

ASX ANNOUNCEMENT

28 November 2016

CEO's Address

I'd like to welcome everyone today to our 2016 AGM. As most of you are aware I have now been in the role almost 6 months and must say it has been a very exciting challenge. We are a company with great potential, and with great challenges and I believe, after working with the Board, great plans for Kollakorn.

Before I go further, I'd like make a special mention of Richard Sealy. As many of you know, Richard retired as CEO due to ill health on the 31st March last year. However, he agreed to act in a caretaker capacity until a replacement was found - a period of 15 months. That shows Richard's dedication, and I am very aware of the enormous energy he put in to bring this company back on an even keel. Richard again is severely unwell and committed to hospital waiting an urgent operation and I am sure you will join me in passing our best wishes on to him.

Review of our core Business

In your 2015 AGM, you heard from the directors that "there is a solid pipeline of projects in Kollakorn, Kollakorn Thailand and its licensed channel partners that should provide significant revenues to Kollakorn in 2016".

During the Financial Year 2016 we did continue to progress the opportunities created in 2015, and commenced reviewing and refining the approach we were taking to our Break on Removal Technology, and looking at opportunities to develop CertainID. We commenced new projects, consolidated existing ones, and gained some small additions to revenue.

But the reality is many of these Projects are either delayed, cancelled or have not met the revenue expectations held for them. And many of them are associated with our 27% ownership of Kollakorn Thailand which are not driven by our core assets.

However, we are not standing still and whilst these projects don't meet the expectations we have for Kollakorn, they have ensured our continued presence in the market. Let me review their performance.

Malaysian Project:

The Malaysian project continues with significant progress having been achieved in the last couple of months, satisfying requirements with the relevant authorities in Malaysia. We have begun to assemble the equipment required for the project most of which is either

currently in Thailand or will be shortly. The Directors remain confident that this project will proceed in the first half of 2017.

The project continues to gain media coverage in the Malaysian Press. This initiative has been embraced by the Malaysian Government and the public that will be able to link border control, tolling payments and vehicle registration and identification. With our partner, we have demonstrated how our BOR technology would be necessary to prevent the unauthorised transfer of tags between vehicles, hence the attraction of BOR. The tag proposed will use a security enhanced Alien RFID Chip which practically eliminates tags being counterfeited or applied to goods of differing value, and with the additional Kollakorn BOR technology to prevent tampering and transfer between vehicles.

I recognise that this is a very similar message to what you heard last year. Projects of this magnitude that are government lead do take time and we remain confident that it will reach resolution.

We have also been advised by our Malaysian partners that the Thai Military has contacted them with respect to collaboration for RFID at the Malaysian/Thailand border which is good news because progress on the Southern States project has been slow. The progress by the Malaysian Government on the implementation of RFID at the Thailand/Malaysian border crossing seems to have placed some urgency back on the Thai Military Government.

We consider ASEAN our focus in Asia, and the development of common vehicle registration, border control and security protocols could well place BOR as the standard for ASEAN when implementing vehicle identification and border crossing control. However, our experiences in Thailand and Malaysia demonstrate the problems we face in closing these opportunities.

Laos Project:

We were pleased to announce at the beginning of this month that our partner in Kollakorn Thailand - Somapa Information Technology PCL, had signed a Memorandum of Understanding with the Lao People's Democratic Republic for the implementation of an Advanced Passenger Processing System servicing three international airports in Lao.

We expect Kollakorn Thailand to supply equipment to the project in the same way as it did for the APPS project in Thailand.

This is a great win for our partner, in which we share the benefit.

Maldives Project:

We have also referred to a potential APPS project in the Maldives in the same way as the Thailand and Laos projects. This project is also progressing well and we are very confident that there will soon be another significant development for Kollakorn Thailand in the New Year.

Thailand Projects:

The progress of projects in Thailand, such as the above mentioned Southern States Border, have been very slow due to the focus of the Thailand Government on the recent changes to the constitution. The recent death of the King will also delay further progress significantly as the country holds a year of mourning.

Cambodian Projects:

We had reported last year that we were working with a local partner in Cambodia on providing a new RFID Smartcard which will be used to replace existing vehicle driver's licenses. It was also to include a new vehicle registration smartcard to replace the current paper system, eventually developing into a full electronic vehicle registration system.

