it had entered into a Binding Terms Sheet (**Terms Sheet**) with RPM Australasia Pty Limited, RPM Worldwide Group Pty Limited, The Tyre Factory Group Pty Limited and the shareholders of Wildcat (Aust) Pty Limited (**RPM** or **RPM Group**) under which the Company conditionally agreed to acquire 100% of the businesses that comprise the RPM Group from the Shareholders of the RPM Group (**Vendors** or **Vending Shareholders**) (**Acquisition**). The RPM Group offers a nationwide footprint focusing on wholesale distribution and retail of tyres, auto parts and accessories and owns a variety of well-known and respected brands in the automotive market.

On 29 November 2018, the Company announced an update to the transaction with the RPM Group. The Tyre Factory no longer forms part of the proposed transaction but two of its subsidiaries, Fix My Truck Pty Ltd and EJ Anywhere Pty Ltd will be acquired by the Company. The underlying strategy and rationale behind the RPM Group seeking a listing on the ASX remains the same, that being, to grow an ASX-listed automotive aftermarket wholesale and retail group.

The Company has entered into individual Business Sale Agreements with the respective Vending Shareholders of the businesses that comprise the RPM Group (**Business Sale Agreements** or **BSAs**). Under the terms of the individual Business Sale Agreements the Company has agreed to:

- (a) acquire 100% of the RPM Group via acquiring the business assets and assuming some of the liabilities of the individual businesses that comprise the RPM Group.
- (b) issue 52,018,400 Shares (on a post-Consolidation basis) to the Vendors and Staff in consideration for the acquisition of 100% of the RPM Group (**Consideration Shares**). Refer to Section 3.4 for further details.
- (c) issue the following Shares if the requisite financial hurdles are satisfied:
 - (i) a maximum of 10,901,600 Shares (on a post-Consolidation basis) to the Vendors contingent upon the individual businesses that comprise the RPM Group meeting targeted financial results for FY 2019 (**Performance Shares**). Refer to Sections 3.4 to 3.5A for further details; and
 - (ii) a maximum of 10,901,600 Shares (on a post-Consolidated basis) to the Vendors contingent upon the individual businesses that comprise the RPM Group exceeding targeted financial results for FY 2019 (**Earnout Shares**). Refer to Sections 3.4 to 3.5A for further details.
- (d) pay \$2.5 Million to certain of the Vending Shareholders. (**Cash Consideration**) Refer to Section 3.7 for further details.

The Consideration Shares will be subject to voluntary escrow, as set out in Section 3.9.

The Company will also seek to raise \$5,000,000 (before costs) by issue of a total of 25,000,000 Shares (on a post-Consolidated basis) at an issue price of \$0.20 per Share; with a minimum raise of \$2,000,000 (before costs) by the issue of 10,000,000 Shares. Refer to Section 3.10 for further details in relation to the capital raising.

A summary of the material terms of the Business Sale Agreements is set out in Section 3.4 to 3.9 below.

The Notice of Meeting sets out the Resolutions necessary to complete the Transaction. Each of the Resolutions (with the exception of Resolutions 1 and 2) are conditional upon the approval by Shareholders of each of the Transaction Resolutions 3-22. If any of the Transaction Resolutions are not approved by Shareholders, all of the Resolutions (with the exception of Resolutions 1 and 2) will fail and Completion will not occur.

A summary of the Resolutions is as follows:

- (a) in seeking re-admission to ASX, the Company will undertake a consolidation of its issued capital on the basis of one (1) Share for every thirty-seven (37) Shares; (Resolution 1)
- (b) as the Company is currently a mining company, the Acquisition, if successfully completed, will represent a significant change in the nature or scale of the Company's operations to an industrial company, for which Shareholder approval is required under ASX Listing Rule 11.1.2; (Resolution 2)
- (c) the issue at Completion of 52,018,400 Consideration Shares (on a post-Consolidation basis) (Resolutions 3 to 10);
- (d) the issue of up to 500,000 ordinary Shares (deemed fully paid) to the present employees of RPM Group Companies at the discretion of directors based upon their tenure and years of service (Resolution 14);
- (e) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to achieve this, must successfully undertake a capital raising by issuing Shares and attaching options at an issue price of \$0.20 to raise \$5,000,000 via a public offer under a prospectus (**Public Offer**) (Resolutions 11 and 12);
- (f) the founders of the RPM Group, Clive Finkelstein and Lawrence Jaffe are elected as Directors of the Company (Resolutions 17 and 18);
- (g) the change of the Company's name to "RPM Automotive Group Limited" at Completion (Resolution 19); and
- (h) the change of the Company's auditors to Walker Wayland Advantage Audit Partnership. (Resolution 20)

The acquisition is deemed a significant change in the nature and scale of the Company's activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules. Also, the Company's securities will remain suspended until the Company has re-complied with Chapters 1 and 2 of the Listing Rules. The ASX retains absolute discretion in deciding whether to re-admit the Company to the official list and to quote its securities. If any of these requirements are not met or the ASX exercises its discretion not to re-admit the Company's shares to trading on the ASX then the transaction may not proceed.

3.2 Overview of the RPM Automotive Group

The RPM Group is built on a simple philosophy of customer service, respected brand names and the range and quality of product and service offerings. The company is constructed around 4 key pillars in the Australian auto aftermarket industry:

- Motorsport
- Tyres and Wheels
- Performance and Accessories
- Repairs and Roadside

The RPM Group is coming together to create a company that has scale and can address opportunities in the Australian automotive sector with market-leading capabilities and brands. The following businesses have or are combining as part of the listing of the RPM Group on the ASX;

- **Revolution Racegear** is the Australian leader in supplying race safety gear and performance accessories to the motorsport industry. Revolution owns the RPM brand name and has 5 corporate retail stores and 13 franchised stores nationally.
- **Carline Automotive** has over 120 licensee stores nationwide offering customers a fully equipped workshop with a focus on exhaust and mechanical repair.
- **EJ Anywhere (T/A Air Anywhere)** is a mobile retailer of wheels and tyres, primarily for transportation and commercial industries.
- **Fix-My-Truck** is a roadside assistance and advice service for the trucking industry.
- **Spider GT** is an importer and nationwide wholesaler of tyres.
- **RW Tyres** comprises 2 retail tyre stores and is the blueprint for RPM Group's future organic and roll-up strategy in tyre retails.
- **Wildcat (Genie Headers)**, services the performance auto market through the design, development and manufacture of performance headers and exhausts. It has a manufacturing facility in Queensland and is distributed nationally.
- **Formula OffRoad** is a manufacturer, distributor and retailer of automotive accessories, such as, bullbars, towbars, siderails and roof racks. It has a manufacturing facility in Sydney, Australia and is distributed nationally.

The RPM Group either owns or has exclusive Australian distribution rights to the following iconic automotive brands:

- **RPM** – the RPM brand is 100% owned by Revolution Racegear.
- **Carline** – the Carline business and brand will become 100% owned by the RPM Group on completion of the transaction.
- **Bell Motorsport Helmets** – Revolution Racegear has held the exclusive Australian distribution rights for Bell Motorsport Helmets for over 20 years. (The distribution rights do not include Bell motorcycle helmets.)

- **Alpine Star Race Wear** - Revolution Racegear has held the exclusive Australian distribution rights for Alpine Stars Auto Racing Apparel for over 5 years. (The distribution rights do not include motorcycle apparel.)
- **Lukey** – Carline a distribution agreement for the Lukey brand of performance exhausts.
- **Genie** – Wildcat owns and has 100% rights in the Genie performance headers brand name.
- **Fix-My-Truck** – RPM is acquiring 100% of the rights to the Fix-My-Truck brand name.
- **Air Anywhere** – RPM is acquiring 100% of the rights to the Air Anywhere brand name.
- **Longmarch** – RW Tyres holds the exclusive Australian and New Zealand distribution rights for the Longmarch tyre brand.
- **Cobra** - Revolution Racegear has held the exclusive Australian distribution rights for Cobra seats for over 20 years.

3.3 RPM Group FY18 Financials

The table below presents financial results of the individual RPM Group businesses for the financial year ended 30 June 2018. The sales revenue and NPAT results for the RPM Group (exclusive of Carline Group) are audited results from the RPM Group's special purpose financial reports. EBITDA adjustments have been provided by RPM Group management and reflect adjusting private company accounting to public general purpose reporting. The Adjusted EBITDA, the Adjustments and the Carline Group results are unaudited. All amounts are in AUD. The RW Tyres audited entity includes the financial results of the following businesses; RW Tyres, Spider GT and Formula OffRoad.

Business	Sales (\$)	EBITDA (\$)	NPAT (\$)	Adjustments (\$)	Adjusted EBITDA (\$)
RW Tyres	16,985,840	1,380,760	869,502	272,597	1,653,357
Revolution Racegear	6,620,283	628,511	302,622	71,630	700,141
Wildcat (Aust)	1,606,363	233,451	144,230	62,400	295,851
EJ Anywhere & Fix My Truck	8,202,584	101,477	81,276	195,727	297,204
Carline Group	500,000	200,000	100,500	-	200,000
	33,915,070	2,544,199	1,498,130	602,354	3,146,553

3.4 Acquisition Consideration

In consideration for the acquisition of 100% of the businesses that comprise the RPM Group;

- Kairiki will issue 52,018,400 ordinary fully-paid shares (on a Post-consolidation basis) to RPM's shareholders (**Vending Shareholders**), promoters, staff and Convertible Noteholders. (**Consideration Shares**)
- Kairiki will issue a further 10,901,600 ordinary fully-paid shares (on a Post-consolidation basis) to the Vending Shareholders of the respective RPM Group business subject to their business meeting the Target EBITDA for the Performance Period. (The Target EBITDAs for the Performance Period are detailed in below). (**Performance Shares**)
- Kairiki will issue 10,901,600 ordinary fully-paid (on a Post-consolidation basis) shares to the Vending Shareholders of the respective RPM Group business if their business exceeds the Target EBITDA for the Performance Period (The Target EBITDAs for the Performance Period are detailed in the table below). The shares will be issued on a pro-rata basis, relative to the

percentage by which the business result exceeds the EBITDA target for the Performance Period but are capped with respect to the maximum number of shares that may be issued. (**Earnout Shares**)

- Kairiki will also payout a total of \$2.5 million in cash to various RPM Group Vending Shareholders as Cash Consideration for the Acquisition. (**Cash Consideration**)
- The total consideration paid by Kairiki to acquire the RPM Group (excluding the Earnout Shares) is 62,920,000 Shares, which valuing the equity consideration at the capital raising share issue price of \$0.20/Share comprises equity consideration of \$12.584 million and \$2.5 million in cash for a total consideration of \$15.084 million.

The equity consideration for the Acquisition by Kairiki of the individual businesses that comprise the RPM Group is summarised in the table below.

BUSINESS	CONSIDERATION SHARES	PERFORMANCE SHARES	EARNOUT SHARES	TOTAL
RW Tyres	19,488,000	4,872,000	4,872,000	29,232,000
Revolution Racegear	10,828,800	2,707,200	2,707,200	16,243,200
Wildcat	4,224,000	1,056,000	1,056,000	6,336,000
EJ Anywhere	3,033,600	758,400	758,400	4,550,400
Fix-My-Truck	2,960,000	740,000	740,000	4,440,000
Carline Automotive	2,492,000	768,000	768,000	4,028,000
Promoter's shares **	5,492,000	-	-	5,492,000
Convertible Noteholders	3,000,000	-	-	3,000,000
Staff share issue ##	500,000	-	-	500,000
Total	52,018,400	10,901,600	10,901,600	73,821,600

** 2,746,000 Shares to each of Clive Finkelstein and Lawrence Jaffe (who will be Directors of RPM)

500,000 Shares to existing staff of RPM Group (not being related parties) at the discretion of the Directors

Resolutions 21 and 22 seek shareholder approval to issue the Performance and Earnout shares to the Vendors once the results are known for the FY 2019.

3.4A Performance Period EBITDA Targets

The Target EBITDAs for the Performance Period are designed to be realistic profit targets the businesses can achieve over the period. The target EBITDAs are derived from the FY18 results.

3.5 Performance Shares

The Performance Shares are designed to provide some downside protection to Kairiki if the individual RPM Group businesses fail to meet their EBITDA targets over the Performance Period which forms the basis of the Consideration payable by Kairiki to acquire the RPM Group. Under the Business Sale Agreements the Vending Shareholders of the respective RPM Group business are being paid 80% of the calculated acquisition price upfront, with the remaining 20% of the acquisition price to be paid once the actual EBITDA results are known for the Performance Period. If a business fails to meet its Target EBITDA, then the Vending Shareholders of that business will not be issued/paid their Performance Shares (in full). If the Business earns between 80% and 100% of its Target EBITDA the shares will be issued on a pro-rata basis. If the Business earns less than 80% of its Target EBITDA no Performance Shares will be paid.

The issue of the Performance Shares necessitated the granting of a waiver of Listing Rule 7.3.2 because such shares, if issued, will not be issued until the FY19 EBITDA results are known (up until 31 October 2019). That waiver has now been granted and the conditions thereof are as set out in Schedule 3.

BUSINESS	TARGET EBITDA (\$)	PERFORMANCE SHARES
RW Tyres	1,900,000	4,872,000
Revolution Racegear	850,000	2,707,200
Wildcat	250,000	1,056,000
EJ Anywhere	250,000	758,400
Fix-My-Truck	250,000	740,000
Carline Automotive	200,000	768,000
Total	3,700,000	10,901,600

3.5A Earnout Shares

The Earnout Shares are designed to reward the Vending Shareholders of the respective RPM Group business if the business outperforms its Target EBITDA over the Performance Period (The Target EBITDA as detailed in the table below is derived from the FY18 EBITDA). The Earnout Shares will be issued to the Vending Shareholders of the respective RPM Group business pro-rata to the extent their actual EBITDA result outperforms the Target EBITDA. The maximum number of Earnout Shares the Vending Shareholders can receive in total is 10,901,600 shares. The Table below shows the maximum number of Earnout Shares that Kairiki will issue to the Vending Shareholders of the respective RPM Group business if it exceeds its Target EBITDA by more than 20%. The Earnout Shares will be issued once the financial results for the Performance Period are known.

The issue of the Earnout Shares necessitated the granting of a waiver of Listing Rule 7.3.2 because such shares, if issued, will not be issued until the FY19 EBITDA results are known (up until 31 October 2019). That waiver has now been granted and the conditions thereof are as set out in Schedule 3.

BUSINESS	TARGET EBITDA (\$)	Outperformance	EARNOUT EBITDA (\$)	EARNOUT SHARES
RW Tyres	1,900,000	20%	2,280,000	4,872,000
Revolution Racegear	850,000	20%	1,020,000	2,707,200
Wildcat	250,000	20%	300,000	1,056,000
Air Anywhere	250,000	20%	300,000	758,400
Fix My Truck	250,000	20%	300,000	740,000
Carline Automotive	200,000	20%	240,000	768,000
Total	3,700,000		4,440,000	10,901,600

3.6 Assumption of Debt and Acquisition of Trading Stock

The Acquisition of the RPM Group by the Company is via the acquisition of the assets and assumption of certain liabilities of the respective RPM Group businesses. The Company is not acquiring the RPM Group companies but rather the underlying business via acquiring their business assets and assuming some of the liabilities. Under the terms of the various BSAs the Company has agreed to acquire \$4.675 million in trading stock and assume approximately \$2.17 million of non-current debt outstanding per the table below.

BUSINESS	DEBT (\$)	STOCK (\$)
Revolution Racegear	(1,600,000)	2,000,000
RW Tyres	(350,000)	2,000,000
EJ Anywhere	(220,000)	300,000
Wildcat	-	375,000
Fix-My-Truck	-	-
Carline Group	-	-
Total	(2,170,000)	4,675,000

The non-current debt and trading stock amounts have been included in the calculation the Company has used to determine the Consideration offered to the Vendors of those RPM Group businesses. The Company added the value of trading stock and deducted the value of assumed debt from the business's valuation to derive the consideration payable to the Vending Shareholders of the respective RPM Group business.

3.7 Cash Consideration

Some of the Vendors have elected to receive a portion of their Consideration in cash for the Acquisition of their business. Under the terms of the respective Business Sale Agreements the Company will on Completion pay a total of \$2.5 million to the Vendors of the businesses listed in the table below for the use as detailed. The Founders of the RPM Group have elected to receive 100% of their Consideration in equity.

RECEIVING PARTY	AMOUNT (\$)	USE
RPM Worldwide Group Pty Ltd	1,700,000	To fund the partial cash consideration for the acquisition of Spider GT
RPM Worldwide Group Pty Ltd	300,000	To fund the partial cash consideration for the acquisition of Tyresome
RPM Australasia Pty Ltd	145,000	To reimburse the cost of exercising the Purchase Option for the Carline Group
Mr. Ejay Rahmani	200,000	As partial cash consideration for acquisition of EJ Anywhere
Mr. Ejay Rahmani	155,000	As partial cash consideration for acquisition of Fix My Truck
Total	2,500,000	

Both Spider GT Pty Ltd and Tyresome Pty Ltd are businesses being acquired by RW Tyres Pty Ltd prior to the acquisition of RW Tyres Pty Ltd by the Company. RPM Worldwide Group Pty Ltd owns 100% of RW Tyres Pty Ltd and is acquiring both Spider GT and Tyresome for a mixture of cash and shares in RPM Worldwide Group Pty Ltd. The cash consideration paid by the Company to RPM Worldwide Group Pty Ltd under the proposed transaction will be used to meet the required cash payments by RPM Worldwide Group Pty Ltd to the vending shareholders of Spider GT and Tyresome.

Carline Automotive Group Pty Ltd was a subsidiary of SWD Pty Ltd. RPM Australasia Pty Ltd previously owned a significant shareholding in SWD Pty Ltd. RPM Australasia Pty Ltd agreed to sell its shareholding in SWD Pty Ltd to the other major shareholder and as part of the agreement RPM Australasia Pty Ltd obtained an option to acquire Carline Automotive Group Pty Ltd from SWD. RPM Australasia Pty Ltd exercised the option to acquire Carline Group in December 2018. The Company is acquiring Carline Group under the proposed transaction.

Mr Ejay Rahmani owns 100% of Fix My Truck Pty Ltd and approximately 50% of EJ Anywhere Pty Ltd. Under the proposed transaction Mr Rahmani will receive a mixture of cash and shares in the Company as consideration for the sale of 100% of both businesses to the Company.

3.8 RPM Group Vendor Shareholdings

A summary of the shares the Company will issue to the respective RPM Group Vendors on a fully diluted basis is listed in the Table below. (Note: The Performance Shares and Earnout Shares will be issued at a later date and are contingent on underlying performance of the respective business.)

