

# **GOLDSEARCH LIMITED**

**ACN 006 645 754**

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## **NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY MEMORANDUM AND PROXY FORM**

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### **Date**

Wednesday, 18 January 2017

### **Time**

10.00am AEDT

### **Venue**

Conference Room, Office of Hall Chadwick, Level 40, 2 Park Street, Sydney, NSW, 2000

### **Your vote is important**

The business of the Annual General Meeting affects your shareholding and your vote is important.

### **Voting in person**

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### **Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

**THIS IS AN IMPORTANT DOCUMENT. IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR LEGAL ADVISER AS SOON AS POSSIBLE.**

**GOLDSEARCH LIMITED**  
**ACN 006 645 754**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of Goldsearch Limited will be held at **10.00am AEDT on Wednesday, 18 January 2017** at the **Conference Room, Office of Hall Chadwick, Level 40, 2 Park Street, Sydney NSW 2000** for the purpose of conducting the following business:

**AGENDA**

**Annual Financial Report**

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To receive and consider the Annual Financial Report of the Company and its controlled entities for the year ended 30 June 2016 which includes the Financial Report, the Directors' and Auditor's Reports.

**Resolution 1: Remuneration Report**

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To consider and, if thought fit, to pass, with or without amendment, the following non-binding ordinary resolution number 1:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2016."*

**Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Exclusion Statement:** In accordance with Section 250R of the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the remuneration report;
- (b) a closely related party of such a member. A closely related party includes close family members and companies the Key Management Personnel controls.

However, the Company will not disregard a vote if:

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

**Resolution 2: Election of Mr. Glenn Tetley**

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

*"That Mr. Glenn Tetley who retires in accordance with clause 74.2 the Company's Constitution offers himself for election and is hereby elected as a director of the Company."*

**Resolution 3: Election of Ms. Elissa Hansen**

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

*"That Ms. Elissa Hansen who retires by rotation in accordance with 75.1 of the Company's Constitution offers herself for re-election and is hereby elected as a director of the Company."*

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**Resolution 4: Ratification of Prior Issue of Shares**

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the past issue of 1,750,000 Shares at an issue price of \$0.04 per Shares together with 1,166,666 Shares at an issue price of \$0.048 per Share (all on a pre-consolidated basis) to professional and sophisticated investors on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 4 by a person (or any associate of such persons) who participated in the issue of Shares, the subject of this Resolution.

However, the Company will not disregard a vote if:

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

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**Resolution 5: Approval of Conversion Right of Convertible Notes**

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

*"For the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the Conversion Right of Convertible Notes (on a pre-consolidated basis) issued to sophisticated and professional investors which will result in the issue of Shares on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 5 by a person (or class of persons) who may participate in the proposed issue and a person who may gain 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 (or those persons).

However, the Company will not disregard a vote if:

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

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**Resolution 6: Consolidation of Capital**

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

*"That, for the purposes of Section 254H of the Corporations Act and for all other purposes, the total share capital of the Company be consolidated through the conversion of every two (2) Ordinary Shares in the Company into one (1) Ordinary Share in the Company and that any resulting fractions of a Share be rounded up to the next whole number of Shares, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

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**Resolution 7: Share Issue to a Related Party**

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

*"That, subject to the passing of all the Essential Resolutions, for the purpose of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue and allot 250,000 Shares (on a post-Consolidated basis) at a deemed issue price of 20 cents per Share to Mr. John Percival on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 7 by any person (or class of persons) who may participate in the proposed issue and a person who may gain 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 (or those persons).

However, the Company will not disregard a vote if:

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

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**Resolution 8: Change in Nature and Scale of Activities**

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

*"That, subject to the passing of all the Essential Resolutions, for the purpose of Listing Rule 11.1 of the ASX Listing Rules, and for all other purposes, approval is given for the Company to make a significant change to the nature and the scale of its activities as described in the Explanatory Memorandum accompanying this Notice."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 8 by a person (or class of persons) who may gain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed and any associate of that person (or those persons).

- (a) However, the Company will 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) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 9: Acquisition of Zoono Group Limited**

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

*"That, subject to the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for:*

- (a) *the Company to issue and allot 94,500,000 Shares (on a post-Consolidated basis) at a deemed issue price of \$0.20 cents per Share to NPT Zoono Trustee Limited or its nominee and Big Black Bear Pty Ltd (ACN 616 152 320) as trustee for a separate bare trust for each Beneficiary of the separate bare trust (the "Vendors") on completion of the Acquisition (**Consideration Shares**); and*
- (b) *the acquisition of a relevant interest (64.3%) in the issued voting shares of the Company by the Vendors otherwise prohibited by section 606(1) of the Corporations Act by virtue of the issue of the Consideration Shares referred to in paragraph (a) (**Voting Acquisition**)*

*on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** No votes may be cast in favour of this Resolution by:

- (a) the person proposing to make the Acquisition and their associates; or
- (b) the persons (if any) from whom the Acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by the Vendors and any of their associates.

**Expert's Report**

Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under section 611 (Item 7) of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the issue of the Consideration Shares to Vendors and the resulting Voting Acquisition is not fair but reasonable to the non-associated Shareholders.

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**Resolution 10: Election of Mr. Paul Hyslop**

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

*“That, subject to the passing of all the Essential Resolutions, Mr. Paul Hyslop, a person who has consented to act and is eligible to act as a director of the Company, be elected as a director of the Company with effect from Completion of the acquisition of Zoono Group Limited as described in the Explanatory Memorandum.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 10 by a person who may participate in the proposed issue and a person who may gain 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 (or those persons).

However, the Company will not disregard a vote if:

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

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**Resolution 11: Election of Mr. Jon Lamb**

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

*“That, subject to the passing of all the Essential Resolutions, Mr. Jon Lamb, a person who has consented to act and is eligible to act as a director of the Company, be elected as a director of the Company with effect from Completion of the acquisition of Zoono Group Limited as described in the Explanatory Memorandum.”*

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**Resolution 12: Election of Mr. Don Clarke**

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

*“That, subject to the passing of all the Essential Resolutions, Mr. Don Clarke, a person who has consented to act and is eligible to act as a director of the Company, be elected as a director of the Company with effect from Completion of the acquisition of Zoono Group Limited as described in the Explanatory Memorandum.”*

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**Resolution 13: Approval of a Capital Raising**

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

*“That, subject to the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 50,000,000 fully paid ordinary Shares at an issue price of \$0.20 cents per Share (on a post consolidation basis) to raise up to a maximum amount of \$10,000,000 on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 13 by a person (or class of persons) who may participate in the proposed issue and a person who may obtain a benefit except solely in the capacity of a holder of ordinary securities, if this resolution is passed and any associate of that person (or those persons).

However, the Company will not disregard a vote if:

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

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**Resolution 14: Issue of Shares to Advisor and Facilitator**

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

*“That, subject to the passing of all the Essential Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot 7,560,000 Shares at a deemed issue price of \$0.20 cents per Share (on a post consolidated basis) to JB Advisory Pty Limited or its nominee, on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 14 by a person (or class of persons) who may participate in the proposed issue and a person who may obtain a benefit except solely in the capacity of a holder of ordinary securities, if this resolution is passed and any associate of that person (or those persons).

However, the Company will not disregard a vote if:

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

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**Resolution 15:                      Change of Company Name**

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To consider and, if thought fit, to pass the following resolution as a **special** resolution:

*“That, subject to the passing of all the Essential Resolutions, for the purpose of Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to “Zoono Group Limited” subject to and with effect upon Completion of the acquisition of Zoono Group occurring as described in the Explanatory Memorandum.”*

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**Resolution 16:                      Adoption of a new Company Constitution**

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To consider and, if thought fit, to pass the following resolution as a **special** resolution:

*“That for the purpose of Section 136 of the Corporations Act and for all other purposes, the Constitution of Goldsearch Limited, in the form presented to the General Meeting be adopted as the Constitution of the Company in substitution for and to the exclusion of the Company’s existing Constitution.”*

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**Resolution 17:                      Increase in Non-Executive Directors’ Fee Pool**

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

*“That for the purpose of Listing Rule 10.17 and for all other purposes, the maximum aggregate amount of Directors’ fees payable to non-executive Directors be increased by \$250,000 to \$500,000 per annum.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 17 by a Director (or proposed Director) of the Company or any associate of a Director.

However, the Company will not disregard a vote if:

- (c) 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
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 18:                      Resignation and Appointment of Auditor**

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

*“That, subject to the consent of the ASIC to the current auditor resigning, to appoint Hall Chadwick, having consented in writing and been duly nominated in accordance with Section 328B(1) of the Corporations Act 2001, as auditor of the Company.”*

## GENERAL BUSINESS

To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporations Act.

### By Order of the Board



**Ms. Elissa Hansen**  
**Company Secretary**

Dated 12 December 2016

### Determination of Entitlement to Attend and Vote

The Company has determined that, for the purpose of the meeting, shares will be taken to be held by the registered holders at 7.00pm AEDT on Monday, 16 January 2017 whom will be entitled to attend and vote at the Meeting as a Shareholder. If more than one joint holder is present at the Meeting and tends a vote, only the vote of the joint holders name whose name appears first on the register of shareholders will be counted.

### How to Vote

You may vote by attending the Annual General Meeting in person, by proxy or by authorised representative. If you intend to vote by proxy, forms must be received not later than 10.00am AEDT on Monday, 16 January 2017.

To vote in person attend the meeting on the date and at the place set out above. Members who are a body corporate are able to appoint a representative to attend and vote at the Meeting. A "Certificate of Appointment of Corporate Representative" should be produced prior to the meeting. A form of the certificate may be obtained from the Company's Share Registry. Details are on the accompanying Proxy Form.

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to vote on their behalf. Where a Member is entitled to cast two or more votes, they may appoint two proxies and may specify the portion of votes each proxy is entitled to exercise or each proxy may exercise half of the votes. A proxy need not be a member of the Company. Instructions on how to complete the proxy are set out on the form.

Where the Chairman of the meeting is appointed, or is taken to be appointed, as a member's proxy and that member has not specified the way in which he/she is to vote for Resolutions 1 and 17, then by signing and returning the proxy form the member is expressly authorising the Chairman of the meeting to exercise the proxy as he decides notwithstanding that the Item is connected with the remuneration of the Company's key management personnel.

The Chairman of the meeting intends to cast all available proxies in favour of each item of business.

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

Terms and abbreviations used in this Notice and Explanatory memorandum are defined in the Glossary.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the Annual General Meeting of Goldsearch Limited's Shareholders to be held on **Wednesday, 18 January 2017 at Conference Room, Office of Hall Chadwick, Level 40, 2 Park Street, Sydney NSW 2000 at 10.00am AEDT**. The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

The following summary provides only a limited overview. Further details are set out in the Memorandum and Independent Expert's Report dated 9 December 2016 (the "**IER**"). Please carefully read and consider the Notice of Meeting, Explanatory Memorandum and the Proxy Form, together with the IER in full before making any decision regarding how you wish to vote or instruct your proxy how to vote.

Topic	Summary	More Information See
What is the meeting about?	<p>On 27 June 2016, Goldsearch announced its proposed acquisition of Zoono Group Limited (the "<b>Proposed Acquisition</b>").</p> <p>This meeting is being held to seek shareholder approvals required for the Proposed Acquisition and related matters including the consolidation of Goldsearch's existing shares; the election of a new Board of Directors; to issue shares to the Vendors; to undertake a capital raising of between \$7 million and \$10 million (the "<b>Capital Raising</b>"); and to change the name of the Company to "Zoono Group Limited", which are all conditions of the Proposed Acquisition.</p> <p>Shareholder approvals of share issues made before the meeting; conversion rights of Convertible Notes; issue of shares to related parties; accepted the resignation of the current audit and resolve for the appointment of a new auditor; and the adoption of a new Constitution are also being sought at the Meeting.</p>	The Notice of Meeting, this Memorandum generally and the IER
What will Goldsearch do after the acquisition of Zoono?	Goldsearch will become the 100% owner of Zoono Group Limited and its related entities, Zoono Limited and Zoono USA Inc. (" <b>Zoono</b> "). Goldsearch's activities will be Zoono's business.	Section 6
How will funds raised by the Capital Raising be used?	Funds raised by the Capital Raising are intended to be used as working capital, to fund expansion of the Business and to pay costs of the issue.	Section 4 and the IER
When will I be able to trade my Shares again?	Shares are expected to be able to be traded on ASX following Completion and the Company's re-admission to the Official List. A proposed Timetable is provided in Schedule A.	Schedule A
What will be the effect of the acquisition of Zoono and the Capital Raising on control of Goldsearch?	<p>The current Board of Goldsearch will resign and a new Board of three directors elected at the Meeting will take office with effect at completion of the acquisition of Zoono.</p> <p>Depending on the amount raised by the Capital Raisings and after the Proposed Acquisition:</p> <p>(a) the Vendors of Zoono or their nominees will, in total, hold approximately 58% and 64% of the shares of Goldsearch,</p>	Sections 3, 6 and the IER



	<p>with:</p> <p>(i) NPT Trustee holding 55.79% to 39.06%; and</p> <p>(ii) The Investors in the Sell Down holding 8.51% to 19.29%.</p> <p>(b) Investors in the Capital Raising will hold approximately 24% to 31%; and</p> <p>(c) current shareholders approximately 6% to 7%,</p> <p>of the shares of Goldsearch. The remaining shares will be held by Brokers and Advisors.</p>	
What will be the financial effect of the acquisition of Zoono and the Capital Raising on Goldsearch?	<p>Goldsearch will become the 100% owner of Zoono and its business. Assets and liabilities of Zoono will become part of the consolidated assets and liabilities of the Goldsearch. The Capital Raising will increase the cash reserves of the Goldsearch.</p> <p>A pro forma balance sheet of Goldsearch illustrating the effect of the acquisition of Zoono and the Capital Raising is included in Section 5.</p>	Section 5 and 6 and the IER
Are there any risks?	<p>Yes, there are risks.</p> <p>Shareholders should carefully read and consider the risks described in Section 6.</p>	Section 6 and the IER
Are there tax consequences?	<p>Goldsearch does not believe there are any taxation implications for Shareholders resulting specifically from the acquisition of Zoono, the Capital Raising and associated matters.</p> <p>For specific taxation advice, Shareholders should consult their own taxation advisor so that their individual circumstances and taxation positions are taken into consideration.</p>	Section 8.37
Where can I get more information?	<p>Shareholders should read the Notice of Meeting, this Memorandum, the IER and the Proxy Form carefully.</p> <p>Goldsearch is a disclosing entity and makes announcements to ASX from time to time. Copies of announcements can be found on the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a>. Copies can also be obtained from the Company on request. Shareholders are advised to refer to ASX's website for updated releases about events or matters affecting the Company.</p>	

## 1. BACKGROUND TO THE RESOLUTIONS

- 1.1 The following is provided by way of introduction only. Further details can be found elsewhere in this Memorandum and the IER, which should be read carefully in their entirety.
- 1.2 On 27 June 2016, Goldsearch announced it had signed a Term Sheet to acquire 100% of the Shares and 100% of the assets and business undertaking of Zoono. Zoono's business is described in Section 6.
- 1.3 Key risks in connection with the proposed acquisition are set out in Section 6.
- 1.4 The Proposed Acquisition is subject to a number of conditions precedent, including obtaining Shareholder approvals. The purpose of this Meeting is to obtain Shareholder approval to proceed with the Proposed Acquisition and the Capital Raising and other associated matters. As these matters are interdependent, **the Essential Resolutions, Resolutions 8 to 15 are all required to be approved for Completion of**

**the Proposed Acquisition to occur.**

- 1.5 The Proposed Acquisition is also subject to Goldsearch satisfying the requirements of Australian Securities Exchange ("**ASX**") and receiving confirmation from ASX of its re-compliance with Chapters 1 and 2 of the Listing Rules. These requirements principally require the issuing of a prospectus containing the type of information required for an initial public offer including passing either the profit test (aggregated profit in the last three years of \$1 million including \$400,000 in the last 12 months) or the assets test (net tangible assets of at least \$3 million or market capitalisation of at least \$10 million); having sufficient Shareholders with parcels of shares of at least \$2,000; and a share price of at least 20 cents.
- 1.6 As part of the re-compliance process, and as a condition of the Proposed Acquisition, Goldsearch is seeking shareholder approval to consolidate its existing shares at a ratio of two (2) for one (1) (**Consolidation**). This more closely aligns the recent trading price with the Capital Raising price of 20 cents.
- 1.7 Three new directors, Mr. Paul Hyslop, Mr. Jon Lamb and Mr. Don Clarke are proposed for election and, as a result, on Completion of the Proposed Acquisition, the Board will change. It is anticipated that two of the three existing directors will retire from office (Mr. Percival and Mr. Tetley) with Ms. Hansen up for re-election so that the new Board will comprise of Mr. Paul Hyslop, Mr. Jon Lamb, Mr. Clarke and Ms. Hansen.
- 1.8 In addition to the above, Shareholder approval is sought to:
- (a) ratify a previous issue of shares;
  - (b) approve the conversion rights of Convertible Notes; and
  - (c) approve shares issued to director, Mr. John Percival for introducing the Zoono Transaction to the Company and to the Company's advisor and facilitator to the transaction. Further details on these resolutions can be found in this Memorandum.
- 1.9 If Shareholders approve the resolutions proposed in this Notice of Meeting and the condition precedents of the Proposed Acquisition are satisfied, Goldsearch Limited will change its name to Zoono Group Limited and, as the 100% owner of Zoono, will become a pharmaceutical company seeking to further Zoono's existing business.