Progress has not been as rapid as we expected as structural issues have impacted on the planned implementation. We continue to monitor the situation carefully with Kollakorn Thailand.

Tags and Royalties:

We continue to make small sales of tags to specific projects and buyers, specifically in Israel and the US, but these are small and do not materially affect our business.

Our IP is critical to our company, and we have spent this year vigorously protecting our patents in the marketplace. This is an expensive but critical exercise for us, and we need to be focussed and pragmatic in how we protect them. We have been greatly served by our Patent Attorneys in this regard in protecting our core competency. There can be no doubt that the point of difference between our RFID tags and other RFID tags is the patented BOR technology and the client demand for an RFID tag that cannot be tampered with. However, there are many competing technologies and companies claiming tamper proof designs which in some cases even infringe our patent.

Over the last number of years, we have established relationships and licensed our BOR technology to 3M and StarRFID. These are reliable sources of income for us - approximately \$45,000 per quarter, but they have not developed to the level we need to fund the growth of our business. Whilst these are non-exclusive arrangements, we are formulating how we can add greater value to our IP without relying on these parties for our survival. This will be a key objective of mine as we move into 2017 - to bring our BOR technology to a broader base of business opportunities and partnerships where we are a foundation member and not a support player.

The Australian Market:

With my appointment, the directors have decided to increase our focus here rather than relying solely on channel partners and royalties. It is the intention of the directors to now focus on strategic markets and strategic industries to increase the share of sales of our RFID tags.

We have had a limited impact in Australia over the last few years as our focus and resources have been ASEAN based. I am in Australia so that will give us broader reach. We have commenced discussions with a state government agency, a high value food exporter, and a large Australian retailer on how we can use our technology to support their product security and integrity. We are also discussing with other partner's further applications in the local and international market outside of traditional solutions for Registration and Asset Management - how our product can be an enabler of a solution for broader organisational problem. We are in the early stages of discussions and thus I cannot give greater details, other than to say there are opportunities out there that we will be focusing on in 2017 but to do so requires capital and resources.

For our business to be successful we must partner to create a business solution rather than a provider of a commoditised product, and this is the direction we are taking in FY 17 but we need resources to drive it.

CertainID:

One of those great opportunities in front of us is commercialising CertainID.

The CertainID patent addresses Biometric Data security on the Internet and across the 'Internet of Things' and we have successfully gained patent protection in many major territories for this technology. We have been very diligent about following up information regarding security of biometric data on the Internet.

CertainID would be an application which could ideally be partnered with a company that has a biometric capture system either facial, finger print or iris as there is no specific application required for data capture and CertainID can interface with any biometric capture system. The reason why banks internationally have been slow in adopting existing biometric systems for validation of financial transactions via the internet, is that currently there is no effective security for biometric data that is released onto the Internet. Once the biometric data of a person (finger prints, facial recognition, etc.) is released to the Internet, if it is hacked, unlike a password which can be changed, it is hacked forever.

Kollakorn's patent effectively eliminates the possibility of a person's biometric data being hacked by not releasing the biometric data to the internet.

The potential of CertainID is enormous because it could become a major security tool for protecting your biometric signature. There are potentially millions of transactions a day through a multitude of appliances connected to the internet that could benefit from CertainID. As most of you would know companies such as Apple and Samsung are developing payment systems across devices, and developing closed ecosystems across their platforms. The window of opportunity for CertainID to be a part of the development of that ecosystem is limited. We are actively engaging with the CSIRO to jointly fund the commercialisation of the product and The Board is actively looking for a partner that will assist Kollakorn to commercialise this technology.

But this takes time, and it takes considerable financial resources, of which to date we have had in limited numbers. We have approached more than 50 institutions and organisations to invest, partner with and/or collaborate on our CertainID technology and as yet have not been able to secure the support required.

This is the number one impediment to our growth. We are too reliant on our IP being 'sought out by the market' rather than developing and delivering solutions to solve problems effectively.

The directors continue to be focused on bringing value to shareholders by establishing a focused approach to growing the RFID BOR market and bringing CertainID to the market.

However, business as usual won't allow us to grow our BOR footprint and won't allow us to invest in developing CertainID. We simply are not generating the revenue to support these initiatives.