ENTITY	CONSIDERATION SHARES	PERFORMANCE SHARES	EARNOUT SHARES	TOTAL SHARES	PERCENT
Mr. Ejay Rahmani	5,083,520	1,270,880	1,270,880	7,625,280	6.4%
Promoter's shares	5,492,000	-	-	5,492,000	4.6%
RPM Worldwide Group Pty Ltd	23,542,880	6,030,720	6,030,720	35,604,320	29.9%
RPM Australasia Pty Ltd	10,828,800	2,707,200	2,707,200	16,243,200	13.6%
Convertible Noteholders	3,000,000	-	-	3,000,000	2.5%
Staff share issue	500,000	-	-	500,000	0.4%
Other vending shareholders	3,571,200	892,800	892,800	5,356,800	4.5%
Total shares issued to RPM Group vendors	52,018,400	10,901,600	10,901,600	73,821,600	61.9%

Notes:

- 1) The percentages in the table above are based on a total of 119,837,343 KIK shares on issue, which assumes all the Earnout and Performance shares are issued to the Vending Shareholders.
- 2) The percentages in the table above do not take account of outstanding options.
- 3) The founders of RPM Group or related entities post Completion will hold over 20% of KIK's issued shares requiring a shareholder resolution at KIK's general meeting to approve the share issue.
- 4) The founders of RPM Group (Lawrence Jaffe & Clive Finkelstein) are directors of RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd.
- 5) The Promoters of the transaction are the founders of RPM Group (Lawrence Jaffe & Clive Finkelstein)

The Convertible Notes were issued by RPM Worldwide Group Pty Ltd on 20 July 2018 in relation to a \$300,000 capital raising to fund the costs of the ASX-listing and will mandatorily convert in full under a formula in the Convertible Note Deed at a discount of 50% to the ASX-listing transaction price being \$0.10/share. The Convertible Notes will convert on issue of the Consideration Shares to the Vending Shareholders.

3.9 Voluntary Escrow Arrangements

The following arrangements have been agreed with the Vending Shareholders of the individual RPM Group businesses;

- The 52,018,400 Consideration Shares will be subject to voluntary escrow for 12 months following the re-commencement of trading in the Company's securities on the ASX, with the exception of the 500,000 Staff Shares that will not be escrowed.
- If the Performance Shares are issued they will not be subject to voluntary escrow arrangements.
- If the Earnout Shares are issued they will not be subject to voluntary escrow arrangements.
- Half (50%) of the Shares issued to each Convertible Noteholder will be escrowed for a period of 12 months from the date of issue of the Convertible Notes, being the value uplift to \$0.20 a share

from the subscription per convertible note of \$0.10. (The Convertible Notes convert on a 1:1 into Shares in Kairiki.)

- The Advisor Shares and Promoter Shares will be subject to 24 months escrow.
- The Consideration Shares, Performance Shares and Earnout Shares will be issued subject to ASX Listing Rules. ASX has granted a waiver from compliance by the Company with the escrow requirements of Appendix 9B of the Listing Rules pursuant to Listing Rule 9.1.3 as the businesses that form the RPM Group have a track record of profitability acceptable to ASX.

3.10 Indicative Capital Structure

The indicative capital structure of the Company at Completion of the Acquisition is set out in the Table below.

KIK CAPITAL STRUCTURE	SHARES	PERCENT	FULLY DILUTED
Kairiki current issued capital	349,122,480		
Share consolidation to \$0.20 (1:37 consolidation)	9,435,743	10.8%	9.5%
Consideration shares issued to RPM shareholders/noteholders/staff	52,018,400	59.5%	52.3%
Total	61,454,143	70.3%	
Capital raising shares (\$5 million @ 20c/share)	25,000,000	28.6%	25.1%
Broker shares	1,000,000	1.14%	1.0%
Kairiki shares on completion of RPM acquisition and capital raising	87,454,143	100.0%	
Capital raising options (1:4, 25c strike, 2 year)	6,250,000		6.3%
Kairiki shareholder options (1:2, 25c strike, 2 year)	4,717,871		4.7%
Broker options (25c strike, 2 year)	1,000,000		1.0%
Kairiki fully-diluted capital structure on Completion	99,422,014		100.0%

3.11 Capital Raising

As part of the proposed transaction the Company will seek to raise a maximum of \$5 million via the issue of 25,000,000 new shares in the Company (on a post-Consolidation basis) at \$0.20/share.

The minimum subscription will be \$2 million via the issue of 10,000,000 new shares (on a post-Consolidation basis) at \$0.20/share.

A prospectus will be issued to complete the capital raising.

The Company will seek to give preferential allocation in the capital-raising to existing Kairiki shareholders who wish to participate.

The capital raising is not underwritten.

As part of the capital raising incoming investors will also receive a free option at the rate of one option for every four shares subscribed for. The option will have a strike price of \$0.25 and expiry of 2 years from the date of re-commencement of quotation of the Company's shares. The Company will endeavour to have the options listed on the ASX.

3.12 Use of Funds

The intended use of the funds raised by the Company under the proposed transaction is;

ITEM	MINIMUM RAISE (\$)	MAXIMUM RAISE (\$)
Cash Kairiki	160,000	160,000
Cash RPM Group	400,000	400,000
Convertible Note Raising	300,000	300,000
Capital Raising	2,000,000	5,000,000
Add: Bank debt	1,000,000	-
Less: Transaction Costs	(400,000)	(750,000)
Less: Payout to Vending Shareholders	(2,500,000)	(2,500,000)
Total Cash Post Transaction	960,000	2,610,000
Working Capital	960,000	1,000,000
Organic Growth	-	1,000,000
Acquisitions	-	610,000
Total Use of Funds	960,000	2,610,000

3.13 Pro-Forma Balance Sheet as at 30 June 2018

The balance sheets below summarises the impact of the proposed transaction on the Company's balance sheet assuming both a minimum and maximum capital raising.

Minimum Capital Raising

PRO-FORMA BALANCE SHEET AS AT 30/06/2018	KIK	RPM	TRANSACTION	CONSOLIDATED
Cash	160,000	400,000	400,000	960,000
Current Assets	-	5,695,000		5,695,000
Fixed Assets	-	2,250,000		2,250,000
Intangible Assets	-	1,353,000		1,353,000
Financial Assets		82,000		82,000
Total Assets	160,000	9,780,000	400,000	10,340,000
Current Liabilities	215,000	1,566,000		1,781,000
Borrowings/trade finance	-	2,170,000		2,170,000
Bank overdraft	-	1,000,000		1,000,000
Total Liabilities	215,000	4,736,000		4,951,000
Net Assets	(55,000)	5,044,000	400,000	5,389,000

Note: Transaction column assumes a \$2,300,000 capital raise (including the \$300,000 Convertible Note issue) and the organisation of a \$1,000,000 bank overdraft facility, less transaction costs of \$400,000 and the payment of \$2,500,000 to RPM Vending Shareholders.

Maximum Capital Raising

PRO-FORMA BALANCE SHEET AS AT 30/06/2018	KIK	RPM	TRANSACTION	CONSOLIDATED
Cash	160,000	400,000	2,050,000	2,610,000
Current Assets	-	5,695,000		5,695,000
Fixed Assets	-	2,250,000		2,250,000
Intangible Assets	-	1,353,000		1,353,000
Financial Assets		82,000		82,000
Total Assets	160,000	9,780,000	2,050,000	11,990,000
Current Liabilities	215,000	1,566,000		1,781,000
Borrowings/trade finance	-	2,170,000		2,170,000
Bank overdraft	-	-		-
Total Liabilities	215,000	3,736,000		3,951,000
Net Assets	(55,000)	6,044,000	2,050,000	8,039,000

Note: Transaction column assumes a \$5,300,000 capital raise (including the \$300,000 Convertible Notes issue), less transaction costs of \$750,000 and the payment of \$2,500,000 to RPM Vending Shareholders.

3.14 Transaction Conditions Precedent

The proposed transaction is subject to the following pre-conditions;

- The Company raising a minimum of \$2 million via the issue of shares to investors. (The capital raising is not underwritten.)
- Completion of Due Diligence by Kairiki on The RPM Group
- The Company consolidating its shares on a 1:37 basis
- The Company obtaining all necessary regulatory and shareholder approvals, including re-complying with Chapters 1 & 2 of the ASX listing rules under the Assets test.

3.15 Appointment of Novus Capital Limited as Financial Advisor, Lead Manager and Sponsoring Broker

Novus Capital Limited has been appointed by RPM Worldwide Pty Limited to assist the Company in completing the proposed transaction. Novus will be entitled to the following fees;

- A monthly financial advisory fee of \$12,000 reducing to \$6,000 upon the opening of the Public Share Offer.
- A sponsoring broker fee of \$35,000 plus 6.25% of funds raised
- 1,000,000 broker shares and 1,000,000 broker options *
- A success fee of \$10,000 subject to raising the minimum \$2 million, increasing by \$10,000 for each additional \$1 million raised up to the maximum of \$40,000 for \$5 million raised.
- The monthly financial advisory fee will terminate upon the resumption of ASX trading in the Company's shares.

* The Broker options will be issued on the terms set out in Schedule 2.

Aside from the fees outlined above, no fees are payable to any third parties for assisting or facilitating the transaction. The founders of the RPM Group, Mr Clive Finkelstein and Mr Lawrence Jaffe are receiving a total of 5,492,000 KIK shares for promoting the transaction (as shown above in RPM Group

Vendor Shareholdings). These shares are in addition to the KIK shares they will be issued as directors and shareholders in RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd.

3.16 Previous Capital Raisings in the preceding six months

Kairiki has not conducted any capital raisings in the previous six months. The RPM Group has raised \$300,000 via issuing convertible notes in July 2018 for the costs of funding this Shareholders Meeting and the preparation of the Prospectus for the Public Share Offer.

3.17 Proposed Dividend and Payout ratio

The Company on relisting would institute a measured and responsible dividend policy and would expect to have a proposed dividend payout ratio of 30% of NPAT.

3.18 Board Changes

The transaction will see a change in the Company's Board composition. Mr Robert Downey will retire and the directors identified below will join the Board of the Company.

Mr Lawrence Jaffe

Lawrence is a co-founder and promoter of the RPM Group. Lawrence has a strong financial background having worked in Private Equity and Mergers & Acquisitions for ANZ Banking Group Limited. He has over 20 years' experience in the automotive sector, and was the CEO of RPM Australasia until 2015 when the group sold off one of its subsidiaries. Lawrence remained on as non-executive chairman of RPM Australasia and has now re-joined the executive team. Lawrence is a significant shareholder in the RPM Group.

Mr Clive Finkelstein

Clive is a co-founder and promoter of the RPM Group. Clive has over 20 years' experience in the automotive sector, having built, managed and sold a successful 4WD franchise group. Clive's experience spans manufacturing, development, wholesale, retail and franchising of automotive businesses. Clive is a significant shareholder in the RPM Group.

3.19 Due Enquiries

The Board of Kairiki has undertaken appropriate enquiries into the assets and liabilities, financial position and performance, profits and losses, and prospects of the RPM Group for the Board to be satisfied that the transaction is in the best interests of Kairiki and its shareholders.

3.20 Timetable

Below is an indicative timetable for the proposed transaction. The timetable is subject to change at the discretion of the directors of the Company, together with the ASX and ASIC.

ACTION		DATE
1	Notice of Meeting sent to KIK shareholders	29 April 2019
2	Kairiki Shareholder meeting to approve transaction	27 May 2019
3	Lodgement of prospectus with ASIC	27 May 2019
4	Exposure period	27 May 2019
5	Opening date of offer	3 June 2019
6	Offer closing date	21 June 2019
7	Allotment of securities to applicants	26 June 2019
8	Despatch of holding statements	28 June 2019
9	Re-commencement of quotation by ASX	1 July 2019

3.21 Independent Experts' Report

The Directors engaged Danieli Advisory Pty Limited to prepare an Independent Experts' Report to provide an opinion as to whether the transaction resolutions and the shares to be issued thereunder are in a number which is fair and reasonable to the non-associated shareholders of Kairiki pursuant to the requirements of Section 611 of the Corporations Act.

That Report dated 24 April 2019 is annexed to this Explanatory Memorandum as Schedule 5. It should be read in conjunction with and forms part of the Notice of Meeting. All shareholders should consider the information contained in the Report when deciding whether or not to pass the Resolutions set out in the Notice of Meeting.

The Report finds that the proposed transaction is both fair and reasonable to the non-associated shareholders of Kairiki.

4. RESOLUTION 2: APPROVAL FOR CHANGE TO SCALE AND NATURE OF ACTIVITIES

4.1 Background

Resolution 2 seeks approval from Shareholders under Listing Rule 11.1.2 for a significant change in the scale of the activities of the Company and a change in the nature of the Company's activities from an oil and gas exploration company to an industrial automotive sales company.

As outlined in Section 3.1 of this Explanatory Memorandum, the Company, subject to Shareholder approval, will acquire a 100% interest in the RPM Group from the Vending Shareholders.

A summary of the terms and conditions of the Business Sale Agreements are set out in Section 3.1 of this Explanatory Memorandum.

Resolution 2 is an ordinary resolution. A voting exclusion statement is included in the Notice.

Resolution 2 is subject to the approval of each of the other Transaction Resolutions.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issues proposed in Resolutions 3 to 15 inclusive and intend to vote all the Company's Shares controlled by them in favour of each of the Resolutions.

4.2 ASX Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has confirmed to the Company that the change in the nature and scale of the Company's activities as a result of the proposed Acquisition requires the Company in accordance with Listing Rule 11.1.2 to obtain Shareholder approval and the Company must comply with any requirements of ASX.

ASX has confirmed that the Company is required (in accordance with Listing Rule 11.1.3) to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules (including any ASX requirement to treat some of the Company's securities as restricted securities). The Company proposes to undertake the Capital Raising pursuant to Resolutions 11 and 12 to meet the requirements of re-compliance.

If the Transaction Resolutions are approved at the Meeting, it is expected that the Company's securities will remain suspended from quotation until the Company has completed the Acquisition of the Vendors' interests in the RPM Group and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

4.3 Re-compliance with Chapters 1 and 2 of the Listing Rules

Given that the Company is proposing to make a change in its activities from an oil and gas exploration company to an industrial automotive sales company, ASX has confirmed that the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition and before it can be re-instated to trading on ASX following Completion.

4.4 Use of funds

Following completion, the Company intends to use its anticipated cash funds as set out in Section 3.12 above.

The table set out in Section 3.12 is a statement of current intentions as at the date of this Notice of Meeting. However, Shareholders should note that, as with any expenditure allocation, the funds set out in the table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions, intervening events and new circumstances. In light of this, the Board reserves the right to alter the way funds are applied.

4.5 Acquisition Agreement

The terms of the Acquisition are set out in Sections 3.4 to 3.9 above.

4.6 Board Changes

Following Completion, the Company will seek changes to its Board of Directors, by the addition of Mr Clive Finkelstein and Mr Lawrence Jaffe to the Board (See Resolutions 17 and 18).

The existing directors, Mr Scott Brown and Mr Campbell Welch will remain as Directors and Mr Robert Downey will retire as a Director.

4.7 Capital Structure/Effect of the Acquisition on the Company

The indicative capital structure of the Company after completion of the Acquisition is as set out in Section 3.10.

4.8 Pro-forma Balance Sheet

A pro-forma balance sheet of the Company on Completion of the Acquisition is set out in Section 3.13 and a copy of 30 June 2017 and 30 June 2018 RPM Group Accounts is attached as Schedule 4 to this Explanatory Memorandum.

4.9 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

- (a) The Company will be exposed to an existing growth industry and Shareholders can share in the future prospects thereof.
- (b) The Company's ability to raise funds and attract expertise will be improved.
- (c) The Acquisition and Capital Raising will result in a larger market capitalisation and enhanced Shareholder base and may encourage new investors in the Company because the Company is pursuing a new strategic direction.

This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than currently experienced by Shareholders. However, the voluntary escrow arrangements relating to the Consideration Shares to be issued to the Vendors outlined in Section 3.8 may impact liquidity (see the liquidity risk factor outlined in Section 4.11 below).

- (d) The appointment of the Proposed Directors following Completion will add experience and skill to the Board to assist with the expansion of the Company.
- (e) In the absence of the Acquisition and associated Capital Raising, the Company will have difficulty in creating shareholder value in the foreseeable future as it is unlikely that the Company's existing oil and gas exploration projects will produce income for the Company.

4.10 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

- (a) The Acquisition will result in a change in the nature and scale of the Company's activities, which may not be consistent with the objectives of all Shareholders.
- (b) The RPM business has a different risk and reward profile to that historically attributed to the Company. The new risk profile may not suit all Shareholders.
- (c) If the Acquisition and Capital Raising are completed, the RPM Vendors will collectively be the largest Shareholders of the Company and the voting power of the Company's Shareholders will be significantly reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly.

4.11 Risk Factors

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from RPM's activities. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties of which the Company is unaware or that the Company currently considers to be immaterial, which may affect the Company. Based on the information currently available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire the Vendors' Shares is set out below.

(a) Risks relating to the Change in Nature and Scale of Activities***Reinstatement of Shares to trading on ASX***

As part of the change in the nature and scale of Kairiki's activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. In the event that all Transaction Resolutions are approved at the Meeting, it is anticipated that the Company's securities will remain suspended until Completion and re-compliance with Chapters 1 and 2 of the Listing Rules. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.

Conditions of the Acquisition

The Acquisition is subject to the fulfilment of certain conditions. If the conditions precedent summarised in Section 3.14 are not met, the Acquisition will not be completed.

Liquidity Risk

Upon reinstatement of the Shares to quotation on ASX, a significant portion of the Shares on issue will be subject to escrow restrictions imposed by the voluntary escrow agreements and the Listing Rules. This will impact liquidity in the Shares as a large portion of the issued capital may not be able to be traded freely for a period of up to 24 months.

(b) Risks in respect of RPM's current operations

RPM operates within the Automotive Sales and Service industries. The industry is highly competitive, with companies offering a variety of competitive products and services.

Ability to successfully develop and introduce products

RPM's success depends on its ability to anticipate and satisfy consumer preferences in a timely manner. RPM's Products may be subject to changing consumer preferences that may not be predicted. Consumers may decide not to purchase RPM's Products as their preferences may shift to different suppliers or products or away from some types of product altogether. Accordingly, if RPM fails to anticipate and satisfy consumer preferences in a timely manner, its business may be adversely affected.

In addition, RPM may confront challenges acquiring timely supplies of Products to satisfy orders from distributors/retailers. If RPM fails to accurately forecast customer demand for its Products, it may experience excess inventory levels or a shortage of Products available for sale.

Ability to develop retail and online sales channels

Following Completion, the Company intends to expand the commercialisation of RPM's Products by focusing on sales and marketing. RPM depends and will depend upon effective sales channels to reach the consumers who are the ultimate purchasers of its Products. RPM currently sells through distributors who, in turn, sell to retailers and online stores. RPM is and will be dependent on retailers to provide adequate and attractive space for its Products in their stores. If the retailers stocking RPM's Products do not adequately display them or choose to promote competitors' products, RPM's sales could decrease.

There is no guarantee that RPM's sales and marketing strategies will be successful.

Intellectual property risks

RPM's success will depend, in part, on its ability to utilise and market appropriately its intellectual property rights (including copyright, patent, designs, confidentiality, trademark, trade secrecy laws and other intellectual property rights).

RPM's success will depend, in part, on its ability to operate without having third parties circumvent its intellectual property rights.

Reliance on key personnel

The development of RPM's business has been largely due to the talent, effort and experience of its management team. RPM is also dependent on the continued service of its technical staff. Despite RPM's best efforts to attract and retain key personnel, there is no assurance that RPM will be able to retain the services of such staff. RPM expects to grow its development and technical team, with a view to mitigating key man risk. RPM's ability or inability to attract and retain key personnel could have a material effect upon its business, results of operations and financial condition.

(c) General Risks Relating to the Company***Market conditions***

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- terrorism or other hostilities; and
- International trading conditions.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and industry related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

General economic and political risks

The future viability of the Company is also dependent on a number of other factors affecting the performance of all industries including, but not limited to, the following:

- general economic conditions in jurisdictions in which the Company operates;
- changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and

- natural disasters, social upheaval or war in jurisdictions in which the Company operates.