## **2 INDEPENDENT EXPERT'S REPORT**

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- 2.1 The Directors of Goldsearch Limited engaged W A (Tony) Camphin (**WAC**), a Chartered Accountant and principal of Strategic Corporate Direction Pty Ltd to prepare an Independent Expert's Report on whether in its opinion the Proposed Acquisition is fair and reasonable to Goldsearch's non-related Shareholders (the "**IER**"). Strategic Corporate Direction Pty Ltd is an Authorised Representative of Avalon Pacific Capital Pty Ltd, Australian Financial Services Licence under the Act, Licence Number 338943.
- 2.2 WAC concluded that the Proposed Acquisition is not fair but reasonable to Goldsearch's Shareholders. The IER is found at [www.goldsearch.com.au](http://www.goldsearch.com.au). Shareholders should read the IER carefully as it provides information which the Directors believe to be material to Shareholders in deciding whether or not to approve the Proposed Acquisition.

## **3 EFFECT ON CAPITAL STRUCTURE**

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- 3.1 The following table summarises Goldsearch's share structure (after Consolidation) if the Proposed Acquisition, the Capital Raising and the other Resolutions are approved by the Shareholders.

Post-Consolidation Shares	Minimum Subscription (\$7 million)	Maximum Subscription (\$10 million)
Pre-acquisition Shares (including shares the subject of resolutions 4 & 5) <sup>1</sup>	9,647,633 6.56%	9,647,633 5.96%
Issue of Shares to John Percival (Resolution 7)	250,000 0.17%	250,000 0.15%
Consideration Shares (Resolution 9) <sup>2</sup>	94,500,000 64.30%	94,500,000 58.35%
Capital Raising Shares (Resolution 12)	35,000,000 23.82%	50,000,000 30.87%
Shares to Adviser and Facilitator (Resolution 13)	7,560,000 5.14%	7,560,000 4.67%
<b>Total</b>	<b>146,957,633</b> <b>100%</b>	<b>161,957,633</b> <b>100%</b>

<sup>1</sup> The pre-acquisition Shares are held by current Goldsearch Ltd Shareholders

<sup>2</sup> The Consideration Shares will be held by and the Vendor's and their associates

#### 4 USE OF FUNDS

4.1 Funds raised by the Capital Raising are intended to be applied as follows:

Item	Minimum Subscription (\$7 million)		Maximum Subscription (\$10 Million)	
	Year 1	Year 2	Year 1	Year 2
Proceeds from the Offer	\$7,000,000	-	\$10,000,000	-
<b>Total funds available</b>	<b>\$7,000,000</b>	<b>\$3,138,000</b>	<b>\$10,000,000</b>	<b>\$3,388,000</b>
Administration	\$770,000	\$834,000	\$770,000	\$1,058,000
Research and development	\$430,000	\$474,000	\$430,000	\$500,000
Compliance	\$300,000	\$330,000	\$300,000	\$330,000
Packaging Plant Acquisition	-	-	\$1,500,000	-
Equity investment*	\$1,000,000	-	\$1,000,000	-
Global sales offices**	-	\$1,500,000	\$1,000,000	\$1,500,000
Estimate cost of Offer	\$1,070,000	-	\$1,320,000	-
Repayment of liabilities	\$292,000	-	\$292,000	-
<b>Total Funds Applied</b>	<b>\$3,862,000</b>	<b>\$3,138,000</b>	<b>\$6,612,000</b>	<b>\$3,388,000</b>

\* The equity investment currently being contemplated is to acquire a shareholding in one of the primary Distribution Partners of Zoono

\*\* The Company is looking to set up sales support offices in strategic locations, such as USA , Singapore , Dubai, where there will be a small support team of business development and technical personnel to support our local distributors

4.2 The above budget is indicative only. As with any budget, intervening events and changed circumstances may alter the way funds are ultimately applied. Further details about Zoono's business and intended activities to which the funds will be applied are in Section 6.

## 5 PRO FORMA BALANCE SHEET

Set out in the table below are summarised historical consolidated statements of financial position for Goldsearch Limited (the "Company") and Zoono Group Limited (the "Target") as at 30 June 2016 and 31 March 2016 respectively, and a summarised pro forma consolidated statement of financial position assuming the acquisition of Target and completion of the Offer as detailed in the notes below. The historical consolidated statements are based on audited figures from each entity and the pro-forma balances have been prepared by a Chartered Accountant but have not been audited.

	Historical Consolidated Statement of financial position		Pro-Forma Consolidated Statement of financial position	
	30 Jun 2016	31 Mar 2016	Minimum Subscription <sup>(3)</sup>	Maximum Subscription <sup>(3)</sup>
	Company <sup>(1)</sup>	Target <sup>(2)</sup>		
	\$	\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash assets	107,596	179,252	4,925,348	6,175,348
Trade and other receivables	14,865	875,517	890,382	890,382
Inventories	-	106,324	106,324	106,324
Other current assets	5,907	-	5,907	5,907
<b>TOTAL CURRENT ASSETS</b>	<b>128,368</b>	<b>1,161,093</b>	<b>5,927,961</b>	<b>7,177,961</b>
<b>NON CURRENT ASSETS</b>				
Financial assets	-	-	1,000,000	1,000,000
Property, plant and equipment	-	102,865	102,865	1,602,865
<b>TOTAL NON CURRENT ASSETS</b>	<b>-</b>	<b>102,865</b>	<b>1,102,865</b>	<b>2,602,865</b>
<b>TOTAL ASSETS</b>	<b>128,368</b>	<b>1,263,958</b>	<b>7,030,826</b>	<b>9,780,826</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	406,539	2,320,562	2,435,601	2,435,601
Borrowings	-	43,026	43,026	43,026
<b>TOTAL CURRENT LIABILITIES</b>	<b>406,539</b>	<b>2,363,588</b>	<b>2,478,627</b>	<b>2,478,627</b>
<b>NON CURRENT LIABILITIES</b>				
Borrowings	-	69,798	69,798	69,798
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>69,798</b>	<b>69,798</b>	<b>69,798</b>
<b>TOTAL LIABILITIES</b>	<b>406,539</b>	<b>2,433,386</b>	<b>2,548,425</b>	<b>2,548,425</b>
<b>NET ASSETS</b>	<b>(278,171)</b>	<b>(1,169,428)</b>	<b>4,482,401</b>	<b>7,232,401</b>
<b>EQUITY</b>				
Issued capital	34,798,272	1	8,697,577	11,447,577
Accumulated losses	(35,076,443)	(1,169,429)	(4,215,176)	(4,215,176)
<b>TOTAL EQUITY</b>	<b>(278,171)</b>	<b>(1,169,428)</b>	<b>4,482,401</b>	<b>7,232,401</b>

**Notes:**

1. Column 1 represents the audited historical consolidated statement of financial position of the Company as at 30 June 2016.
2. Column 2 represents the audited historical consolidated statement of financial position of the Target as at 31 March 2016.
3. Column 3 and 4 represent the pro forma consolidated statement of financial position of the Company assuming:
  - (a) the acquisition of 100% of the Target on 30 June 2016. Under the reverse acquisition accounting standard requirements, the consolidated financial statements of the legal parent (the Company) are presented as a continuation of the financial statements of the main private operating entity (the Target). Applying the reverse acquisition accounting principles, a cost of listing \$1,083,747 has been calculated for the Transaction;
  - (b) the Minimum Subscription of \$7,000,000 and the Maximum Subscription of \$10,000,000 respectively less estimated associated costs to be satisfied in cash for the minimum / maximum raise of \$970,000 / \$1,220,000. Cash costs of the Minimum / Maximum Offer have been allocated as \$670,000 / \$920,000 to contributed equity relating to the issue of Shares and \$300,000 / \$300,000 to accumulated losses;
  - (c) Events occurring subsequent to 30 June 2016 and as part of the Prospectus in the merged Entity, including:
    - i. Issue of a convertible note by the Company for \$350,000, which was subsequently converted to ordinary shares. Proceeds from the convertible note issued has been expended as working capital;
    - ii. Issued of 250,000 shares at an issue price of \$0.20 and payment of \$100,000 Finder's Fee to Mr John Percival;
    - iii. Issue of 7,560,000 shares at an issue price of \$0.20 to JB Advisory Pty Limited for advisory and facilitation services;
    - iv. Repayment of \$291,500 in outstanding liabilities of the Company;
    - v. Equity investment of \$1,000,000 to acquire a shareholding in a primary Distribution Partner of Zoono;
    - vi. Acquisition of a packaging plant for \$1,500,000 should the Maximum Subscription of \$10,000,000 be achieved.

## **6 ZOONO ACQUISITION**

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### **Share Sale Agreement**

- 6.1 On 19 August 2016, Goldsearch announced it had entered a binding Share Sale Agreement (the "**Share Sale Agreement**") to acquire 31,112 shares in Zoono Group Limited ("**Zoono**") from NPT Zoono Trustee Limited ("**NPT Trustee**"), representing 100% shareholding in Zoono (the "**Acquisition**").
- 6.2 Consideration for the purchase of 31,112 shares in Zoono is the allotment of 94,500,000 fully paid ordinary Goldsearch Limited shares on a post-Consolidation basis. The Shares Sale Agreement is subject to the satisfaction of various condition precedents, which include, but are not limited to:
  - (a) Goldsearch raising a Minimum Subscription of \$7,000,000 under Prospectus;
  - (b) Goldsearch convening a General Meeting of its Shareholders within sixty (60) days of the date of the Share Sale Agreement, to approve the Acquisition;
  - (c) Goldsearch obtaining approval of its Shareholders for the Acquisition;
  - (d) Goldsearch to use all reasonable endeavours to procure a waiver from the ASX, such that NPT Zoono Trustee Limited can sell not less than \$2,000,000 and not more than \$5,000,000 of the Consideration Shares, upon completion of the Capital Raising (the "**Waiver Requirement**") (this condition has been waived by NPT Trustee pursuant to a Deed of Variation, but is subject to the Sell Down Capital Raising being completed prior to the Acquisition, which is discussed in greater detail below);
  - (e) Re-quotation occurring in accordance with Chapter 2 of the ASX Listing requirements;
  - (f) Goldsearch, providing the NPT Trustee with evidence satisfactory to the Vendor, that on completion Goldsearch will be:
    - o Free of Debt;

## Goldsearch Limited

ACN 006 645 754

- Compliant with the ASIC and the ASX requirements;
  - Able to cover all costs incurred in relation to the due-diligence process; and
  - Able to deliver net \$5,783,812 to the Company or NPT Trustee (as directed by the Vendor) based on a \$7,000,000 capital raising, less \$560,000 capital raising fees to JB Advisory Pty Limited and \$584,000 for costs of the Proposed Acquisition, which includes an introductory fee of \$100,000 payable to John Percival.
- (g) Goldsearch providing evidence to NPT Trustee, that at completion, there will be no outstanding or unfulfilled contracts other than those disclosed to NPT Trustee in writing by Goldsearch prior to completion;
- (h) NPT Trustee, confirming payment of disclosed amounts totaling approximately \$584,000 in costs, including a one-off payment to John Percival, as an introduction fee. Capital raising commissions paid in addition to these costs are agreed to be 8% payable by Goldsearch to JB Advisory Pty Limited and are payable on all funds raised under Prospectus. In addition, a further commission of 5% will be paid to JB Advisory Pty Limited for the Sell Down Capital Raising by NPT Trustee; and
- (i) NPT Trustee being satisfied that the capital structure of Goldsearch post-completion, based on the minimum capital raising of \$7,000,000 will be as detailed above, unless NPT Trustee agrees changes in writing.

### Sell Down Agreement

6.3 On or about 11 November 2016, Zoono agreed to enter into a Deed of Variation to vary the Waiver Requirement specified in the Share Sale Agreement (the “**Deed of Variation**”). NPT Trustee has agreed to waive the Waiver Requirement on the condition that NPT Trustee is permitted to sell down its 100% shareholding in Zoono to interested third party investors prior to the Acquisition. The material terms of the Deed of Variation is that NPT Trustee will sell \$2 to \$5 million shares in Zoono (the “**Sell Down Shares**”) to interested third party investors (the “**Investors**”).

6.4 On or about 11 November 2016, it was agreed that the Investors would purchase the Sell Down Shares from NPT Trustee pursuant to a Share Sale Agreement (the “**Sell Down Agreement**”) by way of Big Black Bear Pty Ltd (ACN 616 152 320) being the trustee for a separate bare trust for each of the Investors (the “**Bare Trust**”). The Investors will be beneficiaries of the Bare Trust declared in favour of each of the Investors. The material terms of the Sell Down Agreement are that the Investors agree:

- (a) the Big Black Bear Pty Ltd (ACN 616 152 320) (“**Black Bear**”) will be the trustee for a separate bare trust declared by Black Bear for each of the Investors (the “**Bare Trust**”). The sole director/secretary and shareholder of Black Bear is Mr John Benedict Callanan, director of JB Advisory Pty Ltd (ABN 34 128 893 247), a Corporate Authorised Representative of BR Securities Australia Pty Ltd AFSL 456663 (“**JB Advisory**”);
- (b) the Investors will pay the purchase price to Black Bear for the nominated Sell Down Shares it seeks to purchase from NPT Trustee (the “**Sell Down Capital Raising**”);
- (c) upon receipt of the Sell Down Capital Raising (ie the purchase price from each of the Investors), Black Bear will secure the respective Sell Down Shares for the Investors;
- (d) upon Black Bear securing the Sell Down Shares for the Investors, Black Bear will declare the Sell Down Shares are held for the benefit of each Investor by way of the Bare Trust, with each of the Investors being a beneficiary of its own Bare Trust (the “**Beneficiaries**”);
- (e) collectively the Beneficiaries and NPT Trustee will be the “**Vendors**” of 100% of the shares in Zoono;
- (f) the Sell Down Agreement is subject to the Share Sale Agreement becoming unconditional after all of the condition precedents specified in the Share Sale Agreement (and the Deed of Variation) have been satisfied;
- (g) the Acquisition of Zoono is subject to the Sell Down Capital Raising, unless otherwise agreed by

NPT Trustee in writing; and

- (h) The Beneficiaries will also provide an irrevocable written undertaking that upon the declaration of the separate Bare Trust, the Beneficiary will execute a Beneficiary Deed agreeing to the terms and conditions of the Share Sale Agreement (between NPT Trustee and Goldsearch) and will waive all pre-emptive rights under Zoono Limited's Constitution and grant Black Bear the right to execute all documents and do all things necessary for the Beneficiary to sell its Sell Down Shares to Goldsearch pursuant to the terms and conditions of the Share Sale Agreement.