Therefore, we need to take a radical approach to dealing with this impediment, and we need to do it now.

Drive a New Direction through a game changing revolution to our products - Acquire Isity Global - a company that can build out on our need for a solutions capability, believes in and will invest in our products and expands the range of markets that we can serve.

Over the last number of months, we have been approached by several companies seeking to complete a Reverse Takeover with us. Further we have explored other potential acquisition targets that potentially had synergies with our business, however were ultimately proved unsuitable.

Kollakorn is proposing to acquire Isity Global. By purchasing Isity we will move from being an opportunistic IP provider to being an integrated end-to-end Solutions provider in the fast growing Smart Cities market - one where our existing BOR and CertainID patents naturally fit. We will de risk our business. We will be able to fund the development of CertainID. We will open new markets for our BOR and CertainID technology, and most importantly we will provide benefit to our shareholders.

As we've progressed discussions with Isity Global, we have also been liaising with the ASX, and accordingly, as we believe this is the best course of action for the company, this morning we suspended trading.

Why did Kollakorn choose Isity Global:

To bring to reality what Kollakorn could be, to realise the potential that Kollakorn should be achieving - a business providing solutions rather than providing IP to others - we looked for a company that absolutely brings synergy to our products and supports the growth of a pipeline for our technologies - a pipeline of opportunity and a pipeline that is trending positively, a pipeline geared for growth.

We are complementary technologies. We do not compete in any way. Both BOR RFID and CertainID have applications with Isity Global's solutions, and Isity Global will bring significant pipeline opportunities to Kollakorn simply through the organisations that they work with - both clients and partners.

Isity Global brings a sustainable business that can quickly ramp up revenue and profits to enable Kollakorn to drive BOR Opportunities and commercialise CertainID. A leverageable pipeline of opportunities, and existing capital that will enable the funding for these activities.

Prior to any transaction the Kollakorn Board wants to strengthen the Balance Sheet. We need to complete a Capital Restructure that will eliminate debt and the convertible notes, thus presenting a Balance Sheet for growth.

There are two steps required for this that are not conditional. First, we need to convert the notes and some liabilities to shares to strengthen the balance sheet. Secondly, we

need to do a 10:1 share consolidation. Managing our Balance Sheet in this way allows us to be ready for Isity Global and the exciting opportunity presented by the acquisition.

We will discuss this further in a moment, but you will probably be asking - Who is Isity Global?

Who is Isity Global:

Isity Global is a newly formed innovative leader in the Asia Pacific market in Smart Cities with a specific focus on Buildings and Public Infrastructure Facilities.

In Building Sustainability, Isity Global improves the sustainability, productivity and environmental performance of buildings through innovative building management system. Isity aligns disparate building infrastructure and support technologies and aligns them with integrated analytics to optimise building and environment performance.

In the Asia Pacific market, the opportunity for improved building performance will be worth more than AUD 100bn by 2025 (includes building stock of in excess of 18bn m²). The focus is on buildings 3 years old - this market is largely untouched and more often the worst performing segment of the building market. Building Developers are only focused on new developments which get the newest technologies and innovations. The target assets are large commercial, retail and campus/park developments constructed just prior to the current smart building revolution.

Isity already has the core analytics and optimisation technology up and running and has proven the reality and value of their services already at two Fortune 500 companies. They will integrate the best solutions from a series of global leaders to provide the non-core elements of its end-to-end solution. This eliminates significant amounts of R&D costs and allows new proven technologies to be applied when available. Cost savings from energy efficiency retrofits can be extended to provide value in many new investment areas which drive improved building asset value for owners.

Isity has a powerful yet simple value proposition - target 40% operational savings, improving further over the long term. This provides a project ROI of 12 to 36 months (excluding cost of finance,) and modeled over a 20-year period savings will exceed the total cost of the initial building development. The most significant advantage that Isity Global has is its fully financed solution offering clients a 'no-up-front' cost structure with benefits paid out of real savings generated. Isity Global's finance partner is based in the US and has funded more than US 500 bn worth of transactions around the world of this nature.

Clean Energy

One other point that I would like to raise in relation to Isity Global is its focus on clean energy solutions. Not only does Isity Global offer services to reduce energy consumption, but also generate power from waste. This is especially valuable in Public Infrastructure like Sewage systems where Isity Global has exclusive Asia Pacific rights to the technology for converting sewage into clean water and clean energy. Already Isity has entered Due Diligence with 2 Cities in China, of which one is moving to Heads of Agreement this week, and 2 here in Australia.