Future capital requirements

Further funding may be required by RPM to support its ongoing activities and operations, including the need to develop new Products, improve existing Products, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds.

There can be no assurance that such funding will be available on satisfactory terms (or at all) at the relevant time. Any inability to obtain additional funding (or inability to obtain funding on reasonable terms) will adversely affect the financial condition and financial performance of the Company.

Potential acquisitions risk

As part of its business strategy, RPM may make acquisitions of, or significant investments in, complementary companies or prospects. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(d) Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders and investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

4.12 Recommendations of the Directors

Based on the information available, including that contained in this Explanatory Memorandum and the advantages and disadvantages outlined above, both of the present continuing directors of the Company consider that the Transaction is in the best interests of the Company and its Shareholders and recommend that Shareholders vote in favour of each of the Transaction Resolutions.

The table below shows the interest of each of the present Directors (and their associates) in the Shares of the Company on Completion (assuming the Directors do not acquire or dispose of any Shares on market prior to completion) and the maximum share subscription of \$5 million is achieved and assuming that Clive Finkelstein and Lawrence Jaffe are elected as Directors at the meeting.

Directors and their associates' shares	Pre-Transaction		Post-Transaction	Percent
	Pre-Consolidation	Post-Consolidation		
Campbell Welch	1,269,800	34,319	834,319	0.95%
Scott Brown	-	-	-	-
Clive Finkelstein **	-	-	37,117,680	42.44%
Lawrence Jaffe **	-	-	37,117,680	42.44%

** Includes their interests as related parties by reason of them being Directors of and thereby controlling RPM Australasia Pty Ltd and RPM Worldwide Group Pty Ltd. Note, the beneficial interest of Clive Finkelstein and Lawrence Jaffe is substantially less than 42.44% due to the dilution from the other shareholders in those two entities.

4.13 Timetable

An indicative timetable for the completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules is set out in Section 3.20 above.

5. RESOLUTION 3: APPROVAL FOR THE ISSUE OF CONSIDERATION SHARES TO THE SHAREHOLDERS OF FIX MY TRUCK PTY LTD

5.1 Background

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 2,960,000 Consideration Shares (issued on a post-Consolidation basis) to Ejay Rahmani and/or nominees as consideration for the Acquisition of the business operated by Fix My Truck Pty Ltd.

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire 100% of the RPM Group from the RPM Vending Shareholders via purchasing the assets and assuming certain of the liabilities of the individual businesses. The Acquisition is subject to the conditions set out in Section 3.13 above, including the requirement to obtain Shareholder approval. A detailed description of the proposed Acquisition is outlined in Section 3.4 of this Explanatory Memorandum.

The Consideration Shares the subject of Resolution 3 are to be issued to Ejay Rahmani and nominees in consideration for the sale and transfer of their respective interests in the business operated by Fix My Truck Pty Ltd to the Company. Upon completion of the transaction the whole of the business of Fix My Truck Pty Ltd will be owned by RPM.

Resolution 3 is an ordinary resolution. Resolution 3 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Consideration Shares the subject of Resolution 3 will only be issued upon, and subject to, the Company completing the Transactions.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issue proposed by Resolution 3 and intend to vote all the Company's Shares controlled by them in favour of Resolution 3.

5.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Consideration Shares to be issued under Resolutions 3 to 8 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

The effect of Resolution 3 will be to allow the Company to issue the Consideration Shares to Ejay Rahmani and nominees during the period commencing seven days after the General Meeting and

ending one month after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) The maximum number of Consideration Shares to be issued under Resolution 3 is 2,960,000 Consideration Shares (on a post-Consolidation basis).
- (b) The Consideration Shares will be issued to Ejay Rahmani and nominees who are not related parties in consideration for the acquisition of the business operated by Fix My Truck Pty Ltd.
- (c) The Consideration Shares will be issued no earlier than seven days and no later than three months after the date of the General Meeting.
- (d) The Consideration Shares will be issued as consideration for the acquisition of the interest of Ejay Rahmani and nominees in the business of Fix My Truck Pty Ltd at a deemed issue price of \$0.25 per Share.
- (e) The Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) No funds will be raised from the proposed issue as the Consideration Shares are proposed to be issued in consideration for the acquisition by the Company of the Vendor's interest in the business of Fix My Truck Pty Ltd.
- (g) A voting exclusion statement is included in the Notice.

5.4 Restricted Securities

All of the Consideration Shares proposed to be issued to Ejay Rahmani and nominees pursuant to Resolution 3 are to be voluntarily escrowed. (See Section 3.9 above)

5.5 Post transaction shareholding

Ejay Rahmani and/or nominees is also entitled (subject to the Company meeting the Performance and Earnout Shares criteria – See Section 3.5 and 3.5A) to be issued and allotted a further 1,480,000 ordinary fully paid shares in the Company under Resolution 3 (740,000 Performance Shares and 740,000 Earnout Shares).

6. RESOLUTION 4: APPROVAL FOR THE ISSUE OF CONSIDERATION SHARES TO THE SHAREHOLDERS OF EJ ANYWHERE PTY LTD

6.1 Background

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 3,033,600 Consideration Shares (issued on a post-Consolidation basis) to the Vending Shareholders of EJ Anywhere Pty Ltd as consideration for the Acquisition.

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire 100% of the RPM Group from the RPM Vending Shareholders via purchasing the assets and assuming certain of the liabilities of the individual businesses. The Acquisition is subject to the conditions set out in

Section 3.14 above, including the requirement to obtain Shareholder approval. A detailed description of the proposed Acquisition is outlined in Section 3.4 of this Explanatory Memorandum.

The Consideration Shares the subject of Resolution 4 are to be issued to the shareholders of EJ Anywhere Pty Ltd in consideration for the sale and transfer of its business to the Company per the table below. Upon completion of the transaction the whole of the business of EJ Anywhere Pty Ltd will be owned by RPM. The table below details the Consideration shares the Vending Shareholders will receive in Kairiki and their percentage holdings in EJ Anywhere Pty Ltd prior to Completion;

ENTITY	CONSIDERATION SHARES	PERFORMANCE SHARES	EARNOUT SHARES	PERCENT
Ejay Rahmani	2,123,520	530,880	530,880	70%
Susan Simpson	910,080	227,520	227,520	30%
Total	3,033,600	758,400	758,400	100%

Resolution 4 is an ordinary resolution. Resolution 4 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Consideration Shares the subject of Resolution 4 will only be issued upon, and subject to, the Company completing the Transactions.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issue proposed by Resolution 4 and intend to vote all the Company's Shares controlled by them in favour of Resolution 4.

6.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Consideration Shares to be issued under Resolutions 4 (and the other transaction resolutions) will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

The effect of Resolution 4 will be to allow the Company to issue the Consideration Shares to Vending Shareholders of EJ Anywhere Pty Ltd and/or nominees during the period commencing seven days after the General Meeting and ending one month after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) The maximum number of Consideration Shares to be issued under Resolution 4 is 3,033,600 Consideration Shares (on a post-Consolidation basis).

- (b) The Consideration Shares will be issued to the Vending Shareholders of EJ Anywhere Pty Ltd and/or nominees who are not related parties in consideration of the transfer of its business to the Company.
- (c) The Consideration Shares will be issued no earlier than seven days and no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Consideration Shares will be issued as consideration for the acquisition of the EJ Anywhere Pty Ltd business at a deemed issue price of \$0.25 per Share.
- (e) The Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) No funds will be raised from the proposed issue as the Consideration Shares are proposed to be issued in consideration for the acquisition by the Company of all of the business of EJ Anywhere Pty Ltd.
- (g) A voting exclusion statement is included in the Notice.

6.4 Restricted Securities

All of the Consideration Shares proposed to be issued to the Vending Shareholders of EJ Anywhere Pty Ltd pursuant to Resolution 4 are to be voluntarily escrowed.

6.5 Post transaction shareholding

Upon completion of the transactions the Vending Shareholders of EJ Anywhere Pty Ltd are also entitled (subject to the Company meeting the Performance and Earnout Shares criteria – See Sections 3.5 and 3.5A) to be issued and allotted a further 1,516,800 ordinary fully paid shares in the Company (758,400 Performance Shares and 758,400 Earnout Shares).

7. RESOLUTION 5: APPROVAL FOR THE ISSUE OF CONSIDERATION SHARES TO RPM WORLDWIDE GROUP PTY LTD (FOR THE ACQUISITION OF THE RW TYRES PTY LTD BUSINESS)

7.1 Background

Resolution 5 seeks Shareholder approval pursuant to Item 7 of Section 611 of the Corporations Act for the issue of 19,488,000 Consideration Shares (issued on a post-Consolidation basis) to RPM Worldwide Group Pty Ltd as consideration for the Acquisition. The Company is relying on Listing Rule 10.12 Exception 6 by virtue of the fact that Lawrence Jaffe and Clive Finkelstein will be appointed as Directors of the Company as a result of the transaction and therefore approval under Listing Rule 10.11 is not required for this resolution.

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire 100% of the RPM Group from the RPM Vending Shareholders via purchasing the assets and assuming certain of the liabilities of the individual businesses. The Acquisition is subject to the conditions set out in Section 3.14 above, including the requirement to obtain Shareholder approval. A detailed description of the proposed Acquisition is outlined in Section 3 of this Explanatory Memorandum.

The Consideration Shares the subject of Resolution 5 are to be issued to RPM Worldwide Group Pty Ltd in consideration for the sale and transfer of 100% of their respective interests in RW Tyres Pty Ltd to the Company. Upon completion of the transaction the whole of the businesses of RW Tyres Pty Ltd will be owned by RPM.

Resolution 5 is an ordinary resolution. Resolution 5 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Consideration Shares the subject of Resolution 5 will only be issued upon, and subject to, the Company completing the Transactions.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issue proposed by Resolution 5 and intend to vote all the Company's Shares controlled by them in favour of Resolution 5.

7.2 Chapter 2E of the Corporations Act

- (a) Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the Company's members.
- (b) Section 228(6) of the Corporations Act defines a 'related party' to include an entity which the Company believes or has reasonable grounds to believe is likely to become a related party of the Company at any time in the future.
- (c) By reason of the present directorships of Messrs Clive Finkelstein and Lawrence Jaffe in RPM Worldwide Group Pty Ltd and their proposed appointments as Directors of the Company upon successful conclusion of the acquisition, RPM Worldwide Group Pty Ltd is a related party to the Company.
- (d) A financial benefit as defined in Section 229 of the Corporations Act includes issuing shares to a related party.
- (e) Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the related party were dealing at arm's length. RPM Worldwide Group Pty Ltd will receive Consideration Shares which are the subject of Resolution 4 on identical terms to all the other consideration shares proposed to be issued.

The directors of the Company consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue is being made on arm's length terms and that the exception in section 210 of the Corporations Act applies.

7.3 Corporations Act requirements

Section 611, Item 7 of the Corporations Act allows a person to acquire Shares or a relevant interest in Shares, where the acquisition results in that person's or other person's voting power in the Company increasing from 20% or below to more than 20% if Shareholder approval is obtained for the acquisition.

The issue of the Consideration will result in RPM Worldwide Group Pty Ltd acquiring a relevant interest in Shares representing voting power in the Company of greater than 20%.

Item 7 of Section 611 provides an exemption to the Statutory Prohibition of Section 606 of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares with Shareholder approval.

Accordingly, Resolution 5 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit RPM Worldwide Group Pty Ltd voting power in the Company to

increase from 0% up to 25% as a result of the issue of Consideration Shares pursuant to the Transaction and the potential issue of Performance and Earnout Shares.

7.4 Post transaction shareholding

Under Resolution 5, RPM Worldwide Group Pty Ltd is also entitled (subject to the Company meeting the Performance and Earnout Shares criteria – See Sections 3.5 and 3.5A) to be issued and allotted a further 9,744,000 ordinary fully paid shares in the Company (4,872,000 Performance Shares and 4,872,000 Earnout Shares).

8. RESOLUTION 6: APPROVAL FOR THE ISSUE OF CONSIDERATION SHARES TO CONVERTIBLE NOTEHOLDERS

8.1 Background

Resolution 6 seeks Shareholder approval pursuant to Listing Rules 7.1 and 10.11 for the issue of 3,000,000 Consideration Shares (issued on a post-Consolidation basis) to the Convertible Noteholders listed in Section 8.10.

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire 100% of the RPM Group from the RPM Vending Shareholders via purchasing the assets and assuming certain of the liabilities of the individual businesses. The Acquisition is subject to the conditions set out in Section 3.14 above, including the requirement to obtain Shareholder approval. A detailed description of the proposed Acquisition is outlined in Section 3 of this Explanatory Memorandum.

The Shares the subject of Resolution 6 are to be issued to the Convertible Noteholders listed in Section 8.10 in consideration for advances made to RPM Worldwide Group Pty Ltd by way of convertible notes to defray costs associated with the transactions and the General Meeting.

Resolution 6 is an ordinary resolution. Resolution 6 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Consideration Shares the subject of Resolution 6 will only be issued upon, and subject to, the Company completing the Transactions and RPM being readmitted to the ASX Official List.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issue proposed by Resolution 6 and intend to vote all the Company's Shares controlled by them in favour of Resolution 6.

8.2 Terms and Conditions of the Convertible Notes

On 20 July 2018 RPM Worldwide Group Pty Ltd executed Convertible Note Subscription Agreements with each of the Noteholders listed in Section 8.10. Each note was issued at a face value of \$0.10 and \$300,000 was raised as a result of the issue of the Convertible Notes.

Each of the Convertible Notes is convertible to one ordinary fully paid share in RPM upon Kairiki being relisted on ASX Official list as RPM Group. Interest is payable upon the Notes at 15% per annum from 1 November 2018 if RPM is not admitted to ASX Official List by that date and, unless otherwise converted as provided herein, the convertible notes mature on 30 June 2019.

8.3 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Consideration Shares to be issued under Resolution 6 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

The effect of Resolution 6 will be to allow the Company to issue the Consideration Shares to the Convertible Noteholders during the period commencing seven days after the General Meeting and ending three months after the General Meeting, without using the Company's 15% annual placement capacity.

8.4 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares:

- (a) The maximum number of Consideration Shares to be issued under Resolution 6 is 3,000,000 Consideration Shares (on a post-Consolidation basis).
- (b) The Consideration Shares will be issued to those Noteholders listed in Section 8.10.
- (c) The Consideration Shares will be issued upon relisting of RPM on ASX Official List not later than three months after the date of the General Meeting.
- (d) The Consideration Shares will be issued for nil consideration for the advances made to RPM Worldwide Group Pty Ltd pursuant to the issue of the Convertible Notes.
- (e) The Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) \$300,000 was raised as a result of the issue of the Convertible Notes for the costs of funding this Shareholders Meeting and for preparation of the Prospectus for the Public Share Offer.
- (g) A voting exclusion statement is included in the Notice.

8.5 Chapter 2E of the Corporations Act

- (a) Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the Company's members.
- (b) Section 228(6) of the Corporations Act defines a 'related party' to include an entity which the Company believes or has reasonable grounds to believe is likely to become a related party of the Company at any time in the future.
- (c) A financial benefit as defined in Section 229 of the Corporations Act includes issuing shares to a related party.
- (d) Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the

related party were dealing at arm's length. The Convertible Noteholders will receive Consideration Shares which are the subject of Resolution 6 on identical terms to all the other consideration shares proposed to be issued.

The directors of the Company consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue is being made on an arm's length terms and that the exception in section 210 of the Corporations Act applies. (However Shareholder approval is still required under Listing Rule 10.11).

8.6 List of Convertible Noteholders

<i>Noteholder</i>	<i>Amount</i>
Alpha Securities Pty Ltd	\$20,000
A & D Joseph Investments Pty Ltd	\$15,000
Munrose Investments Pty Ltd	\$14,000
Dalecrest Pty Ltd	\$10,000
Lobel Enterprises Pty Ltd	\$20,000
Mr Edward Gale	\$6,000
Mr Peter Howells	\$30,000
Mr William Tirtabudi	\$8,000
Mr Mark Allen Barton + Mr Mitchell James Barton	\$12,000
Ms Heather Jan Van Zeil	\$5,000
RLJ (Aus) Investments Pty Ltd	\$14,000
Gilmore Shaw Capital Pty Ltd	\$10,000
Mr Joseph Foster	\$5,000
Mr Brian Michaels	\$14,000
Mr Regan Foster	\$4,000
Mr Toby Lei	\$20,000
Mr Paul Lynton Spindler	\$10,000
Mr Simon Tritton	\$20,000
Mr Herbert Rosenberg or nominees	\$21,000
Mr Stacey Knight	\$15,000
Mr Darren Brits	\$3,500
Mr Brendan Yee	<u>\$23,500</u>
Total:	<u>\$300,000</u>

9. RESOLUTION 7: APPROVAL FOR THE ISSUE OF CONSIDERATION SHARES TO RPM AUSTRALASIA PTY LTD (FOR THE ACQUISITION OF THE REVOLUTION RACEGEAR PTY LTD & CARLINE AUTOMOTIVE GROUP PTY LTD BUSINESSES)

9.1 Background

Resolution 7 seeks Shareholder approval pursuant to Item 7 of Section 611 of the Corporations Act for the issue of 13,320,800 Consideration Shares (issued on a post-Consolidation basis) to RPM Australasia Pty Ltd as consideration for the Acquisition. The Company is relying on Listing Rule 10.12 Exception 6 by virtue of the fact that Lawrence Jaffe and Clive Finkelstein will be appointed as Directors of the

Company as a result of the transaction and therefore approval under Listing Rule 10.11 is required for this resolution.

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire 100% of the RPM Group from the RPM Vending Shareholders via purchasing the assets and assuming certain of the liabilities of the individual businesses. The Acquisition is subject to the conditions set out in Section 3.14 above, including the requirement to obtain Shareholder approval. A detailed description of the proposed Acquisition is outlined in Section 3.4 of this Explanatory Memorandum.

The Consideration Shares the subject of Resolution 7 are to be issued to RPM Australasia Pty Ltd in consideration for the sale and transfer of the business of Revolution Racegear Pty Ltd and Carline Automotive Group Pty Ltd to RPM. Upon completion of the transaction the whole of the businesses of Revolution Racegear Pty Ltd and Carline Automotive Group Pty Ltd will be owned by RPM. Revolution Racegear Pty Ltd and Carline Automotive Group Pty Ltd are wholly owned subsidiaries of RPM Australasia Pty Ltd.

Resolution 7 is an ordinary resolution. Resolution 7 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Consideration Shares the subject of Resolution 7 will only be issued upon, and subject to, the Company completing the Transactions.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issue proposed by Resolution 7 and intend to vote all the Company's Shares controlled by them in favour of Resolution 7.

9.2 Chapter 2E of the Corporations Act

- (a) Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the Company's members.
- (b) Section 228(6) of the Corporations Act defines a 'related party' to include an entity which the Company believes or has reasonable grounds to believe is likely to become a related party of the Company at any time in the future.
- (c) By reason of the present directorships of Messrs Clive Finkelstein and Lawrence Jaffe in RPM Australasia Pty Ltd and their proposed appointments as Directors of the Company upon successful conclusion of the acquisition, RPM Australasia Pty Ltd is a related party to the Company.
- (d) A financial benefit as defined in Section 229 of the Corporations Act includes issuing shares to a related party.
- (e) Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the related party were dealing at arm's length. RPM Australasia Pty Ltd will receive Consideration Shares which are the subject of Resolution 7 on identical terms to all the other consideration shares proposed to be issued.