6.5 All of the Beneficiaries of their respective Bare Trust will be sophisticated and/or professional investors as defined in s 708 of the *Corporations Act 2001 (Cth)* and the Sell Down Capital Raising will be performed by JB Advisory. It is expected that the Beneficiaries will be non-related parties to Zoono, nevertheless, this cannot be certain regarding same. Whether the Beneficiaries are related parties or unrelated parties to Zoono, this will determine the length of time the Sell Down Shares are held in escrow as restricted securities.

6.6 The following table summarises Goldsearch's share structure (after Consolidation) after having specific reference to the Sell Down Shares being sold to the Investors prior to the Proposed Acquisition being completed.

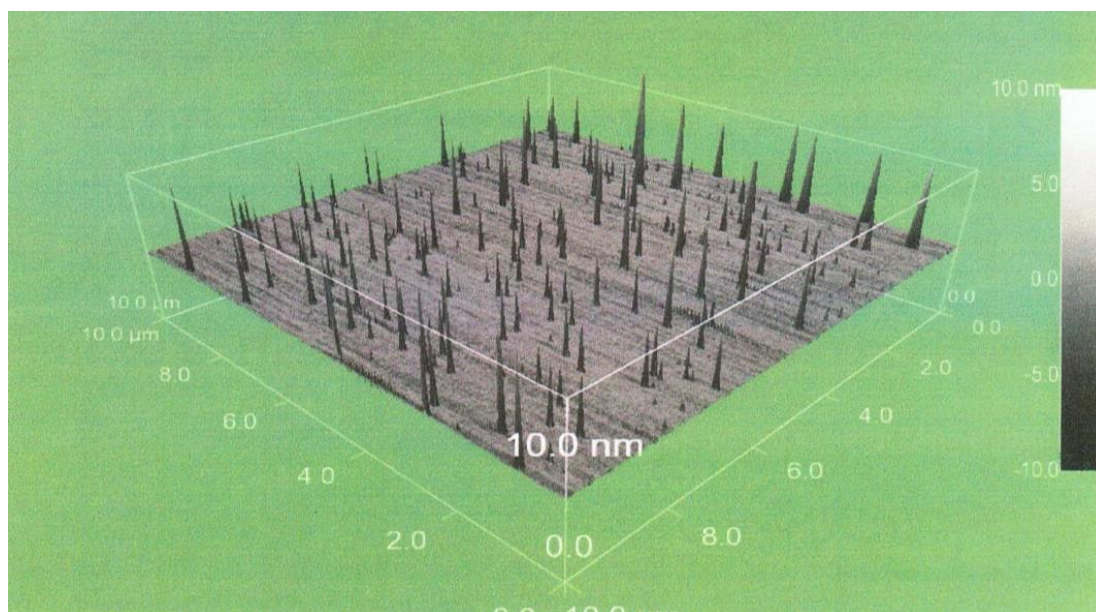
Post-Consolidation Shares	Minimum Subscription (\$7 million)	Maximum Subscription (\$10 million)
<b>Pre-acquisition Shares (including shares the subject of resolutions 4 &amp; 5)</b>	9,647,633 6.56%	9,647,633 5.96%
<b>Issue of Shares to John Percival (Resolution 7)</b>	250,000 0.17%	250,000 0.15%
<b>Consideration Shares (Resolution 9)</b>	94,500,000 64.30%	94,500,000 58.35%
<i>Held by NPT Trustee</i>	81,997,650 55.79%	63,258,300 39.06%
<i>Held by Investors</i>	12,502,350 8.51%	31,241,700 19.29%
<b>Capital Raising Shares (Resolution 12)</b>	35,000,000 23.82%	50,000,000 30.87%
<b>Shares to Adviser and Facilitator (Resolution 13)</b>	7,560,000 5.14%	7,560,000 4.67%
<b>Total</b>	<b>146,957,633</b> <b>100%</b>	<b>161,957,633</b> <b>100%</b>

**Notes:**

- There are 31,112 shares in Zoono Limited, currently held by NPT Trustee (the "Zoono Shares").
- Goldsearch proposes to acquire 100% of the Zoono Shares in exchange for 94,500,000 Consideration Shares at the deemed issue rate of \$0.20 per share. The Consideration Shares have a deemed value of \$18,900,000.00 (94,500,000 x \$0.20).
- Based on the above valuation, the Zoono Shares are each valued at \$607.48 per share (\$18,900,000.00/31,112).
- There will be a Sell Down of \$2 - \$5 million Zoono Shares, at a 20% discount as those shares will be restricted securities, with a sale price of \$485.98 per share (\$607.48 x 80%).
- To Sell Down \$2 - \$5 million in Zoono Shares, there will be a Sell Down of 4,115 (\$2,000,000.00/\$485.98) to 10,288 (\$5,000,000.00/\$485.98) Zoono Shares.
- This ultimately represents 13.23% (4,115/31,112) to 33.06% (10,288/31,112) of the Consideration Shares, or 12,502,350 (94,500,000 x 13.23%) to 31,241,700 (94,500,000 x 33.06%) in Consideration Shares.

## History and Overview of the Zoono Business

- 6.7 The basic technology behind Zoono's business has been in existence since German scientists first created the molecule in 1933. Originally, it was to be used for preventing Algae building up on the surfaces of submarines making them more fuel efficient through the water and less prone to detection from enemy sonar.
- 6.8 Subsequently, the molecule has been used mainly in the textile industry and some mould remediation, however, inherent problems remained as methanol was used as the stabilising agent.
- 6.9 In 2009, Mr. Paul Hyslop incorporated Zoono Group Limited after recognising the opportunity presented by this technology and numerous other areas and fields where this technology would have applications. In or around the time of incorporation, the base technology had several inherent problems, including very short shelf life, deactivation and loss of efficacy outside a narrow temperature band. Zoono (under its own means) re-engineered the technology with the assistance of scientists and chemists in both California and New Zealand. As a result the re-engineering of the technology, the products sold by Zoono now have a shelf life of approximately 3-5 years; maintain efficacy over a wide temperature range; and are water based so that it can obtain relevant approvals globally by government agencies including New Zealand Food Safety and clearance to market the products in the United States by the United States Food and Drug Administration.
- 6.10 The primary purpose of Zoono products are to kill whatever pathogens are found on a surface whether they be skin, hard surface or textiles, and then to protect the surfaces for extended periods of time.
- 6.11 Zoono has been particularly successful at developing commercial end uses for the products outside what it was originally designed for. These include food packaging (to extend shelf life) and food processing, bottling facilities, dairy, agriculture and horticulture, textiles, wall coverings, floor coverings and retail consumer products and hospital grade products for the medical industry.
- 6.12 The technology has evolved considerably from the original formulation. As a result of this product and formulation evolution, fresh opportunities have arisen across several markets.
- 6.13 The companion product GermFree24 has also been developed differently for specific markets – for example a high alcohol variant has been approved for hospital environments and an alcohol free variant has been produced for markets where alcohol is prohibited.
- 6.14 In addition to the above, the ZoonoTex aftermarket range will include products for outdoor furniture, sportswear, and clothing for laundry applications.
- 6.15 An image of the Zoono molecule is below:



*The Zoono Molecule. This photo is 10 nm square. A human hair is 100 nm thick*



## Competitive Advantage

- 6.16 Zoono today is the 9<sup>th</sup> generation of this technology and has been re-engineered into a water based solution that provides the anti-bacterial, anti-viral, anti-fungal and anti-algal protection of a broad spectrum antimicrobial sanitiser that remains active for up to approximately one month after each application whilst being safe for use around people, pets and plants alike.
- 6.17 Zoono can be applied as a mist, as a spray, even brushed onto a surface or used as a dip. It does not require mixing and is safe to handle and safe to store. When the Zoono application dries, the micro thin coating forms a very strong bond with the treated surface. It can be likened to having millions of sword shaped “road spikes” on the surface – each of which will attract, pierce and either kill or inactivate the pathogen. Just like a pin popping a balloon.
- 6.18 Because it does not diminish in strength in relation to the number of pathogens killed or deactivated, the Zoono molecule (the Zoono “Sword”) is capable of attacking new bacteria cells again and again – with only a single application. And because it does not kill or deactivate the pathogen by poisoning with toxic chemicals, they cannot adapt to it so there is no possibility of immunity developing (i.e. no possibility of superbugs).
- 6.19 Indeed, due to the combined factors of Zoono not diminishing in strength, not leaching off a surface, not being affected by regular washing and therefore being able to retain a “mechanical” method of kill or deactivate, Zoono usually remains active for up to a month – with just a single application.
- 6.20 Zoono is colourless, odourless, non-leaching, environmentally safe, non-corrosive and whilst safe for humans and animals, it is deadly for a wide range of bacteria, mould, fungi, yeasts and viruses.
- 6.21 All Zoono products have been extensively tested by reputable laboratories, universities and testing facilities in the USA, UK, Australia, Turkey, Germany, Japan, China and New Zealand. Test results are posted on the [www.zoono.com](http://www.zoono.com).
- 6.22 Zoono has been proven to have a long lasting antimicrobial effect on a variety of pathogens whilst having a similar LD50 toxicity level as Vitamin C. At the same time, Zoono enjoys a New Zealand Food Safety Authority Approval and is considered to be “Food Safe” and able to be used in extreme hygiene environments including abattoirs, fish processing, poultry processing and pharmaceutical plants.

COMPARISON	ZOONO PRODUCTS	REGULAR PRODUCTS
PRINCIPLE	Physical Disruption	Dehydration or chemical poison
METHOD	Attracts, Pierces and Kills Pathogens	Chemical infiltration / Dehydration
DURABILITY ON HANDS	Proven Effective for up to 24 hours	Short term efficacy – only minutes
DURABILITY ON SURFACES	Proven Effective for up to a month	Effective for up to 4 hours
DURABILITY ON TEXTILES	Proven Effective for up to 100 washes	Often washes straight out
TOXICITY	LD <sub>50</sub> similar to that of Vitamin C	Usually highly toxic
EASE OF HANDLING	Ready to use / Easy to use	Require mixing / most contain poisons
MUTATION / SUPERBUGS	Resistance impossible = NO mutation	Promote development into superbugs!
ENVIRONMENT	Safe to use – no environmental issues	Not good for the environment
TESTING / PROOF OF EFFICACY	100+ Test results from Labs - globally	Usually not available / not published

## Product Range

- 6.23 Zoono's products are available for commercial, industrial and consumer applications. Zoono sells several branded derivatives based on its core Zoono technology:

Product	Application
Zoono® Surface Sanitiser	a “regular strength” and ready to use product
ZoonoTex Concentrate	usually used in textile applications
GermFree24®	hand protectant / sanitiser that lasts for 24 hours with just one application
Zoono Femme	female hygiene product
Zoono Foot Guard	for athletes foot
Zoono Skin Clear	for acne treatment
Zoono Odourguard	body odour protection
Zoono Room Deodoriser	designed to kill odour-causing bacteria and keep away bad smells
Zoono Mould Guard	mould remediation products
Zoono Mini Foggers	a continuous 6-minute antimicrobial bomb
Zoono Wet Wipes	alcohol and fragrance free wipes offering up to 24-hour protection

6.24 All Zoono products are contract manufactured in New Zealand and the United States and have established distribution channels in approximately 40 countries around the world, with more distribution agreements currently in negotiation. The versatility of the Zoono technology provides significant opportunities for the Zoono range to be expanded.

### Industry Applications

6.25 Zoono’s products have many applications. Some examples include:

Hospitals	<ul style="list-style-type: none"> <li>• Zoono Z-71 is proven as both a fogging agent and for Touch Point Treatments within extreme risk applications (Isolation Wards / ICU etc);</li> <li>• Zoono Z-71 is proven as a fogging agent within Operating Theatres;</li> <li>• Zoono Z-71 is proven as a Touch Point Treatment for use in Triage / Casualty</li> </ul>
Assessment environments	<ul style="list-style-type: none"> <li>• Zoono Z-71 is the ideal product for fogging high-risk areas such as waiting rooms., child play areas, reception areas, public rest rooms., toilets etc; and</li> <li>• Zoono Z-71 has a proven track record against Norovirus, H1N1 etc.</li> </ul>
Medical facilities	<ul style="list-style-type: none"> <li>• Zoono Z-71 is proven as a highly effective antibacterial treatment agent in high-risk environments including doctor’s surgeries, dentists, veterinaries, reception areas, waiting rooms., children’s areas, ambulances, rescue helicopters, rescue craft, laboratories etc;</li> <li>• These areas are best treated via a regular (3 monthly) Fogging Programme, coupled with regular applications via a coordinated Touch Point Programme;</li> </ul>

	<ul style="list-style-type: none"> <li>• Zoono Z-71 is proven as an effective antibacterial product where the risk of cross contamination is high;</li> <li>• Zoono Z-71 is food safe, water based and non-toxic and is safe to be used around people, plants and pets alike.</li> </ul>
Healthy homes and businesses	<ul style="list-style-type: none"> <li>• Zoono Z-71 is proven as an effective antibacterial that is safe to use around children, plants and pets alike.</li> <li>• The Healthy Homes and the Healthy Business Programmes provides a range of services to sell into the residential market. The suite of services includes the following: <ul style="list-style-type: none"> <li>○ Mould Remediation and Prevention</li> <li>○ Allergy Prevention</li> <li>○ Air Conditioning Treatment</li> <li>○ Odour Elimination</li> <li>○ Surface Treatment / Fogging / Touch Point Programme</li> <li>○ IT Hygiene (Computers / Telephones / Screens / Photocopiers / Printers etc)</li> </ul> </li> </ul>
Poultry and abattoirs	<ul style="list-style-type: none"> <li>• Zoono is non-toxic and safe to use in chicken-hatcheries and abattoirs.</li> <li>• Zoono Z-71 is proven as a Food Safe alternative to formaldehyde disinfectant in broiler sheds.</li> <li>• Zoono Z-71 is approved for use in Halal compliant facilities.</li> <li>• Zoono has been proven to reduce bacterial counts in all processing areas.</li> <li>• It is also an ideal sanitiser for use in processing plants as it is Food Safe and yet highly effective against pathogens.</li> </ul>
Food processing and bottling plants	<ul style="list-style-type: none"> <li>• Zoono Z-71 is proven as both a fogging agent and for Touch Point Treatments within high risk environments such as Food Processing facilities and Bottling Plants</li> <li>• Zoono Z-71 is Food Safe and can safely be used via both a fogging machine or via a trigger pack.</li> <li>• Zoono Z-71 provides maximum protection against pathogens and viruses alike.</li> <li>• Zoono Z-71 is Halal and is approved for use in compliant facilities.</li> <li>• Zoono is non-toxic and has a similar LD50 to that of Vitamin C.</li> <li>• Zoono is approved by NZFSA, AsureQuality and AQIS and is widely used in food production environments.</li> </ul>

6.26 Zoono also has also had use in marine; transportation; hotels; mosques; disaster recoveries; supermarkets; ATM machines; casinos and wineries.