Isity Global is a private company based in Singapore. Currently they operate a fully owned subsidiary in China, and have developed a pipeline of projects in most large Asian Countries, including Australia.

What are the details of the acquisition?

We are proposing that Kollakorn:

- Does a 10:1 share consolidation to 0.08 per share.
- Settle Convertible Notes, Directors Loans and Related Party fees in shares prior to the Transaction or cash post Transaction.
- Issue shares valued at \$2.5 million to acquire Isity Global also at 0.08 per share post consolidation. Isity is currently valued at \$10 million, so the remaining share balance will be held in escrow and released after reaching 3 and 5-year performance targets.
- Completes a Capital Raising of \$1.5 million at 0.008 pre consolidation (187,500,000 shares) into Kollakorn to help with this transaction (this has already been identified).

What is the effect on the Share Capital of Kollakorn?

		Pre-Acquisition	Post-Acquisition
Kollakorn Shareholders Pre-Acquisition	1,014,569,980	61.48%	51.69%
Creditors & Note Holders repaid	410,714,847	24.89%	20.93%
Capital raising	225,000,000	13.63%	11.46%
Sub total	1,650,284,827		
10:1 Consolidation	165,028,483		
Issue to Isity	31,250,000		15.92%
	196,278,483	100%	100%

Note:

- Creditors and Noteholders include Directors, Related Parties, Significant Creditors and existing Noteholders, and 69 million shares held by Option Holders (which if converted would raise \$517,500)
- The Recent Capital Raising of \$150,000 at \$0.004 (37,500,000 shares)
- 10:1 Consolidation number may change subject to Due Diligence and ASX requirements

There will also be 3 and 5-year performance share issues based on achieving business performance and profitability targets.

We have designed a transaction that we believe is in the best interests of all shareholders and while dilution will occur because of Isity Global meeting their performance targets, they will create significant uplift in shareholder value. Again, Isity does not get additional shares after year 1 unless they meet specific revenue and profitability targets.

Kollakorn Shareholders do not lose control. This is your company. What Kollakorn shareholders get is access to capital and markets that will result in the growth in value of our business.

Why is this good for Kollakorn?

As mentioned, Isity Global has a strong pipeline we will be leveraging. Sales gross profit for FY 17 to 19 are strong based on our Due Diligence to date, and will now be subject to formal Independent Experts Review as per ASX requirements.

The first China Project will generate revenue of \$20 million per year over a 20-year contract, and I am excited to report that negotiations have been completed for this project and a formal signing ceremony has been scheduled.

Next Steps:

As I mentioned before, we have been liaising with the ASX and accordingly we have suspended trading whilst we enter formal Due Diligence and progress this transaction. We have signed a Memorandum of Understanding and a Term Sheet with Isity Global to progress this.

As part of this process we will complete an Independent Experts Review for Shareholders and the ASX.

We expect this to be completed early in the New Year.

Concluding Remarks:

I have not been with Kollakorn very long - not yet 6 months. However, in that time I have recognised that we cannot simply continue with the status quo. The first part of our transition to growth required significant cost management, and occurred over the last 2 years where Richard and the board restructured your company to minimise debt, eliminate waste, and bring our operations into a manageable cost structure.

The second part of transition to growth requires us to be bold, to invest in our strengths, and I am very excited to be part of that with you.

General Kollakorn Questions:

We'd like you to feel free to ask questions, but a few key statements in advance:

- This is not an RTO, we don't intend to change our structure, rather to enhance it with the capability provided by Isity Global.
- We will add new directors to strengthen our board and growth opportunities
- Isity Global requests one extra board seat. Kollakorn directors remain in the majority. We will not lose control to Isity Global.
- We are not changing our business. Isity brings synergies to Kollakorn and complementary technologies that we will leverage to grow both companies. For example, BOR and CertainID have applicability in Building and Infrastructure Management – be it Asset Tracking, Car Park Management, Access Control, and Isity opens a sales pipeline that Kollakorn has had no access to previously.

Before we continue, what questions do you have regarding what we have discussed? Can I ask for questions from the floor?