The directors of the Company consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue is being made on arm's length terms and that the

exception in section 210 of the Corporations Act applies. (However Shareholder approval is still required under Listing Rule 10.11).

9.3 Corporations Act requirements

Section 611, Item 7 of the Corporations Act allows a person to acquire Shares or a relevant interest in Shares, where the acquisition results in that person's or other person's voting power in the Company increasing from 20% or below to more than 20% if Shareholder approval is obtained for the acquisition.

The issue of the Consideration will result in Messrs Clive Finkelstein and Lawrence Jaffe who are also Directors of RPM Worldwide Group Pty Ltd acquiring a relevant interest in Shares representing voting power in the Company of greater than 20%.

Item 7 of Section 611 provides an exemption to the Statutory Prohibition of Section 606 of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares with Shareholder approval.

Accordingly, Resolution 7 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit Messrs Clive Finkelstein and Lawrence Jaffe through their control of RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd voting power in the Company to increase from 0% up to 42.44% at Completion as a result of the issue of Consideration Shares pursuant to the Transaction.

9.4 Post transaction shareholding

RPM Australasia Pty Ltd is also entitled (subject to the Company meeting the Performance and Earnout Shares criteria – See Sections 3.5 and 3.5A) to be issued and allotted a further 6,950,400 ordinary fully paid shares in the Company under Resolution 7 (Being 3,475,200 Performance Shares of which, 2,707,200 Performance shares relate to Revolution Racegear Pty Ltd and 768,000 Performance shares relate to Carline Automotive Group Pty Ltd; And 3,475,200 Earnout Shares of which, 2,707,200 Earnout shares relate to Revolution Racegear Pty Ltd and 768,000 Earnout shares relate to Carline Automotive Group Pty Ltd.)

10. RESOLUTION 8: APPROVAL FOR THE ISSUE OF CONSIDERATION SHARES TO THE SHAREHOLDERS OF WILDCAT (AUST) PTY LTD

10.1 Background

Resolution 8 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 4,224,000 Consideration Shares (issued on a post-Consolidation basis) to the Vending Shareholders of Wildcat (Aust) Pty Ltd as consideration for the Acquisition.

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire 100% of the RPM Group from the RPM Vending Shareholders via purchasing the assets and assuming certain of the liabilities of the individual businesses. The Acquisition is subject to the conditions set out in Section 3.14 above, including the requirement to obtain Shareholder approval. A detailed description of the proposed Acquisition is outlined in Section 3.4 of this Explanatory Memorandum.

The Consideration Shares the subject of Resolution 8 are to be issued to the shareholders of Wildcat (Aust) Pty Ltd in consideration for the sale and transfer of its business to the Company per the table below. Upon completion of the transaction the whole of the business of Wildcat (Aust) Pty Ltd will be

owned by RPM. The table below details the Consideration shares the Vending Shareholders will receive in Kairiki and their percentage holdings in Wildcat (Aust) Pty Ltd prior to Completion;

ENTITY	CONSIDERATION SHARES	PERCENT
RPM Worldwide Group Pty Ltd	1,562,880	37%
Spilco Pty Ltd	929,280	22%
Bradley Gilliland	760,320	18%
Paul Nyman	760,320	18%
Margwell Pty Ltd	211,200	5%
Total	4,224,000	100%

Resolution 8 is an ordinary resolution. Resolution 8 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Consideration Shares the subject of Resolution 8 will only be issued upon, and subject to, the Company completing the Transactions.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issue proposed by Resolution 8 and intend to vote all the Company's Shares controlled by them in favour of Resolution 8.

10.2 Chapter 2E of the Corporations Act

- (a) Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the Company's members.
- (b) Section 228(6) of the Corporations Act defines a 'related party' to include an entity which the Company believes or has reasonable grounds to believe is likely to become a related party of the Company at any time in the future.
- (c) By reason of the present directorships of Messrs Clive Finkelstein and Lawrence Jaffe in RPM Worldwide Group Pty Ltd and their proposed appointments as Directors of the Company upon successful conclusion of the acquisition, RPM Worldwide Group Pty Ltd is a related party to the Company.
- (d) A financial benefit as defined in Section 229 of the Corporations Act includes issuing shares to a related party.
- (e) Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the related party were dealing at arm's length. RPM Worldwide Group Pty Ltd will receive Consideration Shares which are the subject of Resolution 8 on identical terms to all the other consideration shares proposed to be issued.

The directors of the Company consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue is being made on arm's length terms and that the exception in section 210 of the Corporations Act applies. (However Shareholder approval is still required under Listing Rule 10.11).

10.3 Corporations Act requirements

Section 611, Item 7 of the Corporations Act allows a person to acquire Shares or a relevant interest in Shares, where the acquisition results in that person's or other person's voting power in the Company increasing from 20% or below to more than 20% if Shareholder approval is obtained for the acquisition.

The issue of the Consideration will result in Messrs Clive Finkelstein and Lawrence Jaffe who are also Directors of RPM Worldwide Group Pty Ltd acquiring a relevant interest in Shares representing voting power in the Company of greater than 20%.

Item 7 of Section 611 provides an exemption to the Statutory Prohibition of Section 606 of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares with Shareholder approval.

Accordingly, Resolution 8 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit Messrs Clive Finkelstein and Lawrence Jaffe through their control of RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd voting power in the Company to increase from 0% up to 42.44% at Completion as a result of the issue of Consideration Shares pursuant to the Transaction.

10.4 Post transaction shareholding

Under Resolution 8 RPM Worldwide Group Pty Ltd is also entitled (subject to the Company meeting the Performance and Earnout Shares criteria – See Section 3.5 and 3.5A) to be issued and allotted a further 781,440 ordinary fully paid shares in the Company (390,720 Performance Shares and 390,720 Earnout Shares).

10.5 Restricted Securities

All of the Consideration Shares proposed to be issued to Wildcat (Aust) Pty Ltd pursuant to Resolution 8 are to be voluntarily escrowed . (See Section 3.9 above).

10.6 Post transaction shareholding

Upon completion of the transactions the Vending Shareholders of Wildcat (Aust) Pty Ltd are also entitled (subject to the Company meeting the Performance and Earnout Shares criteria – See Section 3.5 and 3.5A) to be issued and allotted a further 2,112,000 ordinary fully paid shares in the Company (1,056,000 Performance Shares and 1,056,000 Earnout Shares).

10.7 Shareholdings in Wildcat (Aust) Pty Ltd

RPM Worldwide Group Pty Ltd owns 37% of the issued share capital of Wildcat (Aust) Pty Ltd but does not control Wildcat (Aust) Pty Ltd. Messrs Clive Finkelstein and Lawrence Jaffe who are to become directors of Kairiki upon completion of the transactions are directors of RPM Worldwide Group Pty Ltd.

11. RESOLUTION 9: APPROVAL FOR ISSUE OF SHARES TO LAWRENCE JAFFE OR NOMINEES

11.1 General

As set out in Section 3.4 the Company intends to issue and allot to Lawrence Jaffe or his nominees 2,746,000 Ordinary Shares deemed fully paid (Founder's Shares).

The effect of Resolution 9 will be to allow the Company to issue the Shares during the period of one month after the General Meeting without using the Company's 15% annual placement capacity.

Resolution 9 is an ordinary Resolution and is subject to each of the other Transaction Resolutions being passed.

Lawrence Jaffe is a related party to the Company as he will become a Director of the Company if Resolution 17 is passed at the General Meeting and he is a shareholder and director of RPM Worldwide Pty Ltd and RPM Australasia Pty Ltd.

11.2 Listing Rule 10.11

Listing Rule 10.11 also 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.

As Lawrence Jaffe will become a Director of the Company upon Resolution 17 being passed at the General Meeting, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. The Company is relying on Listing Rule 10.12 Exception 6 by virtue of the fact that Lawrence Jaffe will be appointed as a Director of the Company as a result of the transaction and therefore approval under Listing Rule 10.11 is not required for this resolution.

11.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act provides that a public company may only give a financial benefit to a related party of the public company if the public company obtains the prior approval of shareholders; and if the benefit is given within 15 months following such approval, unless an exception applies.

The issue of Shares to Lawrence Jaffe constitutes giving a financial benefit to Lawrence Jaffe. The Company does not believe there is any exemption that applies to this Resolution and seeks Shareholder approval for this Resolution.

11.4 Corporations Act requirements

Section 611, Item 7 of the Corporations Act allows a person to acquire Shares or a relevant interest in Shares, where the acquisition results in that person's or other person's voting power in the Company increasing from 20% or below to more than 20% if Shareholder approval is obtained for the acquisition.

The issue of the Consideration will result in Messrs Clive Finkelstein and Lawrence Jaffe who are also Directors of RPM Worldwide Group Pty Ltd acquiring a relevant interest in Shares representing voting power in the Company of greater than 20%.

Item 7 of Section 611 provides an exemption to the Statutory Prohibition of Section 606 of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares with Shareholder approval.

Accordingly, Resolution 9 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit Messrs Clive Finkelstein and Lawrence Jaffe through their control of RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd voting power in the Company to increase from 0% up to 42.44% at Completion as a result of the issue of Consideration Shares pursuant to the Transaction.

12. RESOLUTION 10: APPROVAL FOR ISSUE OF SHARES TO CLIVE FINKELSTEIN OR NOMINEES

12.1 General

As set out in Section 3.4 the Company intends to issue and allot to Clive Finkelstein or his nominees 2,746,000 Ordinary Shares deemed fully paid (Founder's Shares).

The effect of Resolution 10 will be to allow the Company to issue the Shares during the period of three months after the General Meeting without using the Company's 15% annual placement capacity.

Resolution 10 is an ordinary Resolution and is subject to each of the other Transaction Resolutions being passed.

Clive Finkelstein is a related party to the Company as he will become a Director of the Company if Resolution 17 is passed at the General Meeting and he is a shareholder and director of RPM Worldwide Pty Ltd and RPM Australasia Pty Ltd.

12.2 Listing Rule 10.11

Listing Rule 10.11 also 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.

As Clive Finkelstein will become a Director of the Company upon Resolution 17 being passed at the General Meeting, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. The Company is relying on Listing Rule 10.12 Exception 6 by virtue of the fact that Clive Finkelstein will be appointed as a Director of the Company as a result of the transaction and therefore approval under Listing Rule 10.11 is not required for this resolution.

Approval pursuant to Listing Rule 7.1 is not required for the issue of such shares as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Shares to Clive Finkelstein will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

12.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act provides that a public company may only give a financial benefit to a related party of the public company if the public company obtains the prior approval of shareholders; and if the benefit is given within 15 months following such approval, unless an exception applies.

The issue of Shares to Clive Finkelstein constitutes giving a financial benefit to Clive Finkelstein. The Company does not believe there is any exemption that applies to this Resolution and seeks Shareholder approval for this Resolution.

12.4 Corporations Act requirements

Section 611, Item 7 of the Corporations Act allows a person to acquire Shares or a relevant interest in Shares, where the acquisition results in that person's or other person's voting power in the Company increasing from 20% or below to more than 20% if Shareholder approval is obtained for the acquisition.

The issue of the Consideration will result in Messrs Clive Finkelstein and Lawrence Jaffe who are also Directors of RPM Worldwide Group Pty Ltd acquiring a relevant interest in Shares representing voting power in the Company of greater than 20%.

Item 7 of Section 611 provides an exemption to the Statutory Prohibition of Section 606 of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares with Shareholder approval.

Accordingly, Resolution 10 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit Messrs Clive Finkelstein and Lawrence Jaffe through their control of RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd voting power in the Company to increase from 0% up to 42.44% at Completion as a result of the issue of Consideration Shares pursuant to the Transaction.

13. RESOLUTION 11: APPROVAL FOR ISSUE OF SHARES UNDER THE PUBLIC OFFER

13.1 Background

Resolution 11 seeks Shareholder approval for the issue of up to 25,000,000 Public Offer Shares (on a post-consolidation basis) to raise up to \$5,000,000 (before costs) under a prospectus. Approval is sought for the issue of these Public Offer Shares at an issue price of 20 cents per share pursuant to Resolution 11.

Novus Capital Limited will receive shares, options and fees as advisors to Kairiki for their assistance in the transactions as set out in Section 3.15.

Resolution 11 is an ordinary resolution. Resolution 11 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Public Offer Shares the subject of Resolution 11 will only be issued upon, and subject to, the Company completing the Transaction.

Further details of the Public Offer will be set out in the Prospectus. The Company expects to lodge the Prospectus with ASIC immediately after the General Meeting.

The effect of Resolution 11 will be to allow the Company to issue Public Offer Shares under the Public Offer during the period of three months after the General Meeting, without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

The Directors of Kairiki recommend that Shareholders vote in favour of the issue of the Public Offer Shares proposed by Resolution 11 and intend to vote all the Company's Shares controlled by them in favour of Resolution 11.

13.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 11:

- (a) The maximum number of Shares to be issued is 25,000,000 Public Offer Shares.
- (b) The Public Offer Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Public Offer Shares will occur on the same date.
- (c) The issue price will be \$0.20 per Share.
- (d) The Public Offer Shares are proposed to be issued to the applicants under the Prospectus Offer.
- (e) The Public Offer Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue.
- (f) The Company intends to use the funds raised under the Capital Raising (including the Public Offer) as set out in Section 3.12.

14. RESOLUTION 12: APPROVAL FOR ISSUE OF OPTIONS UNDER THE PUBLIC OFFER

14.1 Background

Resolution 12 seeks Shareholder approval for the issue of one free attaching option for every four Public Offer Shares (on a post-consolidation basis) under the prospectus. Approval is sought for the issue of these Public Offer Options pursuant to Resolution 12.

Resolution 12 is an ordinary resolution. Resolution 12 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the options the subject of Resolution 12 will only be issued upon, and subject to, the Company completing the Transactions.

Further details of the Public Offer will be set out in the Prospectus. The Company expects to lodge the Prospectus with ASIC immediately after the date of the General Meeting.

The effect of Resolution 12 will be to allow the Company to issue Public Offer Options under the Public Offer during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

It is intended to request that the options be quoted on ASX Official List from the issue date thereof. The terms of issue of the Options are set out in Schedule 2.

The Directors of Kairiki recommend that Shareholders vote in favour of the issue of the Public Offer Options proposed by Resolution 12 and intend to vote all the Company's Shares controlled by them in favour of Resolution 12.

14.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 12:

- (a) The maximum number of options to be issued is 6,250,000.
- (b) The Public Offer Options will be issued no later than three months after the date of the General Meeting and it is intended that issue of the Public Offer Shares will occur on the same date and the options be attached thereto on a one ordinary share for four post-consolidation shares issued under the public offer basis.
- (c) The issue price of each option is Nil and the exercise price will be \$0.25 per option expiring two years from the date of issue.
- (d) The Public Offer Options are proposed to be issued to the applicants under the Prospectus Offer.
- (e) The Public Offer Options issued will be to subscribe for fully paid ordinary shares in the capital of the Company.
- (f) No funds will be raised upon the issue of the Public Offer Options.

14.3 Technical information required by ASX Listing Rules 6.16, 6.19 and 6.20

- (a) The options will not be listed on the ASX Official list until exercised and the options do not confer upon the Optionholder a right to participate in new issues without exercising the option.

- (b) The rights of an Optionholder will be changed to the extent necessary to comply with the ASX Listing rules applying to any reorganisation of capital of the Company at the time of any such reorganisation.
- (c) Full details of the terms and conditions of the Options will be set out in the Prospectus.

15. RESOLUTION 13: APPROVAL FOR ISSUE OF OPTIONS TO KAIRIKI ENERGY LIMITED SHAREHOLDERS

15.1 Background

Resolution 13 seeks Shareholder approval for the issue of one free attaching option for every two ordinary fully paid Shares (on a post-consolidation basis) held by existing Kairiki Shareholders. Approval is sought for the issue of these Options pursuant to Resolution 13.

Resolution 13 is an ordinary resolution. Resolution 13 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the options the subject of Resolution 13 will only be issued upon, and subject to, the Company completing the Transactions.

The effect of Resolution 13 will be to allow the Company to issue Shareholder Options to existing Kairiki Shareholders during the period of three months after the General Meeting, without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

It is intended to request that the Kairiki Energy Limited options be quoted on ASX Official List from the issue date thereof. The terms of issue of the options are set out in Schedule 2.

The Directors of Kairiki recommend that Shareholders vote in favour of the issue of the Options proposed by Resolution 13 and intend to vote all the Company's Shares controlled by them in favour of Resolution 13.

15.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 13:

- (a) The maximum number of options to be issued is 4,717,871.
- (b) The Shareholder Options will be issued no later than three months after the date of the General Meeting and it is intended that issue of the Public Offer Shareholder Options will occur on the same date on a one option for four post-consolidation shares held by each Kairiki Shareholder at the date of the General Meeting.
- (c) The issue price of each option is Nil and the exercise price will be \$0.25 per option expiring two years from the date of issue.
- (d) The Shareholder Options are proposed to be issued to all existing Kairiki Shareholders as at the date of the General Meeting.
- (e) The Shareholder Options issued will be to subscribe for fully paid ordinary shares in the capital of the Company.
- (f) No funds will be raised upon the issue of the Shareholder Options.

15.3 Technical Information required by ASX Listing Rules 6.16, 6.19 and 6.20

- (a) The options will be listed on ASX Official List and the options do not confer upon the Optionholder a right to participate in new issues without exercising the option.
- (b) The rights of an Optionholder will be changed to the extent necessary to comply with the ASX Listing rules applying to any reorganisation of capital of the Company at the time of any such reorganisation.

16. RESOLUTION 14: APPROVAL FOR ISSUE OF STAFF SHARES

16.1 Background

Resolution 14 seeks Shareholder approval pursuant to Listing Rules 7.1 and 7.2 for the issue of up to 500,000 shares to various employees of Companies within the RPM Group at the discretion of the Directors as a means of rewarding past service and incentivising such employees who are to remain with RPM after approval of the transaction.

The shares will only be issued and allotted to those employees who are employees at the date of the General Meeting and whose entitlement thereto will be determined by the Directors (See Section 16.4).

No Director or future Director of the Company will be entitled to receive Staff Shares. The Directors estimate that approximately 100 employees may be eligible to be considered for the issue of Staff Shares.

Resolution 14 is an ordinary resolution. Resolution 14 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Staff Shares the subject of Resolution 14 will only be issued upon and subject to the Company completing the transactions.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issue proposed by Resolution 14 and intend to vote all the Company's Shares controlled by them in favour of Resolution 14.

16.2 Listing Rules 7.1 and 7.2

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Staff Shares to be issued under Resolution 14 together with other Consideration Shares to be issued pursuant to the transaction exceed the 15% threshold set out in Listing Rule 7.1, Shareholder approval is required under Listing Rule 7.1.

If Shareholders approve the issue of the Staff Shares at the General Meeting to employees of the Vendors in accordance with a policy to be adopted by the Directors. The effect of Resolution 14 will be to allow the Company to issue the Staff Shares during the period of one month after the General Meeting, without using the Company's 15% annual placement capacity.

16.3 Technical Information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Staff Shares:

- (a) The maximum number of Ordinary Shares to be issued under Resolution 14 is 500,000 shares (on a post-consolidation basis);
- (b) The Shares will be issued to present employees of the RPM Group in accordance with a policy to be determined by the Directors (See Section 16.4).
- (c) The Shares will be issued no later than three months after the date of the General Meeting and it is intended that the Shares will be issued on the same date.
- (d) The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) No funds will be raised from the proposed issue of the Shares.
- (f) A voting exclusion statement is included in the Notice.