#### Distributor Model

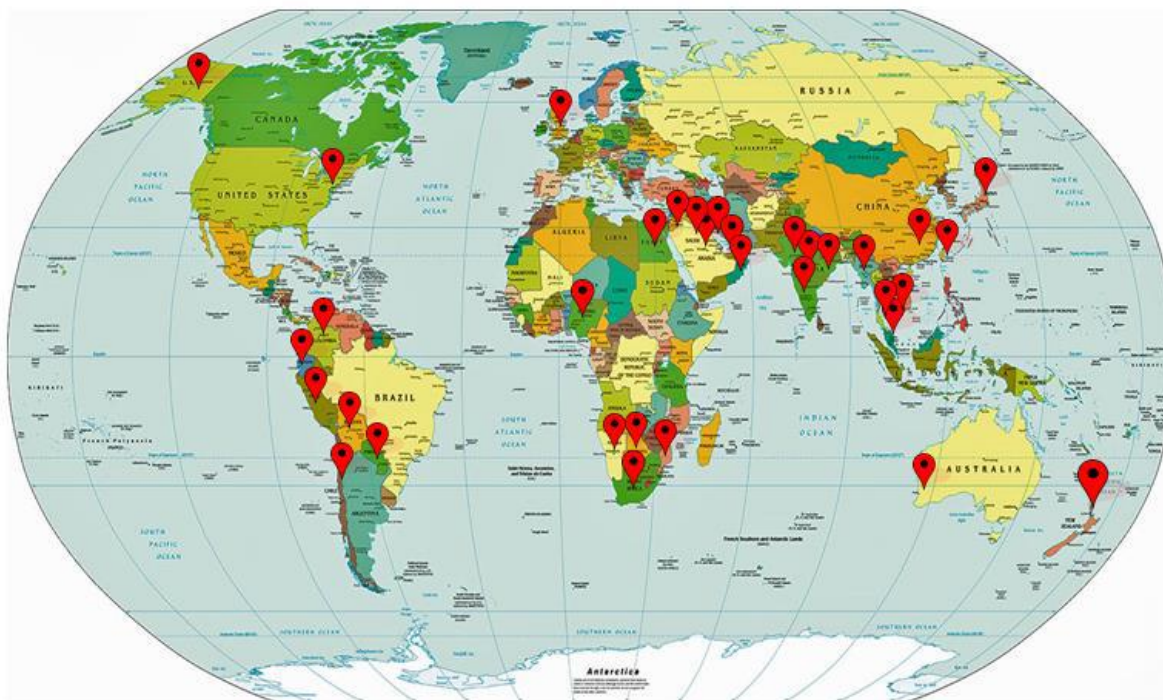
6.27 In or around 2009, the decision was made that the best method of selling the Zoono product range was to establish a distributor network where the distributors would commit to an initial order and ongoing minimum volumes increasing each year.

6.28 Zoono has signed distribution agreements which covers various countries, such as, but not limited to: New Zealand, Australia, Malaysia, Singapore, Thailand, China (including Hong Kong, Macau and

Taiwan), Japan, UAE, Jordan, Saudi Arabia, Egypt, USA, UK, South Africa, Peru, Chile, Ecuador, Nigeria, Iran and a significant portion of Africa being West Africa.

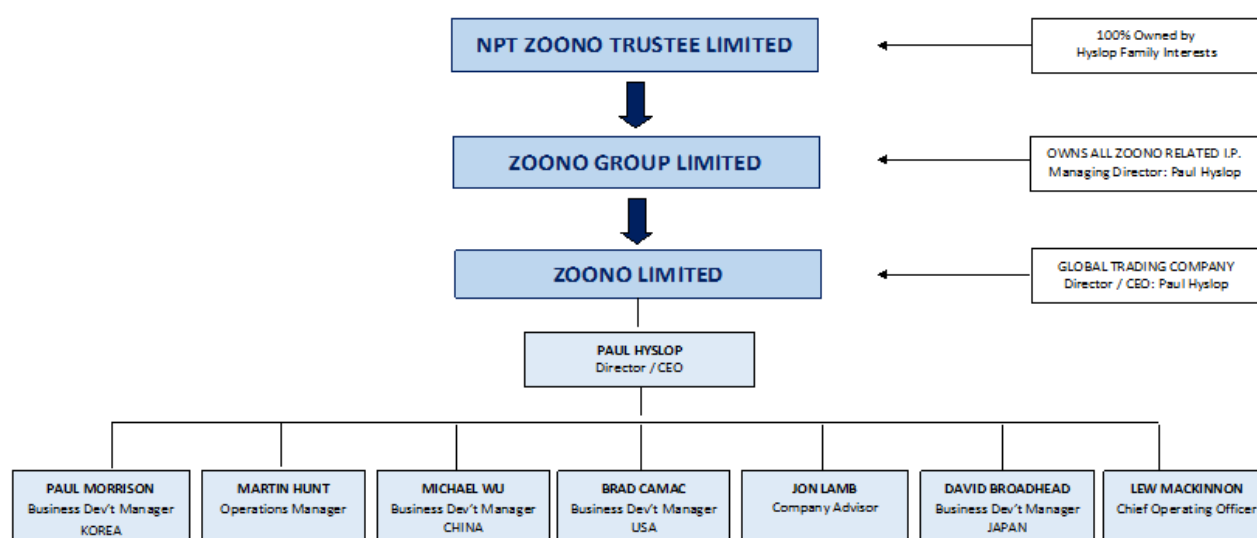
- 6.29 Each distributor has the right to sell the product range through appropriate channels (e.g. pharmacies, supermarket etc.) or directly to end users (e.g. meat processing facilities, bottling plants etc.) that require sanitisation and ongoing protection for production processes.

### Distributor Network Diagram



This diagram may not accurately reflect the current distribution agreements as there may be more or less at the time of reading this document.

### Zoono Group Structure



## Senior Management

### *Mr. Paul Hyslop*

- 6.30 Mr. Paul Hyslop is the founder of Zoono Group Limited and has an extensive background in business, owning his first business in the beauty industry at 19, which grew to employ 60 staff. Paul then pursued his passion for flying and, after several years as a flying instructor and then airline pilot, he re-entered the commercial sector progressing to being a director of several companies, including property development, hospitality and IT businesses before Zoono in 2009. His passion and drive to develop Zoono on the world stage has seen the steady growth of the company with the vision of much success around the corner.

### *Mr. Lew MacKinnon*

- 6.31 Mr. Lew MacKinnon (Chief Operating Officer) has Executive level experience from the (NZ) FMCG industry – mainly with Lion Nathan and DB Group. He was then headhunted for the role of National Sales Manager for TranzRail – NZ's infrastructural freight company, with an annual sales budget of NZ\$430 Million. Prior to joining Zoono Group, Lew was the Managing Director (New Zealand) for the ASX listed Company, Aristocrat Leisure Limited (ALL). He has been with the Zoono Company since inception.

### *Mr. Jon Lamb – Proposed Executive Chairman*

- 6.32 Mr. Lamb has extensive global pharmaceutical company experience and is currently Non-Executive Director of dual ASX / NZX listed AFT Pharmaceuticals Ltd. Mr. Lamb has an extensive history of executive and advisory roles including Zespri International Ltd and Fletcher Challenge. Mr. Lamb is a Member of the Institute of Directors and the Chartered Institute of Marketing.

### *Mr. Don Clarke – Proposed Non-Executive Director*

- 6.33 Mr. Clarke was a Partner of Minter Ellison's Melbourne Corporate Group, from 1988-2015. He currently acts as a consultant to them and is also a director of ASX listed Webjet Limited and Contango Income Generator Limited together with unlisted S B & G Hotel Company Limited. He was previously been a director of ASX listed Opthea Limited, Polynovo Limited and Phosphagenics Limited. Mr. Clarke has advised leading corporate clients on broad corporation law issues focused on equity capital markets, private equity, mergers and acquisitions and corporate restructures. He is able to draw on his first-hand experience as a corporate lawyer and a director, of directors' duties and responsibilities and best practice corporate governance, when advising on the legal and practical issues faced at head office and board level.

## Proposed Post Zoono Acquisition Use of Funds

- 6.34 The funds received from the Capital Raising are proposed to be applied as set out in Section 4.
- 6.35 The funds will provide working capital for Goldsearch (Zoono) to meet the costs including but not limited to wages, directors, fees, rents, communications, travel, computer and administration systems, product manufacture, research and development, administration and compliance costs. Funds will also be used pay the expenses of the Offer, repay liabilities, establish sales support offices in key locations and make an equity investment in one of the Company's primary distribution partners.

## Risks Associated with the Zoono Business

- 6.36 There are risks which could have a material adverse effect on the Goldsearch's (Zoono's) operating and financial performance and the price and value of its shares after completion of the Proposed Acquisition.
- 6.37 Key risks identified are set out below. It should be noted that this description of risks is not intended to be an exhaustive list of the risk factors to which the Company is or may be exposed.

## Continued Admission of Shares on the ASX List

- 6.38 As the Company has no recent involvement in the antimicrobial manufacture and distribution industry, the Proposed Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking

admission to the Official List.

- 6.39 There is a risk that the Company may not be able to meet the requirements of the ASX for readmission of its Shares on the ASX. Should this occur, the Shares would not be able to be traded on the ASX until such time as those requirements can be met, if at all.

#### **Risk Associated with the Acquisition**

- 6.40 The Acquisition is subject to certain conditions precedent (see above), which include the Company receiving certain approvals from Shareholders (i.e approval of Resolutions 8 to 15 inclusive, the Essential Resolutions) and ASX. Any delay in these approvals may delay Completion or the Acquisition may not complete at all.
- 6.41 As the capital structure will result in the acquisition target having control, by holding more than 50% of the fully diluted capital, major business decisions will be in the hands of the incoming vendors. Should ineffective decisions be made, it may result in reduced performance by the Company, which may be reflected in the share price, thereby diluting shareholder value.
- 6.42 Zoono has limited operating history and the potential for its business model is unproven. No assurances can be given that Zoono will achieve commercial viability though the successful implementation of its business plan.
- 6.43 Due to the fact that the incoming Vendors will hold 58.35% to 64.30% of the total shares on issue of the Company, together with the fact that new shares in the range of 35 million to 50 million shares will be issued pursuant to the Offer under this Prospectus, current shareholders of Goldsearch Shares will suffer significant dilution as a percentage of the Company relative to the position prior to the Acquisition.
- 6.44 Further, upon the Completion of the Proposed Acquisition, Mr Paul Hyslop and his associated entity NPT Trustee will hold 39.06% to 55.79% voting power; the remaining Vendors (the Investors pursuant to the Sell Down Capital Raising) will hold 8.51% to 19.29% voting power; the new Investors pursuant to the Capital Raising under the Prospectus will hold 23.82% to 30.87% voting power; and the current shareholders being diluted to 5.96% to 6.56% voting power.

#### **Risk of Future Funding Requirements**

- 6.45 Goldsearch has limited financial resources and may need to raise additional funds from time to time. In certain circumstances, the Company's ability to successfully operate may be subject to its ability to raise funds, which will be subject to factors beyond the control of the Company and its Directors (including without limitation cyclical factors affecting the economy and financial and share markets generally).

#### **Operating Risks**

- 6.46 Whilst all care and planning will be undertaken to ensure that operational risk is mitigated, such operational risk mitigation cannot be guaranteed. The operations of the Company post Completion, may be affected by a range of factors, including:
- *Business Strategy Execution Risk*
    - The Company's growth and financial performance is dependent on the Company's ability to successfully execute its business strategy, commercialise its products and gain market share / sales.
    - There can be no assurance that the Company can successfully achieve any or all of its initiatives. The failure by the Company to successfully execute its business strategy could have a material adverse effect on the Company's business, financial condition and results of operations.
  - *Sustainability of Growth and Margins*
    - The sustainability of growth and the level of profit margins from operations which are dependent on a number of factors outside the Company's control including government regulation.

- *Management Actions*
  - Directors will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavor to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company.
- *Reliance on key management*
  - GSE currently engages as consultants, a number of key members of its management team. The loss of any of these people's services could materially and adversely affect the Company and may impede the achievements of its product development and commercialisation objectives.
  - The successful growth of the Company will require the services of additional staff. There can be no assurance that the Company will be able to attract appropriate additional staff and this may adversely affect the Company's prospects for success.
- *Risks associated with expanding the business*
  - GSE is a relatively a new entrant in the market of antimicrobial products, particularly in the listed space. As outlined, to date the Company has invested in product formulations, regulatory approvals for sales and building its supplier and sales channels. The commercial sales / distribution strategy is only just commencing.
    - GSE therefore faces the risks common to any expanding company including:
    - continuing building its depth and infrastructure;
    - commercial product development;
    - successfully obtaining market penetration and strategic partners to secure market share;
    - increasing its product / brand recognition in the market; and
    - obtaining acceptance by the end consumers.
  - Investors should consider GSE's business and prospects in light of the risks, uncertainties, expenses and challenges that it may face as an early-stage business. If GSE is not successful in addressing such risks, GSE's business prospects and financial performance may be materially and adversely affected.
- *Dependence on Service Providers*
  - As a manufacturing and distribution company, the Company is heavily reliant on its main suppliers, manufacturers, strategic partners and sales channels (including its distribution partners). In this regard, the Company operates a significant amount of its key activities through a series of relationships with independent contractors.
  - All of the Company's contracts carry a risk that the third parties do not adequately or fully comply with its or their respective rights and obligations. Such failure can lead to termination and/or significant damage to the Company's branding, customer profile and generally the Company's business including loss of profit and business/sale opportunities.
  - Additionally, the Company sources its products from a range of suppliers; a loss of one or multiple suppliers, or a significant disruption in the supply chain could have a material adverse effect on the Company.
- *Export License risk*
  - The Company holds licences for its products, which are required to import into various countries. These requirements differ from region to region, and must be satisfied in order to obtain an export licence and this may act as a barrier to entry for other competitor businesses wanting to export their goods into specific markets. The export licence is an important competitive advantage to the Company.

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- However, the process required to maintain the export license is onerous and includes regular audits by the relevant authorities. If the Company were to lose its current export licences (for example, as a result of a change in government, legislation, or breach in its licence condition) or if it became easier for competitors to obtain a similar licence due to government changes, this may adversely impact the financial performance of the Company.
- *Reliance on Distribution partners*
  - Presently, the Company relies on Distributors to sell the Zoono product range. Zoono has little direct contact with the end user buyers of the product other than for major transactions.
  - There is a risk that if the Distributors decrease their promoting of the products, change their focus to other products delivering higher margins or consistency of sales, that the overall performance of the Company will be financially impacted.
- *Reliance on major suppliers*
  - A small number of suppliers will currently provide the manufactured product to the Company under agreement. Accordingly, there is a risk to the Company's business if one or more of these significant suppliers breach or terminate their supply arrangements with the Company.
- *Reliance on key suppliers*
  - The Company has not entered into specific contracts for a number of the items needed to manufacture the, nor does it have binding quotations in relation to such items. Rather the Directors have determined that following the successful close of the Offer, the Company will be well positioned to negotiate the exact terms for such contracts.
  - It is possible that actual expenditure may be more than estimated by the Company in its anticipated Expenditure Program. This could, depending on the difference in actual costs, requiring the Company to seek to raise additional funding.
  - While the Directors are confident the Company will be able to source suitable suppliers, there is a risk that it may not be able to source those suppliers at the estimated expenditure which may have a negative impact on the Company's performance.
- *Reduced demand for the Company's products*
  - The future success of GSE will be reliant on the sustained and potential growth in demand for the Company's products.
  - There is a risk that demand for such products may decrease for reasons outside the Company's control including the introduction of new taxes, aggressive selling by other competitors and similar / substitute products being made available locally. This may adversely affect the Company's financial performance.
- *Competition risk*
  - The Company participates in a highly competitive global business market against competitors with significantly greater financial, technical, human, development and marketing resources than the Company. Some of these competitors may be able to respond more effectively to changing business and economic conditions.
  - Examples of some of the major competitors include the following:
    - The Procter and Gamble company
    - Gojo industry Inc.
    - Reckitt Benckiser group Plc.
    - Best sanitizers Inc.
    - The Himalaya drug company
    - Henkel corporation
    - Unilever
  - Competition in this segment is largely based on pricing of products, quality of products, perceived value of products, in-store presence and visibility and, promotional activities



(including online advertising). Goldsearch cannot predict what its competitors will do in these areas or whether new competitors offering comparable products at more attractive prices will emerge.