16.4 Summary of Directors Policy for Issue of the Staff Shares

(a) General Eligibility for Offer of Shares:

Within one month from the date of the General Meeting, the Directors may issue and allot ordinary post-consolidation Shares (deemed fully paid) to such Employees of the RPM Group as at the date of the Meeting as they shall determine having regard in each case to:

- (i) the contribution to RPM Group which has been made by the Employee;
- (ii) the period of employment of the Employee with the RPM Group, including (but not limited to) the years of service by that Employee;
- (iii) the potential contribution of the Employee to the Company; and
- (iv) the occupation of the Employee in the RPM Group.

(b) Not to Related Parties

No staff shares shall be issued to related parties of the Company.

(c) Restrictions on Issue

A Staff Share may not be issued if to do so:

- (i) would contravene the Corporations Act or the Listing Rules; or
- (ii) would contravene the local laws of, or the rules or requirements of any regulatory or statutory body.

(d) Administration of the Plan

The issue of the Staff Shares shall be in all respects administered under the directions of the Directors.

(e) Exercise of discretion

The Directors may, subject to any express provision in the Listing Rules or the Corporations Act to the contrary:

- (i) do any act, matter or thing or make any decision, determination or resolution; or
- (ii) conditionally or unconditionally give or withhold any consent or approval;

in the issue and allotment of the Staff Shares in its absolute uncontrolled and unexaminable discretion and is not obliged to give reasons for so doing.

(f) Conditions of Issue

The Staff Shares shall be issued without payment of any purchase price to the selected Employees and shall be listed and tradeable on ASX Official List from the date of issue.

17. RESOLUTION 15: APPROVAL TO ISSUE ADVISER SHARES TO NOVUS CAPITAL LIMITED

17.1 General

Resolution 15 seeks Shareholder approval for the issue of up to 1,000,000 fully paid Adviser Shares to be issued in consideration for services provided by Novus Capital Limited in relation to the transaction.

Resolution 15 is an ordinary Resolution and is subject to each of the other Recapitalisation Resolutions being passed.

17.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Consideration Shares to be issued under Resolutions 3 to 8 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

The effect of Resolution 15 will be to allow the Company to issue the Adviser Shares to Novus Capital Limited or nominee during the period commencing seven days after the General Meeting and ending three months after the General Meeting, without using the Company's 15% annual placement capacity.

17.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Adviser Shares:

- (a) The maximum number of Adviser Shares to be issued under Resolution 15 is 1,000,000 Adviser Shares (on a post-Consolidation basis).
- (b) The Adviser Shares will be issued to Novus Capital Limited or nominee who are not related parties in consideration for the provision of financial services to the Company.
- (c) The Adviser Shares will be issued no earlier than seven days and no later than three months after the date of the General Meeting.
- (d) The Adviser Shares will be issued as consideration for the provision of financial services to the Company at a deemed issue price of \$0.25 per Share.
- (e) The Adviser Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) No funds will be raised from the proposed issue.
- (g) A voting exclusion statement is included in the Notice.

17.4 Restricted Securities

All of the Advisor Shares proposed to be issued pursuant to Resolution 15 are to be voluntarily escrowed. (See Section 3.9 above)

18. RESOLUTION 16: APPROVAL TO ISSUE ADVISER OPTIONS TO NOVUS CAPITAL LIMITED

18.1 General

Resolution 16 seeks Shareholder approval for the issue of up to 1,000,000 adviser Options to be issued in consideration for services to be provided by Novus Capital Limited in relation to the transaction.

Resolution 16 is an ordinary Resolution and is subject to each of the other Recapitalisation Resolutions being passed.

The effect of Resolution 16 will be to allow the Company to issue Adviser Options attaching to, and on the date of, issue of the Adviser Shares on the basis of one Adviser Option for each Adviser Share so issued.

It is intended to request that the Adviser Options be quoted on ASX Official List from the issue date thereof. The terms of issue of the options are set out in Schedule 2.

The Directors of Kairiki recommend that Shareholders vote in favour of the issue of the Options proposed by Resolution 16 and intend to vote all the Company's Shares controlled by them in favour of Resolution 16.

18.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities

exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Consideration Shares to be issued under Resolutions 3 to 8 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

The effect of Resolution 16 will be to allow the Company to issue the Adviser Options to Novus Capital Limited or nominee during the period commencing seven days after the General Meeting and ending three months after the General Meeting, without using the Company's 15% annual placement capacity.

18.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Adviser Options:

- (a) The maximum number of Adviser Options to be issued under Resolution 15 is 1,000,000 Adviser Options (on a post-Consolidation basis).
- (b) The Adviser Options will be issued to Novus Capital Limited or nominee who are not related parties in consideration for the provision of financial services to the Company.
- (c) The Adviser Options will be issued no earlier than seven days and no later than three months after the date of the General Meeting.
- (d) The Adviser Options will be issued as consideration for the provision of financial services to the Company. The issue price of each option is Nil and the exercise price thereof is \$0.25 with a two year expiry date.
- (e) Upon conversion the options will convert to fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) No funds will be raised from the proposed issue as the Adviser Options are proposed to be issued in consideration for the provision of financial services to the Company.
- (g) A voting exclusion statement is included in the Notice.

18.4 Restricted Securities

All of the Advisor Options proposed to be issued pursuant to Resolution 16 are to be voluntarily escrowed. (See Section 3.9 above)

19. RESOLUTION 17: ELECTION OF DIRECTOR – LAWRENCE JAFFE

- 19.1 It is proposed to elect Mr Lawrence Jaffe as a Director of the Company and Mr Jaffe has consented to so act. Mr Jaffe's qualifications and experience are set out below:

Lawrence is a co-founder and promoter of the RPM Group. Lawrence has a strong financial background having worked in Private Equity and Mergers and Acquisitions for a major Australian financial institution. He has over 20 years' experience in the automotive sector, and was the CEO of RPM Australasia until 2015 when the group sold off one of its subsidiaries.

Lawrence remained on as non-executive Chairman of RPM Australasia and has now re-joined the executive team. Lawrence is a significant shareholder in the RPM Group.

Resolution 17 is an ordinary resolution and is subject to each of the Transaction Resolutions being passed.

20. RESOLUTION 18: ELECTION OF DIRECTOR – CLIVE FINKELSTEIN

- 20.1 It is proposed to elect Mr Clive Finkelstein as a Director of the Company and Mr F has consented to so act. Mr Finkelstein's qualifications and experience are set out below:

Clive is a co-founder and promoter of the RPM Group. Clive has over 20 years' experience in the automotive sector, having built, managed and sold a successful 4WD franchise group. Clive's experience spans manufacturing, development, wholesale, retail and franchising of automotive businesses. Clive is a significant shareholder in the RPM Group.

Resolution 18 is an ordinary resolution and is subject to each of the Transaction Resolutions being passed.

21. RESOLUTION 19: CHANGE OF COMPANY NAME

- 21.1 Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 19 seeks the approval of Shareholders for the Company to change its name to "**RPM Automotive Group Limited**". The Board proposes this change of name on the basis that it more accurately reflects the proposed operations of the Company following Completion.

If Resolution 19 is passed the change of name will take effect after Completion and when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 19 is passed, the Company will lodge a copy of the special resolution with ASIC following Completion in order to effect the change.

Resolution 19 is a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

22. RESOLUTION 20: CHANGE OF COMPANY AUDITOR

- 22.1 Rothsay Auditing Chartered Accountants has given notice to the Company of its intention to seek ASIC consent to resign as Auditors to the Company pursuant to Section 329(5) of the Corporations Act. It is expected that ASIC will consent to such resignation as the reason for such resignation is due to the impending re-listing of the Company and the proposed change in the nature and scale of its activities and the type and location of its new businesses.

Pursuant to Section 327C of the Corporations Act the Company must appoint an auditor to fill the vacancy so created within one month who will, if appointed, hold office until the next Annual General Meeting at which he will be eligible for election. The Directors intend that Mr Ben Bester of Walker Wayland Advantage Audit Partnership who has consented to act as auditor to the Company be recommended to Shareholders for election at that meeting.

23. RESOLUTION 21: APPROVAL FOR ISSUE OF PERFORMANCE SHARES TO THE VENDORS OF THE RPM GROUP BUSINESSES

23.1 Background

Resolution 21 seeks Shareholder approval pursuant to Item 7 of Section 611 of the Corporations Act and Listing Rule 7.1 for the issue of up to 10,901,600 Performance Shares (issued on a post-Consolidation basis) to the vendors of the RPM Group businesses as consideration for the Acquisition.

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire 100% of the RPM Group from the RPM Vending Shareholders via purchasing the assets and assuming certain of the liabilities of the individual businesses. The Acquisition is subject to the conditions set out in Section 3.14 above, including the requirement to obtain Shareholder approval. A detailed description of the proposed Acquisition is outlined in Section 3.4 of this Explanatory Memorandum.

The Performance Shares the subject of Resolution 21 are to be issued to the vendors of the RPM Group businesses as set out in the table below contingent upon those businesses meeting their targeted financial results in FY 2019. The Performance Shares will be issued to the vendors of the RPM Group businesses once the results for the FY 2019 are known.

The issue of the Performance Shares necessitated the granting of waiver from compliance with Listing Rule 7.3.2 because such shares, if issued, will not be issued until the FY19 EBITDA results are known (up until 31 October 2019). ASX granted such waiver on 17 April 2019.

VENDING SHAREHOLDER	PERFORMANCE SHARES
RPM Worldwide Pty Ltd	5,262,720
RPM Australasia Pty Ltd	3,475,200
Mr. Ejay Rahmani	1,270,880
Ms. Susan Simpson	227,520
Spilco Pty Ltd	232,320
Bradley Gilliland	190,080
Paul Nyman	190,080
Margwell Pty Ltd	52,800
Total	10,901,600

Resolution 21 is an ordinary resolution. Resolution 21 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Performance Shares the subject of Resolution 21 will only be issued upon, and subject to, the Company completing the Transaction.

The Directors of Kairiki recommend that Shareholders vote in favour of the Share issue proposed by Resolution 21 and intend to vote all the Company's Shares controlled by them in favour of Resolution 21.

23.2 Chapter 2E of the Corporations Act

- (a) Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the Company's members.
- (b) Section 228(6) of the Corporations Act defines a 'related party' to include an entity which the Company believes or has reasonable grounds to believe is likely to become a related party of the Company at any time in the future.
- (c) By reason of the present directorships of Messrs Clive Finkelstein and Lawrence Jaffe in RPM Australasia Pty Ltd and RPM Worldwide Pty Ltd and their proposed appointments as Directors of the Company upon successful conclusion of the acquisition, RPM Australasia Pty Ltd and RPM Worldwide Pty Ltd are related parties to the Company.
- (d) A financial benefit as defined in Section 229 of the Corporations Act includes issuing shares to a related party.
- (e) Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the related party were dealing at arm's length. RPM Australasia Pty Ltd and RPM Worldwide Pty Ltd will receive Performance Shares which are the subject of Resolution 21 on identical terms to all the other performance shares proposed to be issued.

The directors of the Company consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue is being made on arm's length terms and that the exception in section 210 of the Corporations Act applies. (However, Shareholder approval is still required under Listing Rule 10.11).

23.3 Technical Information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Performance Shares:

- (a) The maximum number of Performance Shares to be issued under Resolution 21 is 10,901,600 shares (on a post-consolidation basis);
- (b) The Shares will be issued to the Vendors of the RPM Group businesses.
- (c) The Shares will be issued no later than 31 October 2019.
- (d) The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) No funds will be raised from the proposed issue of the Shares.
- (f) A voting exclusion statement is included in the Notice.

23.4 Corporations Act requirements

Section 611, Item 7 of the Corporations Act allows a person to acquire Shares or a relevant interest in Shares, where the acquisition results in that person's or other person's voting power in the Company increasing from 20% or below to more than 20% if Shareholder approval is obtained for the acquisition.

The issue of the Consideration will result in Messrs Clive Finkelstein and Lawrence Jaffe who are also Directors of RPM Australasia Pty Ltd and RPM Worldwide Group Pty Ltd acquiring a relevant interest in Shares representing voting power in the Company of greater than 20%.

Item 7 of Section 611 provides an exemption to the Statutory Prohibition of Section 606 of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares with Shareholder approval.

Accordingly, Resolution 21 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit Messrs Clive Finkelstein and Lawrence Jaffe through their control of RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd voting power in the Company to increase from 0% up to 42.44% at Completion as a result of the issue of Consideration Shares pursuant to the Transaction.

24. RESOLUTION 22: APPROVAL FOR ISSUE OF EARNOUT SHARES TO THE VENDORS OF THE RPM GROUP BUSINESSES

24.1 Background

Resolution 22 seeks Shareholder approval pursuant to Item 7 of Section 611 of the Corporations Act and Listing Rule 7.1 for the issue of up to 10,901,600 Earnout Shares (issued on a post-Consolidation basis) to the vendors of the RPM Group businesses as consideration for the Acquisition.

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire 100% of the RPM Group from the RPM Vending Shareholders via purchasing the assets and assuming certain of the liabilities of the individual businesses. The Acquisition is subject to the conditions set out in Section 3.14 above, including the requirement to obtain Shareholder approval. A detailed description of the proposed Acquisition is outlined in Section 3.4 of this Explanatory Memorandum.

The Earnout Shares the subject of Resolution 22 are to be issued to the RPM Vending Shareholders of the RPM Group businesses as set out in the table below contingent upon those businesses exceeding their targeted financial results in FY 2019. The Earnout Shares will be issued to the RPM Vending Shareholders Group once the results for the FY 2019 are known.

The issue of the Earnout Shares necessitated the granting of waiver from compliance with Listing Rule 7.3.2 because such shares, if issued, will not be issued until the FY19 EBITDA results are known (up until 31 October 2019). ASX granted the Company this waiver on 17 April 2019.

VENDING SHAREHOLDER	EARNOUT SHARES
RPM Worldwide Pty Ltd	5,262,720
RPM Australasia Pty Ltd	3,475,200
Mr. EJ Rahmani	1,270,880
Ms. Susan Simpson	227,520
Spilco Pty Ltd	232,320
Bradley Gilliland	190,080
Paul Nyman	190,080
Margwell Pty Ltd	52,800
Total	10,901,600

Resolution 22 is an ordinary resolution. Resolution 22 is subject to the approval of each of the other Transaction Resolutions. Accordingly, the Earnout Shares the subject of Resolution 22 will only be issued upon, and subject to, the Company completing the Transaction.

The Directors of Kairiki recommend that Shareholders vote in favour of the contingent share issue proposed by Resolution 22 and intend to vote all the Company's Shares controlled by them in favour of Resolution 22.

24.2 Technical Information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Earnout Shares:

- (a) The maximum number of Earnout Shares to be issued under Resolution 22 is 10,901,600 shares (on a post-consolidation basis);
- (b) The Shares will be issued to the Vendors of the RPM Group businesses.
- (c) The Shares will be issued no later than 31 October 2019.
- (d) The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) No funds will be raised from the proposed issue of the Shares.

24.3 Chapter 2E of the Corporations Act

- (a) Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the Company's members.
- (b) Section 228(6) of the Corporations Act defines a 'related party' to include an entity which the Company believes or has reasonable grounds to believe is likely to become a related party of the Company at any time in the future.
- (c) By reason of the present directorships of Messrs Clive Finkelstein and Lawrence Jaffe in RPM Australasia Pty Ltd and RPM Worldwide Pty Ltd and their proposed appointments as Directors

of the Company upon successful conclusion of the acquisition, RPM Australasia Pty Ltd and RPM Worldwide Pty Ltd are related parties to the Company.

- (d) A financial benefit as defined in Section 229 of the Corporations Act includes issuing shares to a related party.
- (e) Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the related party were dealing at arm's length. RPM Australasia Pty Ltd and RPM Worldwide Pty Ltd will receive Performance Shares which are the subject of Resolution 22 on identical terms to all the other performance shares proposed to be issued.

The directors of the Company consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue is being made on arm's length terms and that the exception in section 210 of the Corporations Act applies. (However, Shareholder approval is still required under Listing Rule 10.11).

24.4 Corporations Act requirements

Section 611, Item 7 of the Corporations Act allows a person to acquire Shares or a relevant interest in Shares, where the acquisition results in that person's or other person's voting power in the Company increasing from 20% or below to more than 20% if Shareholder approval is obtained for the acquisition.

The issue of the Consideration will result in Messrs Clive Finkelstein and Lawrence Jaffe who are also Directors of RPM Australasia Pty Ltd and RPM Worldwide Group Pty Ltd acquiring a relevant interest in Shares representing voting power in the Company of greater than 20%.

Item 7 of Section 611 provides an exemption to the Statutory Prohibition of Section 606 of the Corporations Act, whereby a person may acquire a relevant interest in a company's voting shares with Shareholder approval.

Accordingly, Resolution 22 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit Messrs Clive Finkelstein and Lawrence Jaffe through their control of RPM Worldwide Group Pty Ltd and RPM Australasia Pty Ltd voting power in the Company to increase from 0% up to 42.44% at Completion as a result of the issue of Consideration Shares pursuant to the Transaction.

SCHEDULE 1

Definitions

In this Explanatory Memorandum and Notice of General Meeting:

Acquisition means the purchase by Kairiki of all the business assets and the assumption of certain of the liabilities of the RPM Group companies, which results in Kairiki owning 100% of the RPM Group business.

AEST means Australian Eastern Standard Time.

Associate has the meaning ascribed in the Corporations Act.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited and, where the context permits, the Australian Securities Exchange operated by ASX.

ASX Listing Rules means the listing rules of ASX.

Board means Directors of the Company.

Business Day means a day on which the ASX is open for trading.

Business Sale Agreement means the Binding agreements KIK has executed with the shareholders of the individual businesses that comprise the RPM Group that conform in principle to the Terms Sheet dated 2 May 2018 referred to in Section 3.1.

Capital Raising means the Public Offer.

Company or Kairiki means Kairiki Energy Limited (ACN 002 527 906).

Completion means completion of the sale of all the business assets and transfer of the liabilities of the RPM Group to Kairiki in accordance with the Terms Sheet.

Consideration Shares has the meaning given in Section 3.4.

Constitution means the constitution of the Company as at the date of the General Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company.

Earnout Shares has the meaning given in Section 3.5A.

Explanatory Memorandum means the explanatory memorandum annexed to the Notice.

Founders and Founders Shares means shares to be issued and allotted to Messrs Clive Finkelstein and Lawrence Jaffe who are, subject to Shareholders approval, to be Directors of RPM.

General Meeting has the meaning given in the introductory paragraph of the Notice (and any adjournment of that meeting).

Kairiki means Kairiki Energy Limited (ACN 002 527 906).

Notice means this Notice of General Meeting.

Performance Period is a period of 12 months being the 2019 Financial Year.

Performance Shares has the meaning given in Section 3.5.

Public Offer has the meaning given in Section 3.11.

Public Offer Shares means the Shares to be offered under the Prospectus.

Proxy Form means the proxy form attached to the Notice.

Prospectus means the prospectus in relation to the Public Offer.

Related Party has the meaning ascribed in the ASX Listing Rules and the Corporations Act.

Resolution means a resolution referred to in this Notice.