- As a consequence, the Company's current and future products may become uncompetitive, resulting in adverse effects on revenue, margins and profitability. Additionally, Goldsearch's ability to compete will also depend on a number of other factors such as the continued strength of the Company's brand and products and its ability to enter into new markets and increase its presence in existing markets.
- *No patents around the technology and/or products*
  - No independent valuation of the Company's intellectual property, and no patent applications granted or pending exposes a potential risk in competitive products commencing proceedings for breach of existing patents, or other companies applying for patents for similar products and solutions.
  - To date the Company has not applied for any patents, preferring to keep its formulations as Trade Secrets, so as not to provide the detailed information to its competitors.
- *Currency risk*
  - Revenue and expenditures in overseas jurisdictions are subject to the risk of fluctuations in foreign exchange markets. The Company's business strategy in part is aimed at penetrating markets in Asia and therefore it is possible a significant proportion of its expenses and potential revenue will be in foreign currencies. Accordingly, payment will be made in those countries' currencies, and may exceed the budgeted expenditure if there are adverse currency fluctuations against the Australian dollar. Goldsearch has no current plans at this stage to hedge its foreign currency payments.

## Regulatory requirements

6.47 The Company and its proposed products are subject to various laws and regulations including but not limited to accounting standards, tax laws, environmental laws, product content requirements, labelling / packaging, regulations and customs regulations. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Company's financial performance. Laws and regulations are specific to each geographic location. In this regard, there is a risk that a certain product may not be able to be supplied in another jurisdiction because it fails to meet that jurisdiction's regulatory requirements (e.g. product registration requirements). Failure of the Company to remain up to date with these various regulatory requirements, could adversely affect the Company's financial performance.

## Dividends

6.48 The Company's future dividend levels will be determined by the Board having regard to financial results and the financial position of the Company. There is no guarantee that any dividend will be paid in future.

## Insurance risks

6.49 Zoono maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a materially adverse effect on the business, financial condition and results of the Company post Completion. No assurance however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

## Share market

6.50 There are general risks associated with any investment and the share market. The price of Shares on the ASX may rise and fall depending on a range of factors beyond the Company's control which are unrelated to the Company's financial performance. These factors may include movements on international stock

markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

### **Liquidity risk**

- 6.51 The capital structure shows the incoming Vendors holding greater than 50% of the shares; these shares will be escrowed according to ASX requirements for a period of time.
- 6.52 During that time, only a limited number of Shares will be available for trading, which may result in reduced liquidity and difficulty for shareholders to sell or trade their shares and they may be unable to realise their investment in the Company.

### **Potential acquisitions**

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

### **Plans for the Company if the Acquisition is not approved**

- 6.54 If the Acquisition is not approved, the Company intends to consider further acquisition opportunities as and when they may arise.

### **Investment speculative**

THE ABOVE LIST OF RISK FACTORS OUGHT NOT TO BE TAKEN AS EXHAUSTIVE OF THE RISKS FACED BY THE COMPANY OR BY 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 SHARES. SHAREHOLDERS SHOULD NOTE THAT ANY INVESTMENT IN THE COMPANY IS SPECULATIVE AND CARRY NO GUARANTEE WITH RESPECT TO THE PAYMENT OF DIVIDENDS, RETURNS OF CAPITAL OR THE MARKET VALUE OF THOSE SHARES. THE SUCCESS OF THE COMPANY IS LARGELY DEPENDENT ON THE ROLL OUT OF ITS COMMERCIALISATION STRATEGY FOR ITS PRODUCTS, CONTINUED SUPPLY OF THOSE PRODUCTS FROM ITS SUPPLIERS AND PERFORMANCE BY ITS SALES AND MARKETING CHANNELS / PARTNERS. IT HAS ONLY JUST COMMENCED THAT COMMERCIALISATION STRATEGY HAVING TO DATE INVESTED IN THE DEVELOPMENT OF ITS PRODUCT RANGE AND BUILDING AN INFRASTRUCTURE FOR COMMERCIAL SALES. AN INVESTMENT IN ITS SHARES SHOULD THEREFORE BE CONSIDERED VERY SPECULATIVE REFLECTING THE COMPANY'S COMMERCIALISATION START UP AND EARLY STAGE OF PRODUCT BRANDING.

## **7 POST COMPLETION BOARD OF GOLDSEARCH**

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- 7.1 Upon completing of the Proposed Acquisition, the three current directors of Goldsearch, Mr. John Percival, Ms. Elissa Hansen and Mr. Glenn Tetley have agreed to resign as directors in accordance with the terms of the Share Sale Agreement, nevertheless, Ms. Elissa Hansen is up for re-election.
- 7.2 The proposed Board of Goldsearch following the Proposed Acquisition will be Mr. Paul Hyslop, Mr. Jon Lamb, Mr. Don Clarke and Ms. Hansen. Further details of the proposed new directors are set out above at paragraphs 6.30 to 6.33. Information on the additional director will be provided in the Prospectus.
- 7.3 The elections of Mr. Paul Hyslop, Mr. Jon Lamb and Mr. Clarke are the subject of Resolutions 10, 11 and 12. Mr. Paul Hyslop, Mr. Jon Lamb and Mr. Clarke will not take office of Goldsearch until the Completion.

## 8 RESOLUTIONS

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### Annual Report

- 8.1 The first agenda item is to receive the annual report of the Company for the year ended 30 June 2016.
- 8.2 Section 317 of the Corporations Act requires the directors to lay before the Annual General Meeting the financial report, the directors' report (including the Remuneration Report) and the auditor's report for the last financial year that ended 30 June 2016.
- 8.3 In accordance with sections 250S and 250SA of the Corporations Act, Shareholders present at the Annual General Meeting will be provided with a reasonable opportunity to:
- (a) ask questions or make comment to the Directors' present on the management of the Company and Remuneration Report; and
  - (b) ask questions or make comment to the Auditor about the conduct of the audit and the preparation and content of the Auditor's Report.
- 8.4 No formal resolution to adopt the annual report will be put to the Shareholders at the Annual General Meeting.
- 8.5 Shareholders who are unable to attend the Annual General Meeting are able to submit written questions to the Chairman about:
- (a) The preparation and the content of the 2016 Auditor's Report;
  - (b) The conduct of the 2016 audit;
  - (c) Accounting policies adopted by the Company in relation to the preparation of the 2016 financial statements; and
  - (d) The independence of the Auditor in relation to the conduct of the 2016 audit.
- 8.6 The questions will need to be submitted no later than five (5) business days (no later than 7 November) before the Annual General Meeting to the Company Secretary at the Company's Registered Office.

### Resolution 1: Remuneration Report

- 8.7 In accordance with Section 250R(2) of the Corporations Act, at a listed company's Annual General Meeting, a resolution that the Company's Remuneration Report be adopted must be put to the vote.
- 8.8 Section 250R(3) of the Corporations Act provides that the vote on the resolution is advisory only and does not bind the Directors or the Company.
- 8.9 In accordance with section 300A of the Corporations Act, the Company's Remuneration Report is contained Under the Corporations Act, companies are required to put to shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company ("Spill Resolution") if, at consecutive annual general meetings, at least 25% of the votes cast on the remuneration report are voted against the adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.
- 8.10 If more than 50% of votes are cast in favour of a Spill Resolution, the company must convene a shareholder meeting ("Spill Meeting") within 90 days of the second annual general meeting. At that meeting, all directors who were in office at the time of the directors' report, other than the managing director, will cease to hold office immediately before the Spill Meeting. Those persons who are elected or re-elected at the Spill Meeting will be the directors of the company. Note those directors who ceased to hold office immediately prior to the Spill Meeting may stand for re-election.
- 8.11 Adoption of the Remuneration Report was passed unanimously on a show of hands at the last Annual General Meeting. Accordingly, a Spill Resolution is not relevant to this Annual General Meeting.
- 8.12 Ordinary shareholders of the Company will be provided with the opportunity to ask questions about or

make comments on the Remuneration Report.

### **Resolutions 2 & 3: Election of Current Directors**

- 8.13 In accordance with ASX Listing Rule 14.5; a public listed company must hold an election of directors each year, which is usually done at the Annual General Meeting.
- 8.14 Pursuant to Listing Rule 14.4:
- (a) no director of a public listed company may hold office past the third Annual General Meeting following their appointment without re-election; and
  - (b) a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the company
- 8.15 Clause 74.2 of the Constitution requires that at any Director appointed by the Board to either fill a casual vacancy or as an addition to the Board, holds office only until the next following AGM and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.
- 8.16 In addition, clause 75.1 of the Constitution states that at the Company's annual general meeting one third of the Directors for the time being or if their number is not a multiple of 3, then the number nearest one-third (rounded upwards), shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years or until third annual general meeting following his or her appointment, whichever is the longer, without submitting him/herself for re-election.

### **Election of Mr. Glenn Tetley – Resolution 2**

- 8.17 On 11 May 2015 the Board appointed Mr. Glenn Tetley as a Director to fill a casual vacancy. In accordance with clause 74.2, Glenn offers himself for re-election at this Annual General Meeting.
- 8.18 Glenn brings a wealth of experience to the Company. Having graduated with a Bachelor of Economics from Sydney University, he gained experience in investment analysis at BNSW (now Westpac) before moving into investment management with a listed mortgage company at Bankers Trust and Morgan Grenfell Australia. From 1987 Glenn worked with financial publication, Huntleys, for 14 years leading a team of analysts. More recently Glenn has been involved in the small company sector concentrating on technology and mining companies.

### **Election of Ms. Elissa Hansen – Resolution 3**

- 8.19 Elissa Hansen retires by rotation in accordance with clause 75.1 of the Company's Constitution and, being eligible, offers herself for re-election.
- 8.20 Elissa was appointed as a director on 9 October 2015. She is an experienced Chartered Secretary with over 15 years' experience in advising management and boards on investor relations, governance, compliance and other corporate issues. She is an associate member of the Institute of Chartered Secretaries Australia and Graduate Member of the Australian Institute of Company Directors, and has a Bachelor of Commerce and a Graduate Diploma in Applied Corporate Governance.

### **Resolution 4: Ratification of prior issue of Shares**

- 8.21 Resolution 4 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 1,750,000 Shares at an issue price of \$0.04 and 416,666 Shares at an issue price of \$0.048 issued on 31 May 2016, together with 750,000 Shares at an issue price of \$0.048 cents issued on 24 June 2016 for a total of 1,166,666 Shares at an issue price of \$0.048 on a pre-consolidated basis (1,458,333 fully paid ordinary Shares on a consolidated basis).
- 8.22 Reference to Shares and amounts in Resolution 4 and this section 8.4 refer to Shares on a pre-consolidated basis. The Shares the subject of Resolution 4 and this section 8.4 will be consolidated if Resolution 6 is passed.

- 8.23 ASX Listing rule 7.1 provides that, subject to Listing Rule 7.1A (among other things), a company must not, subject to specific exceptions, issue or agree to issue in any 12 month period any equity securities, if those number of securities exceed 15% of the number of securities in the same class on issue at the commencement of that 12 month period unless the issue falls within one of the nominated exceptions or the prior approval of members of the company in the general meeting is obtained.
- 8.24 The Company obtained Shareholder approval under Listing Rule 7.1A to issue shares under an additional 10% capacity at the 2015 Annual General Meeting.
- 8.25 1,750,000 Shares were issued under Listing Rule 7.1 at an issue price of \$0.04 and 1,166,666 Shares were issued under Listing Rule 7.1A at an issue price of \$0.048 per Share.
- 8.26 ASX Listing Rule 7.4 provides that, where a company's shareholders' ratify the previous issue of securities pursuant to Listing Rules 7.1 and 7.1A, those shares will have been deemed to have been issued with shareholder approval for the purpose of Listing Rule 7.1.
- 8.27 By ratifying the issue of the Shares the subject of Resolution 1, the Company's placement capacity under Listing Rule 7.1 will be reinstated and the Company will retain the flexibility to issue equity securities in the future up to a total of 15% annual placement capacity without the requirement to obtain prior Shareholder approval.
- 8.28 The following is provided in accordance with Listing Rule 7.5 (all on a pre-consolidated basis):
- (a) The number of securities issued is 2,916,666;
  - (b) 1,750,000 Shares were issued at an issue price of \$0.04 and 1,166,666 Shares were issued at an issue price of \$0.048 per Share;
  - (c) The Shares are fully paid ordinary Shares in the Company with the same terms and rights and ranking as existing fully paid ordinary Shares;
  - (d) The Shares were issued to Brilac Pty Ltd <Brilac Family Trust>; Mr Malcolm James Moss; Maja Nominees Pty Ltd <Perry Family A/C>; DNI Investments Pty Ltd ATF Ioannidis Family Trust; Capital H Management Pty Ltd <Capital H A/C>; Coates SMSL Pty Ltd <Coates Family Pension Fund>; B.S. Insurance & Investment Pty Ltd <Brian Sprake Family S/F A/C>; Mr. John Dunn and Mrs Frith Dunn <RWT Pty Ltd Staff Super Fund>; Mr. Paul Judge; SNH Imports Pty Ltd <The SMR Family Account>; and Mr. Richard Gazal and Mrs Laura Gazal <Unic Super Fund> who are all professional and/or sophisticated investors;
  - (e) Funds raised from the issues were used as working capital including administration expenses and expenses in relation to the acquisition of Zoono;
  - (f) A voting exclusion statement is included in the Notice of Meeting.

#### **Resolution 5: Approval of Conversion Right of Convertible Notes**

- 8.29 On 19 August 2016, the Company announced that it would issue up to 350,000 Convertible Notes to sophisticated and professional investors to raise up to \$350,000. Key terms of the Notes are:
- (a) The Notes are issued for a period of 24 months from the subscription date;
  - (b) The Notes have a principle amount (face value) of \$1.00 per Note;
  - (c) The Notes bear interest at 8% per annum accrued every 3 months in arrears and capitalised;
  - (d) Subject to Shareholder approval, the Notes will mandatorily convert into Shares at \$0.075 per Share on a pre-consolidated basis prior to re-listing on ASX;
  - (e) The Shares to be issued on conversion of the Notes may be subject to the restrictions contained in Listing Rule 9 and Appendix 9B of the Listing Rules, to the extent they are deemed to apply.
- 8.30 Conversion of these Notes are subject to and conditional on the Company obtaining all the necessary Shareholder approvals. Accordingly, Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the Convertible Notes to be converted to Shares. If Shareholders do not approve this Resolution, the Company will need to repay the outstanding amount of the Convertible Notes together with any accrued interest in accordance with the terms and conditions of the Notes.
- 8.31 As noted in relation to Resolution 1 above, ASX Listing rule 7.1 provides that, subject to Listing Rule 7.1A (among others), a company must not, subject to specific exceptions, issue or agree to issue in any 12

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month period any equity securities, if those number of securities exceed 15% of the number of securities in the same class on issue at the commencement of that 12 month period unless the issue falls within one of the nominated exceptions or the prior approval of members of the Company in the general meeting is obtained.

8.32 In compliance with Listing Rule 7.3, Shareholders are as advised as follows:

- (a) A total of 350,000 Convertible Notes were issued which are convertible into Shares at an issue price of \$0.075 per Share on a pre-consolidated basis. The Notes may convert into a total of 4,666,667 fully paid ordinary Shares pre-consolidated which will result in a total of 2,333,334 ordinary shares post consolidation if Resolution 4 is approved by Shareholders;
- (b) The Company will issue the securities on Conversion of the Notes at Completion or no later than three (3) months following Shareholder approval, whichever is the earliest.
- (c) The shares will be issued at an issue price of \$0.075 per Share on a pre-consolidated basis (or \$0.15 per share post consolidation);
- (d) The Shares will be issued to Kenneth George Roberts & Cheryl Anne Roberts <Roberts S/Fund A/C>; Brilac Pty Limited ATF Brilac Family A/C; Mr John Dunn & Mrs Frith Dunn <RWT PTY LTD STAFF S/F A/C>; Mr Thomas Patrick Coates; Sallee-Anne Jones Hitchins; Pagondas Pty Ltd Atf Pagondas Trust; David Azar; Mitchell Filby; Varanu Pty Ltd; Coates SMSF Pty Ltd<Coates Family Pension Fund>; and Mr Matthew Azar who are all professional and sophisticated shareholders and are the holders of the Notes;
- (e) The Shares to be issued on Conversion of the Convertible Notes will fully paid ordinary Shares in the Company with the same terms and rights and ranking as existing fully paid ordinary Shares;
- (f) The funds raised from the issue of the Convertible Notes will be used as working capital including administration expenses and expenses in connection with the proposed capital raise and acquisition of Zoono;
- (g) The Shares will be issued progressively on conversion of the Convertible Notes;
- (h) A Voting Exclusion Statement has been included in the Notice of Meeting.

### Resolution 6: Consolidation of Capital

- 8.33 Resolution 6 is seeking Shareholder approval for the Company to undertake a consolidation of capital through the conversion of every two (2) ordinary shares in the Company into one (1) ordinary Share in the Company (the “**Consolidation**”).
- 8.34 The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward.
- 8.35 Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting. The ASX Listing Rules also require that in respect of options, the number of options must be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio. Goldsearch does not have any options on issue.
- 8.36 The effect of the Consolidation on the capital structure of the Company is that each holding of Shares will be reduced by half of its current level. However, each Shareholder's proportional interest in the Company's capital will remain unchanged as a result of the Consolidation.
- 8.37 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 neither the Company, nor the Directors (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.
- 8.38 From the date the Consolidation is approved by Shareholders all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares as the context requires

on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders.

- 8.39 If Resolution 6 is passed, the Consolidation will take effect in accordance with the timetable set out in Schedule A (as required by Appendix 7A of the ASX Listing Rules).

#### **Resolution 7: Issue of Shares to Related Party**

- 8.40 This Resolution 7 is proposing to issue Mr. John Percival 250,000 Shares at a deemed issue price of \$0.20 per Share (on a post-Consolidated basis) valued at \$50,000 in the Company for introducing the Zoono opportunity to the Company. In addition to these shares, Mr. Percival will also receive fee of \$100,000 in cash. Mr. Percival has had a long-term relationship with Mr. Hyslop and introduced him and the Zoono opportunity to the Company. Mr. Percival is a director of the Company.
- 8.41 Subject to Shareholders approving the Essential Resolutions, the Company is seeking Shareholder approval under ASX Listing Rule 10.11 and Chapter 2E (Section 208) of the Corporations Act for the issue of Shares to a related party to the Company.
- 8.42 As per Listing Rule 10.13 the following information is provided regarding ASX Listing Rule 10.11 approval:
- (a) The recipients of the Shares will be Mr. John Percival (or his nominee) who is a director of the Company;
  - (b) The maximum number of Shares to be issued is 250,000 fully paid ordinary Shares;
  - (c) The issue and allotment of the securities will occur as soon as practical but no later than one month after the date of this Meeting or such later time as deemed appropriate by an ASX waiver;
  - (d) The recipient is related to the Company, as he is a current director of the Company;
  - (e) The deemed issue price of the shares is \$0.20 per Share.
  - (f) The Shares are fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
  - (g) A voting exclusion statement is included in the Notice of Meeting;
  - (h) No funds will be raised from the issue of these Shares. They are issued in payment of an introductory fee.
- 8.43 Pursuant to ASX Listing Rule 7.2, as approval for the issue of the Shares referred to in Resolution 7 is being sought under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

#### *Chapter 2E Related Party Benefit and Listing Rule 10.11*

- 8.44 Pursuant to Chapter 2E of the Corporations Act, shareholders are required to approve any related party benefit, unless an exemption applies. More specifically, pursuant to s 207 of the Corporations Act, Chapter 2E of the Corporations Act applies to, and is designed to protect, the interest of the company's shareholders' interests as a whole by requiring shareholders' approval for giving financial benefits to related parties that could endanger the interests of the shareholders.
- 8.45 Pursuant to Chapter 2E of the Corporations Act, where a public company, or an entity that that public company contracts proposes to give a financial benefit to a related party of the public company, the public company or entity must:
- (a) obtain approval of the public company's members in the manner set out in s 217 to 227 of the Corporations Act; and
  - (b) give the benefit within 15 months following such approval,
- unless the giving of the financial benefit falls within an exception specified in s 210 to 216 of the Corporations Act.
- 8.46 The Board of Directors have determined that shareholder approval does apply as no exemption applies.
- 8.47 Further, pursuant to Listing Rule 10.11, shareholder approval is also required 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. The Board of Directors have determined that shareholder approval does apply as no exemption applies.

8.48 Approval of Shareholders of the issue of Shares (financial benefit) to related parties is being sought pursuant to section 208(1)(a) of the Corporations Act. In accordance with section 219 of the Corporations Act, the Company discloses the following information:

- (i) The related party to whom the proposed resolution would permit a financial benefit to be given is Mr. John Percival or his nominee;
- (ii) The nature of the financial benefits 250,000 Shares for a total consideration of \$50,000. Mr. Percival will also be receive a cash payment of \$100,000;
- (iii) The Directors, other than Mr. John Percival, have determined that the issue of Shares to the related party is appropriate and recommend Shareholders vote in favour of Resolution 7.
- (iv) Mr. John Percival, a director of the Company, has an interest in the outcome of proposed Resolution 7 as, if it is passed, he will be issued with 250,000 Shares in the Company. No other director has any interest in this Resolution.
- (v) All other relevant information:  
If this Resolution is passed it will allow the Company to issue 250,000 new Shares, which will have a dilutive effect on the existing Shareholders. The exact dilutive effect will depend on whether all other Resolutions put to Shareholders at this Annual General Meeting are passed. If all Resolutions are passed and all Shares are issued and allotted and the maximum subscription via the Prospectus of 50,000,000 is achieved, the dilutionary effect on current Shareholders will be 0.166%.

8.49 The Table below shows the influence or control the director may obtain if the proposed Shares are issued under Resolution 7. Shareholdings include indirect holdings and “% of IC” illustrates the director’s shareholding as a percentage of total issued capital.

Related Party	Current Shareholding*	% of IC	Shareholding if all Resolutions are passed	% Of IC
<b>John Percival</b>	<b>27,135</b>	<b>0.02%</b>	<b>273,099</b>	<b>0.17%</b>

\* Current Shareholding on a post consolidated basis (1:2)

8.50 From an economic and commercial point of view, the Directors’ consider that there are no material costs, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company resulting from the issue of Shares, the subject of Resolution 7.

8.51 The Board has determined that the issue of Shares to the Director is appropriate as it is fair compensation for the introduction of the Zoono Group Limited opportunity introduced to the Company by Mr. Percival. Mr. Percival has had a 15 year relationship with Paul Hyslop. This relationship resulted in Zoono being introduced to Goldsearch’s exclusive Corporate Adviser, JB Advisory Pty Limited. The progress of the transaction has been assisted by Mr. Percival and has added considerable value to JB Advisory over the past several months. The introductory fee amounts to less than 1% of the value of the Zoono transaction (\$18.9 million), which is more than reasonable in the opinion of the Board, and is on the lower end of accepted industry practice across a broad range of industries.

## **Resolution 8: Change in Nature and Scale of Activities**

8.52 The proposed Acquisition of Zoono will result in a change in the nature and scale of the Company’s activities from mineral exploration to the provision of antimicrobial products and related pharmaceutical products and services.

8.53 This change in the Company’s business constitutes a significant change in the nature and scale of the Company’s activities, and consequently requires Shareholder approval pursuant to ASX Listing Rule 11.1. For this reason, the Company is seeking Shareholder approval for the Acquisition of Zoono under ASX Listing Rule 11.1.2.



- 8.54 ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable 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 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 Listing Rules as if the Company were applying for admission to the Official List.
- 8.55 ASX has indicated to the Company that, given the change in the nature and scale of the Company's activities that it will require the Company to:
- (a) obtain Shareholder approval; and
  - (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

#### **Resolution 9: Acquisition of Zoono Group**

- 8.56 On 2 June 2016, Goldsearch Limited entered into a Heads of Agreement with Zoono Group Limited, Mr. Paul Hyslop and NPT Trustee where the Company agreed to acquire 100% of the shares in the in Zoono Group Limited for total consideration of AUD\$18,900,000.
- 8.57 On 25 July 2016 the parties entered into a formal Share Sale Agreement to purchase all the issued capital in Zoono Group Limited (Zoono Group Limited owns and controls all the shares in Zoono Limited and Zoono USA Inc.) (**Zoono**), for AUD\$18,900,000 (**Purchase Price**) to be satisfied by the issue of 94,500,000 ordinary Shares in the capital of Goldsearch at a value of \$0.20 per Share (**Consideration Shares**).
- 8.58 The Share Sale Agreement is subject to the Conditions Precedent being met. The Conditions Precedent include:
- (a) the Approvals being provided;
  - (b) Re-quotation occurring;
  - (c) Completion of the minimum Prospectus capital raising of \$7,000,000; and
  - (d) ASX confirming re-compliance with Chapters 1 and 2 of the Listing Rules
- 8.59 On or about 11 November 2016, Goldsearch agreed to enter into the Sell Down Agreement with NPT Trustee and the Deed of Variation with respect to the Share Sale Agreement. The terms and conditions of the Sell Down Agreement and the Share Sale Agreement are specified in paragraphs 6.3 to 6.6 above, and further discusses the Sell Down Capital Raising so that the Acquisition still contemplates the purchase of 100% shareholding in Zoono, however, rather than the sole shareholder being NPT Trustee, Goldsearch will be purchasing 100% shareholding in Zoono from the Vendors, which consists of NPT Trustee and the Beneficiaries of a separate Bare Trust for each of the Beneficiaries, with Black Bear acting as trustee for the Bare Trust.
- 8.60 The Approvals mean the approvals by the Shareholders in respect of:
- (a) the Company's proposed change in nature and scale of activities;
  - (b) the issue of the Consideration Shares;
  - (d) the issue of the Prospectus Shares; and
  - (e) other related matters as may be required under the Corporations Act or the Listing Rules to be considered at the Meeting to give effect to the Acquisition.
- 8.61 For the purposes of the Share Sale Agreement, "Re-quotation" means where the Company has received confirmation from ASX that it has re-compiled with Chapters 1 and 2 of the Listing Rules on terms and conditions satisfactory to both the Company and the Vendors and the Prospectus Shares are issued.
- 8.62 Shareholder approval for the Proposed Acquisition including the issue of the Consideration Shares, the subject of this Resolution is sought for the purposes of ASX Listing Rule 7.1.

8.63 In compliance with Listing Rule 7.3, Shareholders are as advised as follows:

- (a) The number of Consideration Shares to be issued at Completion is 94,500,000 Shares;
- (b) The deemed issue price of each Consideration Share is 20 cents;
- (c) The Consideration Shares fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) No funds will be raised by the issue of the Consideration Shares;
- (e) The Consideration Shares will be issued to the Vendors or their nominees;
- (f) The Consideration Shares will be issued on one date and no later than three months following the date of the Meeting but in any case, shall be at the same time as the Prospectus Shares and Completion.

*Chapter 2E Related Party Benefit and Listing Rule 10.11*

8.64 Pursuant to Chapter 2E of the Corporations Act, shareholders are required to approve any related party benefit, unless an exemption applies. More specifically, pursuant to s 207 of the Corporations Act, Chapter 2E of the Corporations Act applies to, and is designed to protect, the interest of the company's shareholders' interests as a whole by requiring shareholders' approval for giving financial benefits to related parties that could endanger the interests of the shareholders.

8.65 Pursuant to Chapter 2E of the Corporations Act, where a public company, or an entity that that public company contracts proposes to give a financial benefit to a related party of the public company, the public company or entity must:

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

unless the giving of the financial benefit falls within an exception specified in s 210 to 216 of the Corporations Act.

8.66 The Board of Directors have determined that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in relation to the issuance of the issue of 94,500,000 ordinary Shares in the capital of Goldsearch at a value of \$0.20 per Share to the Vendors who will be 100% shareholders of Zoono. This issuance defined above and is hereinafter referred to as the Consideration Shares. This determination has been made notwithstanding Mr. Paul Hyslop controls the NPT Zoono Trustee Limited as trustee for The Zoono Trust (referred to above as "**NPT Trustee**").

8.67 The basis of this determination is that the agreement to issue the Consideration Shares was negotiated at arm's length and similar terms were contained in the terms and conditions of the Term Sheet which was announced on 27 June 2016. Subsequently, the Share Sale Agreement was again negotiated at arm's length and contemplated the issuance of the Consideration Shares.

8.68 In addition to the above, pursuant to Listing Rule 10.11, shareholder approval is also required 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.

8.69 The Board of Directors consider that Listing Rule 10.12 exemption 6 applies to the proposed issue of the Consideration Shares and therefore, shareholder approval is not sought or required pursuant to Listing Rule 10.11. For the avoidance of doubt, Listing Rule 10.11 does not apply where a transaction between the entity and a person who is a related party by reason only of the transaction and the application to it of s 228(6) of the Corporations Act.

*S 611 of the Corporations Act*

8.70 Notwithstanding the above, s 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of the company if, because of the acquisition, that person's or another person's voting power in the company increases from:

- (a) 20% or below to more than 20%; or
- (b) a starting point that is above 20% and below 90%.

8.71 Pursuant to s 610 of the Corporations Act, a person's voting power in the Company is the total of the votes attaching to the shares in the Company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest.

8.72 Pursuant to s 608 of the Corporations Act, a person will have a relevant interest in shares if:

- (a) the person is the registered holder of the share;
- (b) the person has the power to exercise or control the exercise of votes or disposal of the shares; or
- (c) the person has over 20% of the voting power in the company that has a relevant interest in shares, then the person has a relevant interest in those shares.
- (d) Pursuant to s 12 of the Corporations Act, a person (first person) will be an associate of the other person (second person) if:
  - (i) the first person is a body corporate and the second person is:
    - A. a body corporate the first person controls;
    - B. a body corporate that controls the first person; or
    - C. a body corporate that is controlled by an entity that controls the first person;
  - (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the board or the conduct of the affairs of the first person; and/or
  - (iii) the second person is a person which whom the first person is acting or proposes to act, in concert in relation to the affairs of the first person

8.73 Section 611 of the Corporations Act specifies exceptions to the prohibition in s 606 of the Corporations Act. In particular, Item 7 of s 611 of the Corporations Act provides a method by which shareholders may approve an issue of shares to a person which would otherwise be prohibited pursuant to s 606 of the Corporations Act.

8.74 At present, Mr. Hyslop, NPT Zoono and his associates have no shares in Goldsearch. Pursuant to the Share Sale Agreement, and subject to the satisfaction of all of the condition precedents, the Vendors will be issued 94,000,000 shares in Goldsearch. With the Minimum Subscription of \$7 million, the Vendors will have approximately 63.57% voting shares, or 57.74% voting shares with the Maximum Subscription. See Section 3 of this Explanatory Memorandum for further details.

8.75 In light of the above, without shareholder approval, Mr. Hyslop and NPT Trustee and/or their associates would be precluded by s 606(1)(c) of the Corporations Act to acquire the Consideration Shares. Accordingly, to comply with the ASIC requirements (as specified in Regulatory Guide 74), Goldsearch provides the following information to its shareholders as required.

*Item 7 of Section 611 of the Corporations Act and ASIC Regulatory Guide 74*

8.76 Goldsearch provides the following information to the shareholders as required pursuant to Item 7 of s 61 of the Corporations Act and Regulatory Guide 74:

*(a) The identity of the parties to be issued the Consideration Shares*

It is proposed that the Consideration Shares will be issued to NPT Zoono Trustee Limited atf The Zoono Trust, an associate to Mr. Paul Hyslop and to the Beneficiaries of the separate Bare Trust, with Black Bear as trustee for the separate Bare Trust for each Investor. As the Sell Down has not commenced, Goldsearch does not know who the Beneficiaries of the Bare Trust will be at this time, however, they will all be professional or sophisticated investors pursuant to s 708 of the *Corporations Act 2001*.