Rothsay means Rothsay Auditing, Chartered Accountants

RPM means RPM Automotive Group Limited (ACN 002 527 906)

RPM Group Shares means all of the fully paid ordinary shares in the capital of the RPM Group companies.

RPM Group Companies means RPM Worldwide Group Pty Ltd (ACN 612 261 159) and RPM Australasia Pty Ltd (ACN 162 278 275) and Wildcat (Aust) Pty Ltd (ACN 112 579 772) and EJ Anywhere Pty Ltd (ACN 601 183 984) and Fix My Truck Pty Ltd (ACN 608 713 631) and Carline Automotive Group Pty Ltd (ACN 628 131 840)

RPM Vendors means the Shareholders the Vendors of the Shares in the RPM Group Companies

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Consolidation or **Consolidation** means the consolidation of the Shares on issue through the conversion of every 37 Shares into 1 Share pursuant to Resolution 1.

Terms Sheet means the Binding Terms Sheet executed by the RPM Group Companies and Kairiki on 2 May 2018.

Transactions means the sale of all the issued shares in RPM Group Companies to the Company, the issue of the Consideration Shares and the Capital Raising.

Transaction Resolutions means Resolutions 3-15.

Vendor Shareholdings has the meaning given in Section 3.8.

Voluntary Escrow Arrangements has the meaning given in Section 3.9.

SCHEDULE 2

Terms of Options issued subject to approval of all of the Transaction Resolutions and in particular Resolutions 12, 13 and 16 (as applicable)

1. Entitlement

Each Option entitles the holder to subscribe for the number of ordinary fully paid shares set out in paragraph 14 ("the Shares") upon exercise of the Option.

2. Exercise Price

Subject to paragraph (10), the amount payable upon exercise of each Option will be \$0.25 (Exercise Price).

3. Expiry Date

Each Option will expire at 5.00pm (AEST) two years from the date of issue of the option (Expiry Date). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

7. Timing of issue of Shares on exercise

Within fifteen (15) business days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under paragraph 14 of these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act.
- (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (7)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than twenty (20) Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

8. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

9. Quotation of Shares issued on exercise

If admitted to the Official List of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

10. Reconstruction of Capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

11. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

12. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

13. Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities law.

14. Number of Shares to be issued upon exercise of Options**(a) In respect of Public Offer Options:**

One-quarter of one (1) Share for each exercised Option;

(b) In respect of existing Shareholders in the Company:

One-half of one (1) Share for each exercised Option;

(c) In respect of Broker Options:

One (1) share for each exercised Option.

15. Fractions of Shares

In the event that the calculation of the number of Shares to be issued pursuant to paragraph 14 shall result in a fraction of a share that fraction shall be disregarded for the purposes of this Schedule.

SCHEDULE 3

Conditions of ASX Waiver from compliance with Listing Rule 7.3.2

ASX grants Kairiki Energy Limited (the “Company”) a waiver from listing rule 7.3.2 to the extent necessary to permit the notice of meeting (the “Notice”) seeking shareholder approval for the issue of performance shares and earnout shares to various vendors of the businesses forming the RPM Group as part of the consideration for the acquisition of the RPM Group (the “Acquisition”), not to state that the performance shares and earnout shares will be issued within 3 months of the date of the shareholders’ meeting (the “General Meeting”), on the following conditions.

- 1.1.1 The performance shares and earnout shares must be issued no later than 31 October 2019, subject to shareholder approval being obtained, and the relevant milestones as disclosed in the Notice having been achieved.
- 1.1.2 The performance shares and earnout shares are issued on the same terms and conditions as approved by the holder of ordinary securities.
- 1.1.3 The milestones which must be satisfied for the issue of the performance shares and earnout shares are not varied.
- 1.1.4 For any annual reporting period during which any of the performance shares or earnout shares have been issued or any of the remain to be issued, the Company’s annual report sets out in detail the number of performance shares and earnout shares issued during the reporting period, the number of performance shares and earnout shares that remain to be issued and the basis on which the performance shares and earnout shares may be issued.
- 1.1.5 For any half year or quarterly report during which any of the performance shares and earnout shares have been issued or remain to be issued, the Company’s interim report and quarterly activities report must include a summary statement of the number of performance shares and earnout shares issued during the reporting period, and the number of performance shares and earnout shares that remain to be issued, and the basis on which those performance shares and earnout shares may be issued.

SCHEDULE 4

**RPM Automotive Group
Consolidated Financial Statements
For the years ended 30 June 2017 and 30 June 2018**



RPM Automotive Group
Consolidated Financial Statements
For the Year Ended 30 June 2018

RPM Automotive Group
Consolidated Statement of Profit or Loss
For the Year ended 30 June 2018



	2018	2017
	\$	\$
Income	33,415,070	22,492,759
Cost of Goods Sold	22,027,376	13,678,629
Gross Profit	11,387,694	8,814,130
Other Revenue	720,768	465,014
Distribution Expenses	877,887	278,764
Selling Expenses	297,921	213,991
Administration Expenses	1,896,678	1,694,740
Finance Costs	347,568	259,115
Occupancy Costs	1,134,734	1,006,642
Employment Costs	5,505,323	4,575,741
Other Expenses	142,843	-
Profit before Income Tax Expense	1,905,508	1,250,151
Income Tax Expenses	507,878	134,956
Profit from Operations	1,397,630	1,115,195

The accompanying notes form part of these financial statements.

RPM Automotive Group
Consolidated Statement of
Financial Position
As at 30 June 2018



	Note	2018 \$	2017 \$
Current Assets			
Cash and Cash Equivalents	3	348,091	705,924
Trade and Other Receivables	4	4,296,031	3,130,418
Inventories	5	5,071,123	4,539,682
Other Current Assets	7	24,430	25,564
Total Current Assets		9,739,675	8,401,588
Non-Current Assets			
Trade and Other Receivables	4	82,804	82,804
Property, Plant and Equipment	8	1,102,072	1,046,709
Intangible Assets	9	1,426,893	911,406
Total Non-Current Assets		2,611,769	2,040,919
Total Assets		12,351,444	10,442,507
Current Liabilities			
Trade and Other Payables	10	4,225,925	4,048,719
Current Tax Liabilities	6	735,449	138,712
Financial Liabilities	11	2,835,325	2,362,777
Short Term Provisions	12	517,711	285,294
Total Current Liabilities		8,314,410	6,835,502
Non-Current Liabilities			
Financial Liabilities	11	1,911,132	2,127,108
Total Non-Current Liabilities		1,911,132	2,127,108
Total Liabilities		10,225,542	8,962,610
Net Assets		2,125,902	1,479,897
Equity			
Issued Capital		428	4,189,902
Reserves	13	(85,484)	(3,648,332)
Retained Profits	14	2,210,958	938,327
Total Equity		2,125,902	1,479,897

The accompanying notes form part of these financial statements.

RPM Automotive Group

Consolidated Statement of Cash Flows

For the Year ended 30th June 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	32,249,457	21,775,519
Cash paid to suppliers and employees	(31,149,265)	(21,636,333)
Cash generated from operations	1,100,192	139,186
Interest paid	(225,287)	(222,302)
Income taxes paid	88,859	(300,647)
Investment Income	672	2,506
Net cash from operating activities	964,436	(381,257)
Cash flows from investing activities		
Purchase of property, plant and equipment	(828,350)	(82,203)
Proceeds from sale of equipment	-	-
Net cash used in investing activities	(828,350)	(82,203)
Cash flows from financing activities		
Proceeds from issue of share capital	(626,656)	(1,491,557)
Proceeds from long-term borrowings	456,602	2,197,036
Payment of dividends	(125,000)	-
Payment of long-term borrowings	(200,000)	-
Net cash used in financing activities	(495,054)	705,479
Net increase in cash and cash equivalents	(358,968)	242,019
Cash and cash equivalents at beginning of period	731,488	489,469
Cash and cash equivalents at end of period	372,520	731,488

Notes to the Statement of Cash Flows

	2018	2017
Cash flows from operating activities		
Profit after taxation	1,397,630	1,115,195
Adjustments for:		
Depreciation	257,500	216,062
Working capital changes:		
(Increase) / Decrease in long service leave	232,417	7,617
(Increase) / Decrease in trade and other receivables	(1,165,613)	(717,240)
(Increase) / (Decrease) in inventories	(531,441)	(1,027,496)
Increase / (Decrease) in tax liabilities	596,737	(165,691)
Increase / (Decrease) in trade payables	177,206	190,296
Cash generated from operations	964,436	(381,257)

RPM Automotive Group

Notes to the Consolidated Financial Statements

For the Year ended 30 June 2018



1 Significant Accounting Policies

The Directors of RPM Australasia Pty Ltd have prepared the consolidated financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The consolidated financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(b) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(c) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

RPM Automotive Group

Notes to the Consolidated Financial Statements

For the Year ended 30 June 2018

(d) **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the land and buildings' carrying value is not materially different to the fair value.

Increases in the carrying value arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are recognised against fair value reserves directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying value of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis.

(e) **Foreign Currency Transactions and Balances**

Functional and Presentation Currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transactions

(f) **Income Tax**

The income tax expense (revenue) for the reporting period comprises current income tax expense (income). The company does not apply tax effect accounting.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

RPM Automotive Group

Notes to the Consolidated Financial Statements

For the Year ended 30 June 2018

(g) **Borrowings**

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of current payables.

(h) **Intangibles**

Goodwill is carried at cost less accumulated impairment losses.

Goodwill is tested annually for impairment and is allocated to the group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gain and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 5 to 20 years.

(i) **Trade and Other Receivables**

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment.

At the end of each reporting period, the carrying value of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the financial statements.

(j) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

RPM Automotive Group

Notes to the Consolidated Financial Statements

For the Year ended 30 June 2018



(k) **Revenue and Other Income**

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(l) **Trade and Other Payables**

Trade payables are obligations on the basis of normal credit terms at the end of the reporting period and do not bear interest. They are recognised at their transaction price.

(m) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

(o) **Comparative Figures**

The comparative results presented are for the 12 months period ended 30th June 2017 and exclude the results of RW Tyres Pty Ltd.

Where appropriate, comparative figures have been adjusted to confirm to changes in presentation for the current financial period.

(p) **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the entities. A list of the entities is provided in the Note 15.

The assets, liabilities and results of all entities are fully consolidated into the financial statements of the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of entities have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

2	Revenue	2018	2017
		\$	\$
	Sales Revenue		
	Sale of Goods	33,415,070	22,492,759
	Other Income		
	Discounts Received	382,757	3,195
	Interest Received	672	2,506
	Rebates	51,172	340,358
	Recoveries	99,212	46,803
	Other Revenue	178,067	54,748
	Government Subsidies	8,888	6,802
	Foreign Currency Exchange Gain	-	10,602
		<u>720,768</u>	<u>465,014</u>
		<u>34,135,838</u>	<u>22,957,773</u>
3	Cash and Cash Equivalents	2018	2017
		\$	\$
	Cash and Cash Equivalents		
	Cash on Hand	906	706
	Cash in transit	26,291	(712)
	Petty Cash Imprest	400	400
	Cash at Bank	464,376	265,607
	Cash at Bank	70,691	64,560
	Cash at Bank	200,933	89,355
	Cash at Bank	798	203,526
	Cash at Bank	25,128	82,006
	Cash at Bank	100	100
	Cash at Bank	6,194	376
	Total Cash and Cash Equivalents	<u>795,817</u>	<u>705,924</u>
	Cash Reconciliation		
	Cash and Cash Equivalents	795,817	705,924
	ANZ Trading Facility	(447,726)	-
		<u>348,091</u>	<u>705,924</u>
4	Trade and Other Receivables	2018	2017
		\$	\$
	Current		
	Sundry Debtors	26,421	7,549
	Trade Debtors	4,290,586	3,103,094
	Less Provision for Doubtful Debts	(69,482)	(3,200)
	Other Debtors	48,506	22,975
		<u>4,296,031</u>	<u>3,130,418</u>
	Non-Current		
	Deposits	82,804	82,804
		<u>82,804</u>	<u>82,804</u>
	Total Trade and Other Receivables	<u>4,378,835</u>	<u>3,213,222</u>



RPM Automotive Group

Notes to the Consolidated Financial Statements

For the Year ended 30 June 2018

5	Inventories	2018	2017
		\$	\$
	Current		
	Stock on Hand	4,718,322	4,316,898
	Raw Materials	352,801	222,784
		<u>5,071,123</u>	<u>4,539,682</u>
	Total Inventories	<u>5,071,123</u>	<u>4,539,682</u>
6	Tax Assets and Liabilities	2018	2017
		\$	\$
	Liabilities		
	Current Tax Liability	735,449	138,712
	Net Tax Liabilities	<u>(735,449)</u>	<u>(138,712)</u>
7	Other Assets	2018	2017
		\$	\$
	Current		
	Prepayments	17,528	15,956
	Prepaid Borrowing Expenses	13,531	13,531
	Less Amortisation	(6,629)	(3,923)
		<u>6,902</u>	<u>9,608</u>
		<u>24,430</u>	<u>25,564</u>
	Total Other Assets	<u>24,430</u>	<u>25,564</u>
8	Property, Plant and Equipment	2018	2017
		\$	\$
	Property Improvements	267,834	267,834
	Less Accumulated Depreciation & Impairment	(67,062)	(61,914)
		<u>200,772</u>	<u>205,920</u>
	Total Land and Buildings	<u>200,772</u>	<u>205,920</u>
	Plant & Equipment	1,659,160	1,601,012
	Less: Accumulated Depreciation	(1,190,868)	(1,112,318)
		<u>468,292</u>	<u>488,694</u>
	Motor Vehicles	498,073	591,333
	Less: Accumulated Depreciation	(314,801)	(381,915)
		<u>183,272</u>	<u>209,418</u>
	Office Furniture & Equipment	364,259	358,649
	Less: Accumulated Depreciation	(254,402)	(229,925)
		<u>109,857</u>	<u>128,724</u>
	General Pool	139,879	13,953
	Total Plant and Equipment	<u>901,300</u>	<u>840,789</u>
	Total Property, Plant and Equipment	<u>1,102,072</u>	<u>1,046,709</u>

The accompanying notes form part of these financial statements.



RPM Automotive Group

Notes to the Consolidated Financial Statements For the Year ended 30 June 2018

9	Intangible Assets	2018	2017
		\$	\$
	Formation Expenses	73,865	33,378
	Goodwill	1,197,727	872,727
	Patents & Trademarks	155,301	5,301
	Total Intangible Assets	1,426,893	911,406
10	Trade and Other Payables	2018	2017
		\$	\$
	Current		
	Sundry Creditors	42,822	51,294
	Trade Creditors	3,761,952	3,359,871
	Other Creditors	220,195	507,172
	Customer Deposits	7,604	7,604
	Provision for GST	193,352	122,778
		4,225,925	4,048,719
	Total Trade and Other Payables	4,225,925	4,048,719
11	Financial Liabilities	2018	2017
		\$	\$
	<i>Related Party Loans</i>		
	Related Party Loans	2,232,194	1,979,290
	Hire Purchase		
	Hire Purchase Liability	43,266	82,884
	Less Unexpired Charges	2,931	7,957
		40,335	74,927
	Loans - Bank	562,796	308,560
	Total Current	2,835,325	2,362,777
	Non-current		
	Hire Purchase		
	Hire Purchase Liability	136,623	147,045
	Less Unexpired Charges	25,491	19,937
		111,132	127,108
	Loans - Bank	1,800,000	2,000,000
	Total Non-current	1,911,132	2,127,108
	Total Financial Liabilities	5,194,183	4,489,885

The accompanying notes form part of these financial statements.

RPM Automotive Group

Notes to the Consolidated Financial Statements

For the Year ended 30 June 2018

12	Provisions	2018 \$	2017 \$
	Current		
	<i>Provision for Holiday Pay</i>		
	Opening Balance for the year	180,816	170,819
	Provisions added	180,441	29,710
	Provisions used	-	(19,713)
	<i>Provision for Long Service Leave</i>		
	Opening Balance for the year	104,478	133,452
	Provisions added	51,976	-
	Provisions used	-	(28,974)
		517,711	285,294
	Total Provisions	517,711	285,294
13	Reserves	2018 \$	2017 \$
	General Reserve		
	Opening Balance	(3,648,332)	(2,156,745)
	Movements	3,562,848	(1,491,587)
	Closing Balance	(85,484)	(3,648,332)
	Total Reserves	(85,484)	(3,648,332)
14	Retained Profits / Accumulated Losses	2018 \$	2017 \$
	Retained Profits/(Accumulated Losses) at Beginning of Financial Year	938,328	(463,579)
	Add		
	Net profit attributable to members	1,905,508	1,250,151
	Net Effect of Prior Period Adjustment		286,711
	Less		
	Income Tax Expense	507,878	134,956
	Dividend Paid	125,000	-
	Retained Profits at 30 June 2018	2,210,958	938,327
15	Company Details		
	The principal place of business is:		
	RPM Automotive Group		
	592 Whitehorse Road, Mitcham Victoria 3132		
	The principal activities of the company include:		
	Tyre wholesale and retail		
	Specialised automotive accessory manufacture		
	Motor racing accessory suppliers		

The accompanying notes form part of these financial statements.



RPM Automotive Group

Notes to the Consolidated Financial Statements

For the Year ended 30 June 2018

The consolidated financial statements include the assets, liabilities and result of:

- Revolution Racegear Pty Ltd (ABN 31 144 082 262)
- EJ Anywhere Pty Ltd (ABN 36 601 183 984)
- Fix My Truck Pty Ltd (ABN 19 608 713 631)
- RW Tyres Pty Ltd (54 618 666 765)
- W&M Patterson Trust (ABN 64 799 819 374)
- Riley Street Automotive Pty Ltd (ABN 52 069 219 894)
- Spider GT Pty Ltd (ABN 97 156 074 289)
- Wildcat (Aust) Pty Ltd (ABN 21 112 579 772)

SCHEDULE 5

Independent Experts' Report

24 April 2019



Level 1, 261 George Street, Sydney NSW 2000

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The Directors
Kairiki Energy Limited
Level 3, 32 Walker Street
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Independent Expert's Report

1. Introduction

This Independent Expert's Report (the 'Report' or 'IER') has been prepared to accompany the Notice of General Meeting and Explanatory Memorandum to shareholders for a General Meeting of Kairiki Energy Limited ('Kairiki') to be held on or around 24th of May 2019.

Shareholders of Kairiki will be asked to approve resolutions in respect to the acquisition of the RPM Automotive Group ('Proposed Transaction') as detailed within section 4 of this report. RPM Automotive Group consists of the following entities/ business operations:

RPM Automotive Group

Fix My Truck Pty Ltd

EJ Anywhere Pty Ltd trading as 'Air Anywhere'

RW Tyres Pty Ltd

Revolution Racegear Pty Ltd

Carline Automotive Group Pty Ltd

Wildcat (Aust) Pty Ltd

Our report will provide an opinion as to whether we consider the Proposed Transaction to issue shares to be fair and reasonable for Kairiki shareholders.

2. Summary and Opinion

2.1. Purpose of the report

The directors of Kairiki have requested that Danieli Advisory Pty Ltd ('**Danieli Advisory**'), being independent and qualified for the purpose, prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of Kairiki ('**Shareholders**').

The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt within this Report, Shareholders should seek independent professional advice.

Danieli Advisory Pty Ltd authorised representative (001263266) of Alpha Securities Pty Ltd ABN 96 124 327 064 (AFSL 330757).