## Goldsearch Limited

ACN 006 645 754

- (b) *The maximum extent of the increase in the Mr Hyslop's voting power, together with the other Vendor's voting power, in Goldsearch*

Mr. Hyslop and NPT Trustee do not currently have any voting power in Goldsearch. Should this Resolution be passed, the Vendor's (including Mr Hyslop's) voting power will increase by a maximum of 63.57%, with NPT Trustee's voting power being 55.79% to 39.06% and the Beneficiaries of the Bare Trust's voting power being 8.51% to 19.29%.

- (c) *The voting power of Mr. Hyslop and the other Vendors would have as a result of the issue of the securities contemplated by this Resolution 9*

The result would mean that the Vendors would hold majority shareholding in the Company with between 57% to 63.57%.

- (d) *The maximum extent of the increase in the voting power of each of the Vendors that would result from the issue of the shares as contemplated by Resolution 9*

The result would mean that the voting power of Mr. Hyslop, NPT Trustee and their associated entities, together with the other Vendors, would hold majority voting power in the Company with between 57% to 63.57% voting power.

- (e) *The voting power that each of Mr. Hyslop's, NPT Trustee's and their associates, together with the other Vendors, would have as a result of the issue of the shares as contemplated by Resolution 9*

The result would mean that the voting power of Mr. Hyslop, NPT Trustee and their associated entities, together with the other Vendors, would hold majority voting power in the Company with between 57% to 63.57% voting power, with NPT Trustee's voting power being 55.79% to 39.06% and the Beneficiaries of the Bare Trust's voting power being 8.51% to 19.29%.

- (f) *An explanation of the reasons for the Proposed Acquisition*

The Company currently does not trade and remains solvent by way of the financial support of its major creditors and Shareholders. The Company is primarily a listed shell with the IER stating that the value of the Company was \$200,000. The Proposed Acquisition provides the Company with an opportunity to generate future revenue streams and profits for the Shareholders with real and possible growth.

The Company had considered a number of alternate proposals prior to resolving to proceed with the Zoono acquisition.

Goldsearch had been a gold explorer since the Company's incorporation, and had raised in excess of \$30 million for exploration, with limited success.

Due to the difficulty in continuing to raise funds for this sector (due both to market conditions and the specific lack of performance of Goldsearch) the Company resolved to seek opportunities in the Healthcare sector. This sector had been experiencing significant growth and some members of the Goldsearch Board had exposure to this market.

The Company subsequently found two opportunities, Horizon Healthcare Solutions and National Health Services.

While neither of these transactions were completed it gave rise to the Zoono opportunity.

Zoono operates a business in the Antimicrobial products market, which is a subset of the pharmaceutical sector, so matched Goldsearch's strategy to enter this broad healthcare market.

Following initial agreements and introductory due diligence, the Board resolved to complete the transaction as quickly as possible, with the support of its Corporate Advisory firm, JB Advisory Pty Limited. JB Advisory have been supporting the Company with raising capital for the past 18 months.

- (g) *When the Proposed Acquisition is to occur*

In or about February 2017.

- (h) *Details of the terms of any other relevant agreement between Mr. Hyslop (and the other Vendors) and Goldsearch (or any of his associates) that is conditional on approval of Resolution 9*

There are no other agreements in place other than the Share Sale Agreement, the Deed of Variation and the Sell Down Agreement. There will be a requirement for an employment contract to be entered into with Mr. Hyslop with the consideration per annum to be determined by the Board in due course.

(i) *Mr. Hyslop's intentions regarding the future of Goldsearch if the Acquisition is completed*

Mr. Hyslop intends to use the funds raised to expand Zoono internationally. Mr. Hyslop intends to use a 2-tier channel partner model. That is, appointing Master Distributors in the major countries (USA, Canada, South/Latin America, Middle East, South Africa, other African countries as appropriate, SE Asia, Korea, HK/China, Aust, NZ, India), with each of the Master Distributors being granted the right to sub-distribute within their territory to Resellers. It is intended for the Resellers will be recruited (as a joint effort by the Master Distributor and Zoono) to work under the Master Distributors. Zoono intends to establish an in-country regional sales and support office to undertake direct business development, marketing and PR functions to support the distribution channels. Mr. Hyslop believes this will involve engaging a sales person, a technical product support person and an administration person if and when required. Locations of these staff will be opportunity driven, but will likely initially include the United States (to support the United States, Canada and South America), SE Asia, United Kingdom (to support the UK and Europe), Middle East, Africa and Australia or New Zealand. It is intended for the Master Distributors to hold stock, support the Resellers in their sales and marketing efforts and provide 2<sup>nd</sup> level product support. The role of the Resellers is to sell the products and solutions to end user customers. Training is also seen to be a key part of this process.

Mr. Hyslop also intends to use the funds for further research and development as a key initiative to develop new products and solutions including a new water treatment range, a range of industrial and commercial opportunities and continued development on aerosol products (a key differentiator between Zoono and its competitors). This investment intends to be made in countries that result in the best financial performance of Zoono from a tax incentive/rebate perspective versus cost of labour, facilities etc. It is further intended for the funds to be allocated to recruiting senior positions to manage sales, marketing, PR, and R&D programs on a global basis. Additionally, CFO, COO and a professional PA for Mr. Hyslop will be high priorities.

(j) *The interest that any director has in the issue of the securities contemplated by Resolution 9 or the contract referred to in (h) above*

See paragraphs 8.40 to 8.51 of this Memorandum regarding Mr. John Percival

(k) *Details about any person who is intended to become a director if the shareholders approve the Acquisition*

See paragraphs 6.30 and 6.33 of this Memorandum regarding Mr. Jon Lamb, Mr. Don Clarke and Mr. Paul Hyslop.

(l) *Recommendation of each director as to whether the shareholders should approve the Proposed Acquisition*

The Directors (other than Mr. Hyslop) do not have any material personal interests in the outcome of Resolution 9 and unanimously recommend that Shareholders vote in favour of Resolution 9 as they consider the proposed issue of the Consideration Shares to be in the best interests of Shareholders for the following reasons:

- (a) after assessment of the advantages and disadvantages of the proposed acquisition, the Directors are of the view that the advantages outweigh the disadvantages; and
- (b) the Independent Expert has determined the issue of the Consideration Shares to be not fair but reasonable to the non-associated Shareholders.

(m) *An analysis of whether the proposed issuance of shares to Mr. Hyslop (and the other Vendors) is fair and reasonable when considered in the context of the shareholders other than Mr. Hyslop, his associates and the other Vendors*

The Proposed Acquisition is the contemplated issuance of shares to the Vendors, in consideration for 100% shareholding in Zoono. Mr. Paul Hyslop together with his spouse Margaret Jane Morgan are the appointers and named beneficiaries of The Zoono Trust, which will continue to hold approximately 66% to 86% shareholding in Zoono after the completion of the Sell Down Capital Raising. As expressed by the IER, the Proposed Acquisition is not fair but reasonable and therefore, the issuance of shares to the Vendors is not fair but reasonable in the context of the Shareholders other than Mr. Hyslop, his associates and the other Vendors.

(n) Additional Information

There is no other information.

**Resolutions 8 to 15 all need to be approved by Shareholders for Completion of the proposed Zoono acquisition to occur.**

**Resolution 10, 11 and 12: Election of Zoono Directors**

- 8.77 Mr. Hyslop, Mr. Lamb and Mr. Clarke are proposed for election by Shareholders as directors of the Company, pursuant to the terms of the Proposed Acquisition. The elections will only take effect when the acquisition is completed. Resolutions 10, 11 and 12 are proposed as part of seeking Shareholder approvals to satisfy the conditions which are to be satisfied in order for the acquisition of Zoono to proceed.
- 8.78 Further information on the proposed directors can be found in Section 6. Voting exclusions statements apply to Resolutions 10, 11 and 12 as they are conditional on resolutions 9 and 13.

**Resolution 13: Approval of a Capital Raise**

- 8.79 Resolution 13 seeks Shareholder approval for the issue of a minimum of 35,000,000 shares at an issue price of \$0.20 per Share to raise \$7,000,000, and a maximum of 50,000,000 Shares at an issue price of \$0.20 per Share to raise \$10,000,000. **(Capital Raising).**
- 8.80 The Company intends to conduct the Capital Raising through the issue of a Prospectus as part of its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
- 8.81 ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, 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 securities in the same class on issue at the commencement of that 12-month period.
- 8.82 The effect of Resolution 12 will be to allow the Directors to issue the Prospectus Shares during the period of three (3) months after the Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.
- 8.83 **This Resolution is conditional on all Resolutions 8 to 15 in this Notice of Meeting being approved, the Essential Resolutions.**
- 8.84 Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:
- (a) the number of Shares to be issued if the Minimum Subscription is achieved is (i) 35,000,000 Shares, and (ii) if the Maximum Subscription is achieved 50,000,000 Shares shall be issued;
  - (b) the Prospectus Shares will be issued no later than three (3) 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 the issue will occur on the same date and in any event when ASX confirms the Company has re-complied with Chapters 1 and 2 of the Listing Rules;
  - (c) the issue price of the Prospectus Shares will be 20 cents each;
  - (d) the Prospectus 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;
  - (e) the Directors will determine to whom the Shares will be issued, who are unknown as at the date of

- this Notice but none of whom will be a Related Party of the Company;
- (f) assuming the Company achieves the Minimum Subscription of \$7 million and together with the current cash on hand, the total available funds of \$7.2 million will be allocated as follows:
    - (i) provide working capital for the Company to meet the costs including but not limited to wages, directors, fees, rents, communications, travel, computer and administration systems product manufacture, research and development, administration and compliance costs; and
    - (ii) pay the expenses of the Offer; and
    - (iii) repay liabilities; and
    - (iv) establish sales support offices in key locations; and
  - (g) make an equity investment in one of the Company's primary distribution partners. assuming the Company achieves the Maximum Subscription of \$10 million and together with the current cash on hand, the total available funds of \$10.2 million will be allocated as follows:
    - (i) provide working capital for the Company to meet the costs including but not limited to wages, directors, fees, rents, communications, travel, computer and administration systems, compliance costs and;
    - (ii) pay the expenses of the Offer as will be detailed in Section 10 of the Prospectus;
    - (iii) meet the ongoing administration costs of the Company including those associated with the Re-admission; and
    - (iv) provide funds to make some acquisitions of complementary businesses and companies operating in the Antimicrobial products sector.

See Section 4 for further information on use of funds.

- 8.85 It is anticipated that the \$1,500,000 working capital will cover such expenditure as administration costs including accounting and audit fees, Directors fees, travel and accommodation and legal fees and will be spent over the next twelve (12) months period.
- 8.86 As noted above, if the Company achieves the Maximum Subscription, it will have sufficient funds to accelerate a number of acquisitions and Research and Development projects. The minimum subscription amount will to grow the Company in line with the current business plan and will mean the expansion via acquisition will be carried out over a longer timeframe.

**Resolutions 8 to 15, the Essential Resolutions, all need to be approved by Shareholders for Completion of the proposed Zoon acquisition to occur.**

#### **Resolution 14: Issue of Shares to Advisor and Facilitator**

- 8.87 JB Advisory Pty Limited was been appointed as the exclusive Corporate Adviser to the Company on 20 May 2016 for a period of two (2) years.
- 8.88 One of the terms of the Corporate Advisory Mandate between the Company and JB Advisory Pty Limited, is that JB Advisory Pty Limited is entitled to receive shares in the Company amounting to an 8% transaction success fee plus GST for any acquisition. The Shares proposed to be issued to JB Advisory Pty Limited, are subject to successful completion of the Zoono Acquisition and Capital Raise including Shareholders approving Resolution 9.
- 8.89 The Company is seeking Shareholder approval under ASX Listing Rule 7.1 for the issue of Shares JB Advisory Pty Limited. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, 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 securities in the same class on issue at the commencement of that 12-month period.
- 8.90 Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:
  - (a) The number of securities to be issued are 7,560,000 fully paid ordinary Shares;
  - (b) The Shares will be issued at Completion issued no later than three (3) 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 ASX confirming the Company has re-complied with Chapters 1 and 2 of the

Listing Rules;

- (c) The deemed issue price of the shares is \$0.20 per Share;
- (d) The Shares will be issued to JB Advisory Pty Ltd or its nominee;
- (e) The Shares are 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 issue of these Shares however they will extinguish a liability owed by the Company to JB Advisory for Corporate Advisory Services provided to the Company;
- (g) The Shares will be issued on Completion of the transaction including the Capital Raise;
- (h) A voting exclusion statement is included in the Notice of Meeting.

**Resolution 15: Change of Company Name**

- 8.91 As part of the Share Sale Agreement, it is proposed that the Company change its name to "Zoono Group Limited" to keep in step with the reputation and branding of the Business post Completion.
- 8.92 Section 157 of the Corporations Act provides that a company may change its name if its members pass a Special Resolution adopting the new name. A Special Resolution is one that requires 75% of those members attending a meeting, voting in favour of the resolution.
- 8.93 The Company has reserved the ASX ticker code: "ZNO" in anticipation of the Special Resolution being passed. The change of name will not take effect unless Completion occurs.

**Resolution 16: Adoption of a new Company Constitution**

- 8.94 The existing Constitution of the Company was adopted in 1998. It is old and outdated and does not take into consideration changes to legislation or the business environment.
- 8.95 A copy of the proposed new constitution is available for inspection at the Company's registered office. In addition, any Shareholder who would like to review the proposed new constitution prior to the General Meeting can request a copy be sent to them by contacting the Company.
- 8.96 Pursuant to section 136(2) of the Corporations Act, the Company may repeal its constitution and adopt a new constitution by special resolution. A Special Resolution is one that requires 75% of those members attending a meeting, voting in favour of the resolution. The adoption of the new constitution will only take effect from the date on which this Resolution is passed.

**Resolution 17: Increase in Non-Executive Directors' Fee Pool**

- 8.97 Resolution 17 seeks Shareholder approval for the purposes on Listing Rule 10.17 and for all other purposes, for the Company to be authorized to increase the maximum aggregate amount of fees payable to non-executive Directors under 64.1 of the Company's Constitution should Resolution 16 be passed (or 90.5 of the Company's old Constitution) by \$250,000 to \$500,000 per annum.
- 8.98 The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for non-executive Directors for the following reasons:
- (a) To give the Board strategic flexibility to appoint additional non-executive Directors;
  - (b) The expected growth of the Company and corresponding increased responsibilities for non-executive Directors;
  - (c) Non-executive Directors fees may in the future need to be increased to retain the desired caliber of Directors
  - (d) To attract new Directors of a caliber required to effectively guide and monitor the business of the Company; and
  - (e) To remunerate Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates.
- 8.99 The maximum aggregate amount of fees payable to Director has not been increased since the 2007 AGM. It is not intended to fully utilize the increased aggregate amount of fees in the immediate future.



- 8.100 The total remuneration of the non-executive Directors for the financial year ended 30 June 2016 was \$119,946 as detailed on page 9 of the Company's 2016 Annual Report. This includes all fees and benefits paid to non-executive directors.
- 8.101 No securities have been issued to non-executive directors under rule 10.11 or 10.14 with the approval of Shareholders at any time within the preceding 3 years however Resolution 7 in this Notice of Meeting seeks Shareholder approval for the issue of 250,000 Shares to non-executive Director Percival. See paragraphs 8.40 to 8.51 for further information.