Our Report is prepared pursuant to section 611 of the *Corporations Act 2011* (**'the Act'**) and is to be included in the Explanatory Memorandum for Kairiki in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2. Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**'ASIC'**) Regulatory Guide 74 'Acquisitions Approved by Members' (**'RG 74'**), Regulatory Guide 111 'Content of Expert's Reports' (**'RG 111'**) and Regulatory Guide 112 'Independence of Experts' (**'RG 112'**).

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of a Kairiki share prior to the Proposed Transaction on a controlling basis compares to the value of a Kairiki share following the Proposed Transaction on a minority basis;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3. Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to Shareholders.

In our opinion, the Proposed Transaction is fair because the value of a Kairiki share prior to the Proposed Transaction on a controlling basis is in a similar range to the value of a Kairiki share following the Proposed Transaction on a minority basis. We consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, the following were key considerations in our determination of reasonableness:

- Reinstatement to official quotation on the ASX; and
- An improved working capital position arising from the capital raising being completed in conjunction with the Proposed Transaction; and
- Acquisition of positive revenue generating operations.

2.4. Fairness

In Section 10 we determined how the value of a Kairiki share prior to the Proposed Transaction on a controlling basis compares to the value of a Kairiki share following the Proposed Transaction on a minority basis. This is set out below:

	Ref	Low \$	Mid \$	High \$
Value of a Kairiki share prior to the Proposed Transaction on a controlling basis	8.3	0.004	0.006	0.008
Value of a Kairiki share prior to the Proposed Transaction on a controlling basis consolidated at a rate of 37:1	8.3	0.148	0.222	0.296
Value of a Kairiki share following the Proposed Transaction on a minority basis	9.3	0.12	0.15	0.18

Source: Danieli Advisory analysis

The above pricing indicates that, in the absence of any other relevant information, the Proposed Transaction is fair for Shareholders as the preferred value of a Kairiki share prior to the Proposed Transaction on a controlling basis is higher than the preferred value of a Kairiki share following the Proposed Transaction on a minority basis.

2.5. Reasonableness

We have considered the analysis in Section 11 of this report, in terms of both the:

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position of Shareholders if the Proposed Transaction is not approved. Accordingly, we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

Sections	Advantages	Sections	Disadvantages
11.4	The Proposed Transaction is fair	11.5	Dilution of existing shareholders' interests
11.4	Compliance with Chapter 12 of ASX Listing Rules		
11.4	The Proposed Transaction will produce new income streams for Kairiki		
11.4	The ability of Kairiki to raise additional funds may increase		

Other key matters we have considered include:

Sections	Descriptions
11.1	Alternative Proposal
11.2	Practical level of control
11.3	Consequences of not approving the Proposed Transaction

3. Scope of the Report

3.1. Purpose of the report

Section 606 of the Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) increasing their interest:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%,

unless a full takeover offer is made to all shareholders.

As at the date of the report, Lawrence Jaffe and Clive Finkelstein or their Nominees control no Kairiki shares directly or indirectly. However, following the Proposed Transaction, Lawrence Jaffe and Clive Finkelstein, their Nominees and entities under their control may receive up to 39,863,680 shares through the Proposed Transaction, giving them a maximum voting rights of 45.58% before dilution.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Kairiki by either:

- undertaking a detailed examination of the Acquisition themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Kairiki have commissioned this Independent Expert's Report to satisfy this obligation.

3.2. Regulatory guidance

Neither the Australian Securities Exchange Listing Rules nor the Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the Proposed Transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3. Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious buyer and a knowledgeable and willing, but not anxious seller, acting at arm's length. When considering the value of the securities which are the subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, Danieli Advisory has completed this comparison in two parts:

- A comparison between value of a Kairiki share prior to the Proposed Transaction on a controlling interest basis and the value of a Kairiki share following the Proposed Transaction on a minority interest basis (fairness – see Section 10 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 11 'Is the Proposed Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' (**'APES 225'**).

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transaction

On the 19th of July 2018, Kairiki announced it had entered into a Binding Terms Sheet ('Terms Sheet') with RPM Australasia Pty Limited, RPM Worldwide Group Pty Limited, and the shareholders of The Tyre Factory Group Pty Limited ('RW Tyres') and the shareholders of Wildcat (Aust) Pty Limited ('Wildcat') ('RPM' or 'RPM Group'). Under which the company conditionally agreed to acquire 100% of the businesses of the RPM Group from the shareholders of the RPM Group.

On the 29th of November 2018, Kairiki announced that The Tyre Factory Pty Limited would no longer form part of the acquisition. However, Fix My Truck Pty Limited ('Fix My Truck') and EJ Anywhere Pty Limited ('EJ Anywhere') are still included in the transaction.

As part of the transaction, a capital raising of \$2M to \$5M will be undertaken.

The Proposed Transaction will result in the following:

1. Existing Kairiki shares will consolidate on a 37:1 basis resulting in existing shares reducing from 349,122,480 to 9,435,743.
2. The following transactions will occur as part of the terms sheet:

	Agreed Purchase Price	Less: Cash Payments	Value of share-based Consideration
RW Tyres	\$9,050,000	(\$2,000,000)	\$7,050,000
Revolution Racegear	\$3,600,000	-	\$3,600,000
Wildcat	\$1,375,000	-	\$1,375,000
EJ Anywhere	\$1,205,000	(\$200,000)	\$1,005,000
Fix My Truck	\$1,125,000	(\$155,000)	\$970,000
Carline Automotive	\$1,000,000	(\$145,000)	\$855,000
	\$17,355,000	(\$2,500,000)	\$14,855,000

Share based payments for the above consideration to be issued at 25 cents per share. Included in this consideration it was agreed that 4% of the purchase price is to be paid to promoters as a share-based payment. These shares are listed in item 3 of this Section. At the time of purchase, 80% of share-based consideration is to be paid in ordinary shares and 20% to be paid in performance shares. As a result, 43,026,400 ordinary shares and 10,901,600 performance shares will be issued as part of the Proposed Transaction. In addition, 10,901,600 earn out shares will be issued as part of the agreements to be converted into ordinary shares if EBITDA exceeds agreed targets.

3. The following shares will be issued as part of the Proposed Transaction:

	Consideration value	Shares issued
Promotor Shares (issued at 25C per share)	\$1,373,000	5,492,000
Convertible Notes (issued at 10C per share)	\$300,000	3,000,000
Staff Shares (issued at 20C per share)	\$100,000	500,000
Broker Shares (issued at 20C per share)	\$200,000	1,000,000
	\$1,973,000	9,992,000

4. Kairiki will undertake a capital raise with a minimum subscription of 10,000,000 and a maximum subscription of 25,000,000 resulting in between \$2,000,000 and \$5,000,000 capital being raised at 20 cents per share.
5. The following options will be issued as part of the Proposed Transaction:

Existing Kairiki shareholders will receive 1 option for every 2 shares held	4,717,871
shares issued in the capital raising will receive 1 option for every 4 shares acquired	Between 2,500,000 and 6,250,000
Broker options	1,000,000

4.1. Shareholding of Kairiki following the Proposed Transaction

Based on the information provided to us by Kairiki in relation to the Proposed Transaction, the number of shares involved in the Proposed Transaction is as set out below. We note that this information is subject to any additional issues prior to conversion on 30 June 2019.

Dilution Scenario	Total	% After Transaction	% After Full Dilution
Existing Kairiki Shareholders	9,435,743	10.79%	7.78%
Business Vendor shares	43,026,400	49.20%	35.50%
Promoter Shares	5,492,000	6.28%	4.53%
Convertible Notes	3,000,000	3.43%	2.47%
Staff Shares	500,000	0.57%	0.41%
Broker Shares	1,000,000	1.14%	0.83%
Capital Raising (\$5M)	25,000,000	28.59%	20.62%
Total	87,454,143	100.00%	72.14%
Performance Shares	10,901,600	-	8.99%
Earnout Shares	10,901,600	-	8.99%
Options (based on max capital raising)	11,967,871	-	9.88%
Total	121,225,214	100.00%	100.00%

5. Profile of Kairiki

5.1. History

Kairiki Energy Limited was incorporated on 20 October 1982 and was admitted to the Official List of the ASX on 10 November 1983. The Shares of the Company were suspended from quotation on ASX official list at the close of trading on 27 May 2016 due to the inability of the Company to find a suitable investment opportunity within the six month timeframe set by ASX to comply with Listing Rule 12.1.

5.2. Historical Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	Audited as at 30 Jun 2018 \$	Audited as at 30 Jun 2017 \$	Audited as at 30 Jun 2016 \$
Assets			
Current Assets			
Cash & cash equivalents	158,371	263,804	107,805
Trade & other receivables	1,649	11,500	-
Total Current Assets	160,020	275,304	107,805
Non-Current Assets			
Available for sale financial assets	-	-	10,083
Total Non-Current Assets	160,020	275,304	10,083
Total Assets	160,020	275,304	117,888
Liabilities			
Current Liabilities			
Trade & other payables	220,494	214,426	220,199
Total Current Liabilities	220,494	214,426	220,199
Total Liabilities	220,494	214,426	220,199
Net Assets / (Deficit)	(60,474)	60,878	(102,311)
Equity			
Issued capital	86,101,448	86,101,448	85,783,048
Reserves	(6,885,355)	(6,885,355)	(6,876,532)
Accumulated losses	(79,276,567)	(79,155,215)	(79,008,827)
Total Equity	(60,474)	60,878	(102,311)

Source: Audited financial statements for the 30 June 2018, 30 June 2017 and 30 June 2016.

We note that the Company's auditor issued an Emphasis of Matter in the audited financial statements for the year ended 30 June 2018. This was described as follows:

"Without qualifying our conclusion, we draw attention to Note 2 in the financial report. The matters set forth in Note 2 indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern, and therefore may Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report."

We note the following in relation to Kairiki's Consolidated Statement of Financial Position:

- Cash & cash equivalents decreased from \$263,804 at 30 June 2017 to \$158,371 as at 30 June 2018.
- Net equity reduced from \$60,878 at 30 June 2017 to negative \$60,474 as at 30 June 2018.

5.3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited for Year ended 30 June 2018 \$	Audited for Year ended 30 June 2017 \$	Audited for Year ended 30 June 2016 \$
Revenue & other income			
Revenue	2,591	2,403	237
Other income	1,483	832	43,203
	4,074	3,235	43,440
Expenses			
Administrative expenses	(125,426)	(149,623)	(303,371)
Finance costs	-	-	(12,110)
Loss before income tax expense	(121,352)	(146,388)	(272,041)
Income tax expense	-	-	-
Loss after income tax expense	(121,352)	(146,388)	(272,041)
Profit after tax from discontinued operations	-	-	1,156,603
Other comprehensive income / (expenses)	-	(8,823)	(1,196,532)
Total comprehensive income / (expenses) for the period attributable to members of Kairiki Energy Limited	(121,352)	(155,211)	(311,970)

5.4. Capital Structure

The share structure of Kairiki as at 9 April 2019 is outlined below:

	Number of Shares
Total ordinary shares on issue	349,122,480
Top 20 shareholders	183,269,286
Top 20 shareholders - % of shares on issue	52.49%

Source: Kairiki's share registry provided by Management

The range of shares held in Kairiki as at 9 April 2019 was as follows:

Range of Shares Held	Number of Ordinary Shareholders
1 - 1,000	2,064
1,001 - 5,000	720
5,001 - 10,000	255
10,001 - 100,000	433
100,001 - and over	238
Total	3,710

Source: Kairiki's share registry provided by Management

The top 20 ordinary shares held by shareholders as at 9 April 2019 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Invia Custodian Pty Limited	25,000,000	7.16%
Mr Mark Allen Barton & Mr Mitchell James Barton	19,500,000	5.59%
Mr Paul Lynton Spindler	15,000,000	4.30%
Tanvinh Resources Pty Limited	12,500,000	3.58%
Bellaire Capital Pty Ltd	11,750,000	3.37%
Vft Investments Pty Ltd	10,357,143	2.97%
Albert Robert Taylor	10,000,000	2.86%
John Wardman & Associates	8,750,000	2.51%
Saratoga Capital Pty Ltd	7,657,143	2.19%
Robert William Waterhouse	7,500,000	2.15%
Ms Carol Anne Bingham	7,000,000	2.01%
Foley Super Pty Ltd	6,250,000	1.79%
Lobel Enterprises Pty Limited	6,035,000	1.73%
Campbell Kitchener Hume & Associates Pty Ltd	6,000,000	1.72%
Aus Steel Pty Ltd	5,000,000	1.43%
Mrs Allison Maree Bulseco	5,000,000	1.43%
Bushwood Nominees Pty Ltd	5,000,000	1.43%
Ian A Thompson Pty Ltd	5,000,000	1.43%
Nutsville Pty Ltd	5,000,000	1.43%
Thrifty Money Pty Ltd	4,970,000	1.42%
Subtotal	183,269,286	52.50%
Others	165,853,194	47.50%
Total	349,122,480	100.00%

Source: Kairiki's share registry provided by Management

6. Profile of RPM Automotive Group

6.1. History

RPM Group aims to create an organisation that has scale and can address opportunities in the Australian automotive sector with market-leading capabilities and brands.

The RPM Group is built on a simple philosophy of customer service, respected brand names and the range and quality of product and service offerings. The company is constructed around 4 key pillars in the Australian auto aftermarket industry:

- Motorsport
- Tyres and Wheels
- Performance and Accessories
- Repairs and Roadside

The RPM comprises the following business operations:

- Revolution Racegear is the Australian leader in supplying race safety gear and performance accessories to the motorsport industry. Revolution owns the RPM brand name and has 5 corporate retail stores and 13 franchised stores nationally.
- Carline Automotive has over 120 licensee stores nationwide offering customers a fully equipped workshop with a focus on exhaust and mechanical repair.
- EJ Anywhere (T/A Air Anywhere) is a mobile retailer of wheels and tyres, primarily for transportation and commercial industries.
- Fix-My-Truck is a roadside assistance and advice service for the trucking industry.
- Spider GT is an importer and nationwide wholesaler of tyres.
- RW Tyres comprises 2 retail tyre stores and is the blueprint for RPM Group's future organic and roll-up strategy in tyre retails.
- Wildcat (Genie Headers), services the performance auto market through the design, development and manufacture of performance headers and exhausts. It has a manufacturing facility in Queensland and is distributed nationally.
- Formula OffRoad is a manufacturer, distributor and retailer of automotive accessories, such as, bullbars, towbars, siderails and roof racks. It has a manufacturing facility in Sydney, Australia and is distributed nationally.
- RPM – the RPM brand is 100% owned by Revolution Racegear.
- Carline – the Carline business and brand is 100% owned by the RPM Group.
- Bell Motorsport Helmets – Revolution Racegear has held the exclusive Australian distribution rights for Bell Motorsport Helmets for over 20 years. (The distribution rights do not include Bell motorcycle helmets.)
- Alpine Star Race Wear - Revolution Racegear has held the exclusive Australian distribution rights for Alpine Stars Auto Racing Apparel for over 5 years. (The distribution rights do not include motorcycle apparel.)
- Lukey – Carline has a distribution agreement to the Lukey brand name for performance exhausts.
- Genie – Wildcat owns and has 100% rights in the Genie performance headers brand name.
- Fix-My-Truck – RPM is acquiring 100% of the rights to the Fix-My-Truck brand name.
- Air Anywhere – RPM is acquiring 100% of the rights to the Air Anywhere brand name.
- Longmarch – RW Tyres holds the exclusive Australian and New Zealand distribution rights for the Longmarch tyre brand.
- Cobra - Revolution Racegear has held the exclusive Australian distribution rights for Cobra seats for over 20 years.

Information about RPM Automotive Group can be found on its website <http://www.rpmgroup.net.au/>

6.2. Historical Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	Audited as at 30 Jun 2018 \$	Audited as at 30 Jun 2017 \$
Assets		
Current Assets		
Cash & cash equivalents	348,091	705,924
Trade & other receivables	4,296,031	3,130,418
Inventories	5,071,123	4,539,682
Other current assets	24,430	25,564
Total Current Assets	9,739,675	8,401,588
Non-Current Assets		
Trade & other receivables	82,804	82,804
Property, plant & equipment	1,102,072	1,046,907
Intangible assets	1,426,893	911,406
Total Non-Current Assets	2,611,769	2,040,919
Total Assets	12,351,444	10,442,507
Liabilities		
Current Liabilities		
Trade & other payables	4,225,925	4,048,719
Current tax liabilities	735,449	138,712
Financial liabilities	2,835,325	2,362,777
Short term provisions	517,711	285,294
Total Current Liabilities	8,314,410	6,835,502
Non-Current Liabilities		
Financial liabilities	1,911,132	2,127,108
Total Non-Current Liabilities	1,911,132	2,127,108
Total Liabilities	10,225,542	8,962,610
Net Assets / (Deficit)	2,125,902	1,479,897
Equity		
Issued capital	428	4,189,902
Reserves	(85,484)	(3,648,332)
Retained profits	2,210,958	938,327
Total Equity	2,125,902	1,479,897

Source: Audited financial statements for the 30 June 2018.

We note that the auditor of RPM Automotive Group issued a Qualified Opinion in the audited financial statements for the year ended 30 June 2018. This was described as follows:

“We were not appointed as auditors for the entity until after 30 June 2018 and thus did not observe the counting of physical inventories at the beginning and the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2017 and 2018, which are stated in the statements of the financial position at \$4,539,682 and \$5,071,123 respectively. We therefore are unable to express an opinion on the existence of the recorded inventory and since inventories enter into the

determination of the financial performance, we are unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of profit or loss.

We were not appointed as auditors for the entity until after 30 June 2018 and were unable to obtain sufficient appropriate audit evidence regarding the opening balances carried forward from the unaudited 30 June 2015 balances. We were therefore unable to determine whether adjustments to the result of operations and opening retained earnings might be necessary for the year ended 30 June 2016. Our audit opinion on the financial report for the period 30 June 2017 was modified accordingly.”

6.3. Consolidated Statement of Profit or Loss

Consolidated Statement of Profit or Loss	Audited for Year ended 30 June 2018 \$	Audited for Year ended 30 June 2017 \$
Income	33,415,070	22,492,759
Cost of goods sold	22,027,376	13,678,629
	11,387,694	8,814,130
Expenses		
Other revenue	720,768	465,014
Distribution expenses	877,887	278,764
Selling expenses	297,921	213,991
Administration expenses	1,896,678	1,694,740
Finance costs	347,568	259,115
Occupancy costs	1,134,734	1,006,642
Employment costs	5,505,323	4,575,741
Other expenses	142,843	-
Profit before income tax expense	1,905,508	1,250,151
Income tax expense	507,878	134,956
Profit after income tax expense	1,397,630	1,115,195

Source: Audited financial statements for the 30 June 2018.

7. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of a Kairiki share we have chosen to employ the methodologies as set out in the following paragraphs.

7.1. Assessment of the value of a Kairiki share prior to the Proposed Transaction

In our assessment of the value of a Kairiki share prior to the Proposed Transaction, we have chosen to employ the following methodologies:

- QMP approach as our secondary methodology.
- NAV approach as our primary methodology; and

We have chosen these methodologies for the following reasons:

- Kairiki is a publicly listed company that was trading at \$0.008 per share prior to its suspension with subsequent share placement at \$0.004 per share. We have considered this in the context of Kairiki's current position along with the fact that the company has been suspended from the ASX since the 27th of May 2016;
- Kairiki does not generate regular trading income. Therefore, there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Kairiki has no foreseeable future net cash inflows and therefore the application of the DCF valuation approach is not appropriate. Under RG111, it is considered that it is only appropriate to use a DCF where reserves are present. Kairiki is yet to delineate reserves on any of its assets.

7.2. Assessment of the value of a Kairiki share following the Proposed Transaction

Primary approach

We have provided two alternative valuation approaches in assessing the value of a Kairiki share following the Proposed Transaction. The value of a Kairiki share following the Proposed Transaction using our primary approach will involve the following items:

- Calculating the FME of Kairiki subsequent to the Proposed Transaction;
- The number of shares on issue will incorporate the shares to be issued in the Proposed Transaction. As outlined in section 4 of our Report, the purchase price of the acquisition related transactions is \$0.25 per share. Shareholder approval is being sought for the maximum number of shares to be issued; therefore, we have also assessed the value of a Kairiki share following the Proposed Transaction assuming the maximum dilution is achieved.

Secondary approach

The value of a Kairiki share following the Proposed Transaction using our secondary approach will involve the following items:

- The NAV value of Kairiki following the Proposed Transaction;
- Incorporate the effects of the Proposed Transaction on Kairiki's equity value; and

We have also incorporated the effects of the proposed issue of shares under the assumption that the maximum number of shares is issued.

8. Valuation of Kairiki prior to the Proposed Transaction

8.1. Quoted Market Prices for Kairiki Securities

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst RPM Group will not be obtaining 100% of Kairiki, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 11.

Therefore, our calculation of the quoted market price of a Kairiki share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to consider adding a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Kairiki share is based on the pricing prior to the announcement dated 27th of May 2016 that Kairiki would be suspended until it could show it is in compliance with Chapter 12 of the ASX Listing Rules along with events subsequent to the suspension. This is because the value of a Kairiki share after the announcement may include the effects of any change in value as a result of the suspension and of subsequent Proposed Transaction. However, we have considered the value of a Kairiki share following the announcement when we have considered reasonableness in Section 11.

At the time of suspension, Kairiki was trading at \$0.008 per share. However, since that time there was a share placement \$0.004 per share on the 26th of January 2017.

Based on this information, our assessment is that a reasonable figure for a Kairiki share is in the range of \$0.004 to \$0.008.

Control Premium

We have considered the control premiums paid to acquire similar entities as well as the current circumstances of Kairiki. Based on the fact Kairiki has negative equity, as detailed in Section 10.2, as at 31 December 2018 the residual value of the shares is its ASX listing our assessment is that no control premium is warranted when purchasing a controlling stake of Kairiki.

8.2. Net Asset Valuation of Kairiki

To provide a comparison to the valuation of Kairiki in Section 10.1, we have also assessed the net asset value for a Kairiki share. The value of Kairiki assets on a going concern basis is reflected in our valuation below:

NAV prior to the Transaction	Reviewed as at 31 Dec 2018 \$
Current Assets	
Cash & cash equivalents	77,483
Trade & other receivables	1,610
Total Current Assets	79,093
Total Assets	79,093
Liabilities	
Current Liabilities	
Trade & other payables	218,257
Total Current Liabilities	218,257
Total Liabilities	218,257
Net Assets / (Deficit)	(139,164)
Shares on issue	349,122,480
Value per Share (\$)	(0.0003986)

Source: Danieli Advisory analysis

We have been advised by the directors of Kairiki that there has not been a significant change in the net assets of Kairiki since 31 December 2018. The table above indicates the net asset value of a Kairiki share is negative 0.03986 cents per share or (\$0.0003986).

8.3. Assessment of Kairiki Value prior to the Proposed Transaction

The results of the valuations performed are summarised in the table below:

	Low	Mid	High
ASX market prices (Section 10.1)	\$0.004	\$0.006	\$0.008
Net assets value (Section 10.2)	(\$0.0003986)	(\$0.0003986)	(\$0.0003986)

Source: Danieli Advisory analysis

We note the value obtained under the QMP methodology is higher than the value obtained under the NAV methodology in all value ranges. The difference between the valuation obtained under the QMP and NAV is the NAV calculation does not factor in the unrecognised value of an ASX listed entity.

Based on the above calculations we consider the value of a Kairiki share prior to the Proposed Transaction to be between negative \$0.0003986 (liability) and \$0.008 with a preferred value of \$0.004.

In determining this value, we have considered the circumstances that the NAV calculation does not factor in intangible assets as stated, and the QMP lacks a 'deep' market in the trading of its shares. Therefore, we have taken the position that the low figure of this range as the most appropriate figure.

Post consolidation of 37:1 this results in a suggested value of \$0.148 per Kairiki share in the Proposed Transaction.

9. Valuation of Kairiki following the Proposed Transaction

9.1. Primary approach

The Future Maintainable Earnings (FME) approach involves identifying a maintainable earnings stream for an entity and multiplying this earnings stream by an appropriate capitalisation multiple. Any surplus assets, along with other necessary valuation adjustments, are added to the FME calculation to calculate the total entity value. The maintainable earnings estimate may require normalisation adjustments for non-commercial, abnormal or extraordinary events.

The capitalisation multiple typically reflects issues such as business outlook, investor expectations, prevailing interest rates, quality of management, business risk and any forecast growth not already included in the maintainable earnings calculation. While this approach also relies to some degree on the availability of market data, the multiple is an alternative way of stating the expected return on an asset.

The FME approach is generally most appropriate where an entity has historical earnings and/or a defined forecast or budget. Further, a FME is usually considered appropriate when relevant comparable information is available.

The estimated Future Maintainable Earnings of RPM on a going concern basis following the Proposed Transaction is set out below:

	RPM Group Audited for Year ended 30 June 2018 \$	RPM Group Audited for Year ended 30 June 2017 \$
Profit/(Loss) from Operations	1,401,630	1,115,195
Add back:		
Foreign Currency Exchange Gain/Loss	103,228	
Loss on Sale of Non-current Assets	39,615	
Bad Debts Written Off	53,563	
Depreciation	188,255	216,072
Donations	1,586	
Superannuation Contributions - Directors	68,841	
Interest Paid - Other Persons/Corporations	225,288	
Income Tax Expense	507,878	134,956
Less:		
Interest Received - Other Corporations	(672)	
Future Maintainable Earnings	2,589,212	1,466,223

Weighting Approach 1 (Low)

	RPM Group Audited for Year ended 30 June 2018 \$	RPM Group Audited for Year ended 30 June 2017 \$
Future Maintainable Earnings	2,589,212	1,466,223
Weighting	70%	30%
Weighted Average Future Maintainable Earnings	2,252,315	

Weighting Approach 2 (High)

	RPM Group Audited for Year ended 30 June 2018 \$	RPM Group Audited for Year ended 30 June 2017 \$
Future Maintainable Earnings	2,589,212	1,466,223
Weighting	100%	0%
Weighted Average Future Maintainable Earnings	2,589,212	

Based on information available directors believe current year earnings fairly reflect the group going forward.

Earnings Multiple

The earning multiple is inversely proportional to the required rate of return on the investment in the business and is positively affected by the implied perpetual annual growth rate. That is, the higher the required rate of return, the lower the earning multiple and hence the lower the business value.

Conversely, if there was no risk investing in this business the required rate of return may be as low as 5% and the business would be valued at 20 times the future maintainable earnings. However, this cannot be true in reality as there are many inherent risks associated with running a business. It is more likely that the required rate of return would be between 20% and 40% with the corresponding earning multiple between approximately 5 and 2.5 times respectively. The higher the risk, the higher the return an investor would need for a given investment or the less they would be willing to invest for the same level of expected return.

We deemed a 20% rate of return would be appropriate for this situation which has resulted earnings multiple of 5 times as stated below:

	High	Low
Weighted Average Future Maintainable Earnings	\$2,589,212	\$2,252,315
Required Rate of Return	20%	20%
Earnings Multiple	5	5
Valuation	\$12,946,060	\$11,261,576
\$ per Share*	\$0.1489	\$0.1295

*\$ per share calculation based on full dilution of share capital.

9.2. Secondary approach

The value of Kairiki on a going concern basis following the Proposed Transaction is set out below:

	Kairiki Audited 30 June 2018 \$	Consolidated RPM Audited 30 June 2018 \$	Total 30 June 2018 \$
Current Assets			
Cash and cash equivalents	158,371	348,091	506,462
Trade and other receivables	1,649	4,296,031	4,297,680
Inventories	-	5,071,123	5,071,123
Other Current Assets	-	24,430	24,430
Total Current Assets	160,020	9,739,675	9,899,695
Non-Current Assets			
Trade and other receivables	-	82,804	82,804
Property, plant and equipment	-	1,102,072	1,102,072
Intangible assets	-	1,426,893	1,426,893
Total Non-Current Assets	-	2,611,769	2,611,769
Total Assets	160,020	12,351,444	12,511,464
Current Liabilities			
Trade and other payables	220,494	4,225,925	4,446,419
Borrowings / Financial Liabilities	-	2,835,325	2,835,325
Current tax liability	-	735,449	735,449
Short-Term Provisions	-	517,711	517,711
Total Current Liabilities	220,494	8,314,410	8,534,904
Non-Current Liabilities			
Borrowings / Financial Liabilities	-	1,911,132	1,911,132
Total Non-Current Liabilities	-	1,911,132	1,911,132
Total Liabilities	220,494	10,225,542	10,446,036
Net Assets as at 30 June 2018	(60,474)	2,125,902	2,065,428
Number of fully diluted shares			110,323,614
\$ Value per share			0.018

The table above indicates the net tangible asset value of a Kairiki share following the Proposed Transaction on a minority basis is \$0.018. However, due to Australian Accounting Standards, the value of acquired entities has not been included and therefore the calculated value does not accurately represent the value post transaction.

9.3. Assessment of Kairiki Value following the Proposed Transaction

The results of the valuations performed are summarised in the table below:

	Low	Mid	High
Future Maintainable Earnings (FME - Section 9.1)	\$0.12	\$0.135	\$0.15
Net assets value (NAV - Section 9.2)	\$0.018	\$0.018	\$0.018

Source: Danieli Advisory analysis

We note the value obtained under the NAV methodology is higher than the value obtained under the FME methodology in all value ranges. Based on our assessment of operations FME gives greater insight into the variable value of the Proposed Transaction.

Based on the above calculations we consider the value of a Kairiki share prior to the Proposed Transaction to be between \$0.12 and \$0.18 with a preferred value of \$0.15.

10. Is the Proposed Transaction Fair?

The value of a Kairiki share prior to the Proposed Transaction on a control basis and the value of a Kairiki share following the Proposed Transaction on a minority basis is compared below:

	Ref	Low \$	Mid \$	High \$
Value of a Kairiki share prior to the Proposed Transaction on a controlling basis	8.3	0.004	0.006	0.008
Value of a Kairiki share prior to the Proposed Transaction on a controlling basis consolidated at a rate of 37:1	8.3	0.148	0.222	0.296
Value of a Kairiki share following the Proposed Transaction on a minority basis	9.3	0.12	0.15	0.18

The above pricing indicates that, in the absence of any other relevant information, the Proposed Transaction is fair for Shareholders as the preferred value of a Kairiki share prior to the Proposed Transaction on a controlling basis is in higher than the preferred value of a Kairiki share following the Proposed Transaction on a minority basis.

11. Is the Proposed Transaction Reasonable?

11.1. Alternative Proposal

We are unaware of any alternative transactions that might offer the Shareholders of Kairiki a premium over the value ascribed to, resulting from the Proposed Transaction.

11.2. Practical Level of Control

If the Proposed Transaction is approved then in 30 June 2019 Lawrence Jaffe and Clive Finkelstein and their associates may hold a maximum interest of approximately 31.00% in Kairiki. In addition to this, Kairiki will have Lawrence Jaffe and Clive Finkelstein nominated as Board members.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Proposed Transaction is approved then Lawrence Jaffe and Clive Finkelstein may be able to block special resolutions but cannot pass general or special resolutions.

Kairiki's proposed Board will comprises four directors. This means that Lawrence Jaffe and Clive Finkelstein nominated as directors will make up 50% of the Board.

11.3. Consequences of not Approving the Proposed Transaction

Kairiki was suspended from trading on the 27th of May 2016 due to failure to comply with Chapter 12 of the ASX Listing Rules. Should Kairiki not prove that it is in compliance with these listing rules the company will be delisted in May 2019. In a review of the balance sheet as at 31 December 2018 it is assumed Kairiki would enter into voluntary administration if it was to be delisted from the ASX.

11.4. Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
The Proposed Transaction is fair	RG 111 states that an offer is reasonable if it is fair. We consider that the offer is fair because the value is higher following the Proposed Transaction.
Compliance with Chapter 12 of ASX Listing Rules	Completion of the Proposed Transaction would allow Kairiki to comply with Chapter 12 of the ASX listing rules and result in the shares being requested for trade.
The Proposed Transaction will produce new income streams for Kairiki	By completing the Proposed Transaction, Kairiki will benefit from new revenue streams.
The ability of Kairiki to raise additional funds may increase	As part of the transaction, it is expected Kairiki will also complete a capital raise to acquire funds for working capital and future expansion opportunities.

11.5. Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing shareholders' interests	If the issue of shares under the Proposed Transaction is approved and Kairiki elects to issue shares as consideration, the interest of Lawrence Jaffe and Clive Finkelstein and their associates in the Company will increase to approximately 31.00% and existing and other Shareholders' interests diluted from 75.43% to 69.00%. This dilution may give Lawrence Jaffe and Clive Finkelstein and their associates the power to block special resolutions and will reduce Shareholders' collective influence on the operations of the Company. It may also discourage other parties from seeking to acquire Kairiki shares.

12. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of Kairiki.

In our opinion, the Proposed Transaction is fair because the value of a Kairiki share prior to the Proposed Transaction on a controlling basis is lower than the value of a Kairiki share following the Proposed Transaction on a minority basis.

We consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages. In particular, the following were key considerations in our determination of reasonableness:

- Compliance with Chapter 12 of the ASX Listing Rules;
- Access to new revenue streams; and
- Additional working capital to meeting current and future debts.

13. Sources of Information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Kairiki for the years ended 30 June 2016, 30 June 2017 and 30 June 2018;
- Reviewed financial statements of Kairiki for the period ended 31 December 2018;
- Audited financial statements of RPM Group (Consolidated) and of the individual entities being acquired for the years ended 30 June 2016, 30 June 2017 and 30 June 2018;
- Reviewed financial statements of RPM Group (Consolidated) and of the individual entities being acquired for the period ended 31 December 2018;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Kairiki and RPM Consolidated.

14. Independence

Danieli Advisory Pty Ltd is entitled to receive a fee of \$35,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, Danieli Advisory Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Danieli Advisory Pty Ltd has been indemnified by Kairiki in respect of any claim arising from Danieli Advisory Pty Ltd's reliance on information provided by the Kairiki, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement Danieli Advisory Pty Ltd has considered its independence with respect to Kairiki and RPM Automotive Group and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In Danieli Advisory Pty Ltd's opinion it is independent of Kairiki and RPM Automotive Group and their respective associates.

Danieli Advisory Pty Ltd is an authorised representative (Rep No. 001263266) of Alpha Securities Pty Limited who holds an Australian Financial Services Licence (AFSL No. 330 757) issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

During our independence assessment it was identified that Alpha Securities Pty Limited holds \$20,000 convertible notes in RPM Worldwide and will receive shares in Kairiki should the proposed transaction proceed.

Alpha Securities Pty Limited had no involvement with our appointment. In addition, Alpha Securities Pty Limited had no input into the content of our report, or the ultimate opinion provided.

In assessing our independence, we have determined that existing policies and procedures in place reduce risk to independence.

A draft of this report was provided to Kairiki and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

15. Qualifications

Danieli Advisory Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

Danieli Advisory Pty Ltd is an authorised representative (Rep No. 001263266) of Alpha Securities Pty Limited who holds an Australian Financial Services Licence (AFSL No. 330 757) issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

16. Disclaimers and Consents

This report has been prepared at the request of Kairiki for inclusion in the Explanatory Memorandum which will be sent to all Kairiki Shareholders. Kairiki engaged Danieli Advisory Pty Ltd to prepare an independent expert's report to consider whether or not the proposed issue of shares as part of the Proposed Transaction is fair and reasonable.

Danieli Advisory Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of Danieli Advisory Pty Ltd.

Danieli Advisory Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of Danieli Advisory Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the RPM Group. Danieli Advisory Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of Danieli Advisory Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Kairiki, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that Danieli Advisory Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours sincerely

Danieli Advisory Pty Ltd



Sam Danieli
Director

24th of April 2019

Appendix 1 – Glossary of Terms

Reference	Definition
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Danieli Advisory	Danieli Advisory Pty Ltd
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
Kairiki	Kairiki Energy Limited
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by Danieli Advisory Pty Ltd
QMP	Quoted market price
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 74	Acquisitions approved by Members (December 2011)
Shareholders	Shareholders of Kairiki not associated with RPM
The Act	The Corporations Act 2011
The Proposed Transaction	The potential issue of shares, options and convertible notes to acquire RPM Automotive Group.

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1. Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2. Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3. Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4. Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5. Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis, it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Financial Services Guide

Danieli Advisory Pty Ltd ABN 72 610 398 706 (“**Danieli Advisory**” or “**we**” or “**us**” or “**ours**” as appropriate) has been given authority to issue general financial product advice in the form of a report to be provided to you. We are an authorised representative (001263266) of Alpha Securities Pty Ltd ABN 96 124 327 064, AFSL 330 757 (“**Alpha Securities**”).

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees. This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide are by way of authority under the Australian Financial Services Licence, Licence No 330 757 of Alpha Securities;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and

Our complaints handling procedures and how you may access them.

Financial services we are authorised to provide

We are an authorised representative (001263266) of Alpha Securities. Alpha Securities holds an Australian Financial Services Licence (330 757) and is authorised to provide general financial product advice to retail and wholesale clients.

When we provide the authorised financial services, we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services, we are not acting for you.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider the statement before making any decision about whether to acquire the product.

Fees, commissions and other benefits that we may receive

We have charged \$35,000 (excluding GST and Disbursements) for providing this report.

Except for the fees referred to above, neither we, nor any of its directors, employees or related entities, have received any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

From time to time, we may provide professional services to financial product issuers in the ordinary course of our business under Alpha Securities authority.

Conflicts of Interest

Danieli Advisory is not controlled or owned by any other provider of financial services such as a fund manager, bank or insurance company. Nor does it have any arrangements with other service providers such as executing brokers.

During our engagement it was identified that Alpha Securities holds \$20,000 convertible notes in RPM Worldwide and will receive shares in Kairiki should the proposed transaction proceed.

Alpha Securities had no involvement with our appointment. In addition, Alpha Securities had no input into the content of our report or the ultimate opinion provided.

In assessing our independence we have determined that existing policies and procedures in place reduce risk to independence.

Complaints resolution**1. International complaints resolution process**

Having authority under a holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Danieli Advisory Pty Limited, level 1, 261 George Street, Sydney, NSW, 2000.

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complaint in writing of our determination.

2. Referral to external dispute resolution scheme

A complaint not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an external independent body which facilitates free and independent dispute resolution for financial complaints.

Financial Industry Complaints Service Limited

PO Box 3
MELBOURNE VIC 3001
Telephone: 1800 931 678
Facsimile: (03) 9613 6399
E-mail: info@afca.org.au
Website: www.afca.org.au

Contact details

You may contact us using the details set out in Danieli Advisory Pty Limited, level 1, 261 George Street, Sydney, NSW, 2000 or on (02) 9290 3099.