**Resolution 18: Resignation and Appointment of Auditor**

- 8.102 The Board has been satisfied with the services of Grant Thornton and thanks them for the services provided to the Company. However, Hall Chadwick completed the financial audits for the Zoono Group for the past three years. They have a strong working relationship with the incoming management team and the incoming management would like to maintain that relationship. Accordingly, incoming management has requested the Company seek the resignation of the current auditor's, Grant Thornton Audit Pty Ltd, and put a resolution to Shareholders at the AGM to appoint Hall Chadwick as the Company's auditors.
- 8.103 In accordance with section 329(5) of the Corporations Act, Grant Thornton will be required to seek consent from ASIC to resign as auditor of Goldsearch Limited with effect from the end of the Annual General Meeting. If and when ASIC notifies Grant Thornton and Goldsearch that it consents to Grant Thornton's resignation, Grant Thornton will give notice of resignation to the Company to take effect from the end of the Annual General Meeting.
- 8.104 Goldsearch has received a notice from Maja Nominees Pty Ltd, being a shareholder, nominating Hall Chadwick as the new auditor of Goldsearch Limited. In accordance with section 328B of the Corporations Act, a copy of that notice of nomination is attached.
- 8.105 If, prior to the commencement of the Annual General Meeting, ASIC has given its consent to the resignation of Grant Thornton as the Company's auditor, shareholders will be asked to approve the appointment of Hall Chadwick as the new auditor of Goldsearch Limited. The appointment would take effect immediately after the end of the Annual General Meeting. However if, prior to the commencement of the Annual General Meeting, ASIC has yet to give that consent or has refused to give that consent, Grant Thornton will continue as the Company's auditor and shareholders will not be asked to approve the appointment of Hall Chadwick.
- 8.106 The Board recommends that shareholders vote in favour of this resolution.

## GLOSSARY

**Acquisition** means the acquisition of 100% of the issued capital in Zoono Group Limited on the terms and conditions as detailed in the Share Sale Agreement.

**Acquisition Resolutions** means those Resolutions relating specifically to the Acquisition, being Resolutions numbered 8 to 13 and includes those dealing with the Approvals.

**AEST** means Australian Eastern Standard Time as observed in Sydney, New South Wales.

**Approvals** mean the approvals by the Shareholders in respect of:

- a) the Company's proposed change in nature and scale of activities from its previous resource exploration business to the manufacture and sale of Antimicrobial products;
- b) the Zoono acquisition and the issue the Consideration Shares; and
- c) the issue of the Prospectus Shares,

and other related matters as may be required under the Corporations Act or the Listing Rules to be considered at the Meeting to give effect to the Acquisition including the change of the name of the Company.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules or Listing Rules** means the Listing Rules of the ASX.

**Bare Trust** means newly established separate Bare Trusts that will acquire Zoono shares on behalf of each Investor from NPT Zoono Trustee Limited at The Zoono Trust under the Sell Down Agreement. The Investors will be beneficiaries of the Bare Trust declared in favour of each of the Investors.

**Board** means the board of Directors, as constituted from time to time.

**Business** means the business conducted by Zoono Group Limited and associated and related entities.

**Capital Raising** means the minimum amount of \$7,000,000 and maximum of \$10,000,000 through the issue of a minimum of 35,000,000 and a maximum of 50,000,000 Shares at an issue price of \$0.20 per Share.

**Company** means Goldsearch Limited (ACN 006 645 754).

**Completion** means the completion of the sale and purchase of the Vendor Shares in accordance with the Share Sale Agreement.

**Completion Date** means the date of Re-quotation or other date as agreed by the Parties.

**Conditions Precedent** means the conditions precedent to the Share Sale Agreement, including:

- (a) the Approvals being provided;
- (b) Re-quotation occurring; and
- (c) Completion of Prospectus capital raising

**Consideration** means the sum of \$18,900,000 payable through the issue of the Consideration Shares at an issue price of \$0.20 per Share.

**Consideration Shares** means 94,500,000 Shares.

**Constitution** means the Company's constitution.

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

**Director** means a director of the Company from time to time.

**Dollar or \$** means the lawful currency of Australia.

**Essential Resolutions** means resolutions 8 to 15 as set out in this Notice.

**Explanatory Memorandum** means the Explanatory Memorandum accompanying the Notice of Meeting.

**Annual General Meeting or Meeting** means the meeting convened by the Notice of Meeting.

**Goldsearch Limited** means Goldsearch Limited (ACN 006 645 754).

**Group** means the Company and the Subsidiaries, immediately post Completion of the Share Sale Agreement.

**Issue Price** means the issue price for the Prospectus Shares, which at the date of this Notice, is \$0.20 per Prospectus Share

**Maximum Subscription** means the proposed raise of a further amount of \$3,000,000, in addition to the Minimum Subscription, through the issue of 15,000,000 Shares at an issue price of \$0.20 per Share, bringing the maximum total raised under the prospectus to 50,000,000 shares and \$10 million.

**Minimum Subscription** means the proposed raise of a minimum amount of \$7,000,000 through the issue of 35,000,000 Shares at an issue price of \$0.20 per Share.

**Net Assets Value** means is the value of an entity's assets minus the value of its liabilities as defined under international financial accounting standards.

**Notice of Meeting or Notice of Annual General Meeting** means this notice of meeting including the Explanatory Memorandum.

**Offer** means the Offer contained in the Prospectus.

**Official List** means the Official List of the ASX.

**Prospectus** means the prospectus to be prepared and issued by the Company following approval of the Resolutions in this Notice in respect of the Capital Raising.

**Prospectus Shares** means the Shares issued in respect of the Capital Raising.

**Re-admission** means the re-admission of the Company to the Official List.

**Related Body Corporate** has the meaning given to this term in sections 9 and 50 of the Corporations Act.

**Related Party** has the meaning in section 228 of the Corporations Act.

**Relevant Interest** has the meaning given to that term on the Corporations Act.

**Re-quotation** means where the Company has received confirmation from ASX that it has re-complied with Chapters 1 and 2 of the Listing Rules and on terms and conditions satisfactory to both the Company and the Vendors and the Prospectus Shares are issued.

**Resolutions** means the resolutions set out in the Notice of Meeting or any one of them, as the context requires.

**Sell Down Agreement** means the agreement made on or about 11 November 2016 for third party Investors to purchase the Zoono shares from NPT Trustee.

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

**Shareholder** means a holder of a Share.

**Share Sale Agreement** means the Share Sale Agreement between the Company and Vendors dated 25 July 2016 relating to purchase of Zoono Group Limited.

**Special Resolution** is a resolution that has to be passed by more than 75% of the votes lodged for that resolution.

**Vendors** mean NPT Zoono Trustee Limited and third party investors holding shares in Zoono by way of Big Black Bear Pty Ltd (ACN 616 152 320) as the trustee for a separate bare trust for each of the Investors pursuant to the Sell Down Agreement.

**Vendors' Shares** means the 94,500,000 ordinary shares to be issued to the Vendors.

**Voting Power** has the meaning given by section 610 of the Corporations Act.

**Zoono Group Limited or Zoono** means Zoono Group Limited (New Zealand Company Number 2237898).

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**Schedule A – Timetables**

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**Consolidation**

<b>Event</b>	<b>Date</b>
Shareholder approval of Consolidation	18 January 2017
ASX advised that Shareholders have approved Consolidation	18 January 2017
Last day for the Company to register transfers on a pre-Consolidation basis	23 January 2016
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements	24 January 2016
Issue date. Last day for the Company to send notice to each Security holder Last day for Securities to be entered into the Security holders' holdings	31 January 2016
Normal trading in post-Consolidation Securities can commence	With re-compliance with Chapters 1 & 2

**Acquisition**

<b>Event</b>	<b>Date</b>
ASX announcement of Acquisition	27 June 2016
Due diligence	July –October 2016
Notice of meeting sent to Shareholders	14 December 2016
Shareholder meeting	18 January 2017
Lodgment of Prospectus with ASIC	18 January 2017
Complete capital raising	28 February 2017
Satisfaction (or waiver) of other conditions precedent to Acquisition	1 March 2017
Completion of Acquisition and the Acquisition Agreements	2 March 2017
Re-admission to the Official List	15 March 2017



## **MAJA NOMINEES PTY LTD**

23 Rowlison Parade Cammeray NSW 2062

17<sup>th</sup> November 2016

The Directors  
Goldsearch Limited  
Level4, 20 Loftus Street  
Sydney NSW 2000

**Dear directors,**

I would like to nominate a change of Auditor to Goldsearch Limited ("ASX:GSE") to be included in the upcoming Notice of Meeting ("NOM").

I nominate Hall Chadwick to become the Auditors to GSE and request this be put to shareholder vote via the Annual General Meeting ("AGM")

Sincerely,



**Darren Perry**  
Director



**Strategic Corporate Direction**

---

ABN 851 4119 7711

## Independent Expert's Report

# Acquisition of Zoono Group Limited by Goldsearch Limited

9<sup>th</sup> Day of December 2016

**Mr. William A Camphin** CA MBA

Managing Director Strategic Corporate Direction Pty Ltd  
Authorised Representative Avalon Pacific Capital Pty Ltd  
Australian Financial Services License holder 338943.



This Report is commissioned by the Directors of Goldsearch Limited to be included in the Notice of Annual General Meeting and Explanatory Memorandum for the Meeting to be held on 18<sup>th</sup> January 2017.

## Independent Expert's Report

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## **1 Introduction**

Strategic Corporate Direction and W A Camphin Authorised Representative No. 000461829 ('SCD WAC') of Avalon Pacific Capital Pty Ltd AFS License holder No. 338943, have been engaged by the directors of Goldsearch Limited ('the Directors') to prepare an Independent Expert's Report ('this Report') to the Shareholders of Goldsearch Limited ('Goldsearch', 'GSE' or 'the Company') in relation to Goldsearch's potential Acquisition of 100% of the issued capital in Zoono Group Limited ('Zoono') ('the Proposed Transaction').

To acquire all of the issued capital in Zoono, Goldsearch will issue and allot 94,500,000 fully paid ordinary Goldsearch shares to the Security holders of Zoono, on completion of the transaction, this will represent 58.35% of the total issued share capital in the merged entity ('the Merged Entity') upon maximum subscription.

A more detailed discussion of the Proposed Transaction is set out in Section 3.0 of this Report.

The scope of this Report and the basis for assessing the Proposed Transaction is set out in detail in Section 4.0 of this Report.

In this Report, SCD WAC has expressed an Opinion as to whether the Proposed Transaction is fair and reasonable to the Shareholders of GSE. It is understood that this Report will be provided to the GSE Shareholders to assist them in making an informed decision as to whether to vote in favour of or against the Proposed Transaction.

Apart from the purpose stated directly above, this Report cannot be used or relied on for any other purpose or by any other person or entity and does not seek to address circumstances specific to individual GSE Shareholders. A GSE Shareholder's decision to vote in favour of or against the Proposed Transaction is likely to be influenced by their own particular circumstances including, for example, their taxation considerations and risk profile. GSE Shareholders should obtain their own professional advice in relation to their own circumstances.

Zoono Security holders refers to all holders of Zoono shares, options, warrants and convertible notes.

GSE Shareholders should read this Report in full, together with the other information provided in conjunction to the Report, including the Explanatory Memorandum and the Notice of Meeting prepared by GSE and expected to be dated on or about 9<sup>th</sup> December 2016 ('the Notice of Meeting').

### **1.1 Independent Expert**

The Directors of Goldsearch Limited (GSE) have requested the Authorised Representative as an Independent Expert to provide this "Report" complete with an Opinion as to whether the Proposed Acquisition is Fair and Reasonable to the non-associated Shareholders of GSE. The "Report" will be included in the Explanatory Memorandum with the Notice of Annual General Meeting to be sent to all GSE Shareholders.

### **1.2 Non-associated Shareholders**

Non-associated Shareholders would be deemed to be all the Shareholders of GSE other than those who might obtain benefit as a result of the Proposed Acquisition - for example, if any of the current GSE Shareholders are already Shareholders in Zoono or be parties who may be remunerated in some way by the transaction independently of their shareholding.

## 2 Summary of Opinion

### 2.1 Summary

On 27 June 2016 ("Announcement date"), Goldsearch Limited (ASX-GSE) announced that it had signed a Terms Sheet to acquire 100% of the Zoono Group Limited (Parent Company) ("Zoono"). Businesses to be acquired included, but not limited to, Zoono Limited, (100% owned subsidiary New Zealand Registered Trading Company) and Zoono USA Inc. (100% owned California Registered Subsidiary).

On 19 August 2016 the Terms Sheet was automatically terminated and superseded when Goldsearch Limited announced that it had executed a binding Share Sale Agreement by way of a full bid for all the issued Capital of the Vendors, to acquire Zoono. Key terms of the Agreement remain relatively unchanged, or any changes from the original Terms sheet being agreed by the Parties.

Acquisition of Zoono issued capital is subject to several conditions, including but not limited to completion of due diligence to the satisfaction and approval of GSE Shareholders. A condition precedent to the transaction requires the shares of the Company to be quoted on the Australian Securities Exchange ("ASX").

Zoono and GSE enter this Share Purchase Arrangement for the issue of Shares in consideration for the Acquisition by the GSE of 100% of the issued shares in Zoono ("Proposed Acquisition") from the current owners of Zoono ("Vendors").

### 2.2 Fairness of Proposed Transaction

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the Securities being the subject of the offer.

Our fairness assessment has been based on comparing the consideration offered to the value of a GSE share acquired by Zoono. Since Zoono is acquiring control of GSE, our assessment of the value of GSE incorporates a 10% premium for control.

As the Transaction is a reverse takeover and as a result, the shareholders of GSE will hold minority interests in the combined entity when the proposed transaction is complete, we have also assessed the fairness of the Transaction by comparing the pre- transaction value of GSE shares on a control basis with the post-transaction value of GSE shares on a minority basis.

In our opinion the Transaction is not fair based on the following:

1. The consideration being paid by GSE exceeds the value attributed to Zoono; and
2. The value of the GSE shares held by Shareholders is expected to decrease as a result of the Transaction.

Based on the analysis contained in sections 9 and 10 of this report, the value of consideration payable by GSE to acquire Zoono in comparison against the indicative value of Zoono is shown in the table below is shown in the table below:

	Shares	Low	High	Midpoint
Zoono Acquisition Shares issuable by GSE	94,500,000	\$4,139,100	\$11,642,400	\$7,890,750
Zoono Equity Value		\$3,381,982	\$4,960,240	\$4,171,111

Based on the analysis contained in section 10.4 of this report, the indicative values of pre and post-transaction price of GSE shares are shown in the table below:

	Low	High	Midpoint
Pre-transaction control value per share	\$0.0438	\$0.1232	\$0.0835
Post-transaction value per share	\$0.0623	\$0.0860	\$0.0747

### ***2.3 Reasonableness of Proposed Transaction***

ASIC Regulatory Guide 111.12 states that an offer is reasonable if it is fair. An offer may also be reasonable, if despite it not being fair, there are significant factors, which in the Expert's Opinion, Shareholders should consider in accepting the offer.

To assess whether the Proposed Transaction is 'reasonable', it is appropriate to examine other significant factors to which Goldsearch Shareholders may give consideration to prior to deciding whether to vote in favour of or against the Proposed Transaction. This evaluation may involve comparing the likely advantages and disadvantages of approving the Proposed Transaction with the position of a Goldsearch Shareholder if the Proposed Transaction is not approved, as well as a consideration of other significant factors.

In this case special attention has been given to ASIC Regulatory Guide 111.13 e, which states that when deciding whether an offer is reasonable, an Expert might consider any special value of the target to the bidder who are current GSE Shareholders.

When deciding if the offer is reasonable I have considered the following items:

- a) Zoono Management Accounts for the 4 months ended 31 July 2016, show a strong return to profit with net profit before tax at \$793,843, on total turnover of \$1,389,231.
- b) Zoono access to the U.S. market. On the 19th December 2015 Zoono Limited signed a distribution agreement with Zoono USA LLC (A New Jersey Registered Company) the term was for 20 years with a 10 year renewal option. In addition to the U.S the territory the agreement included Puerto Rico.
- c) Zoono has established a production facility in South Carolina and has a customer base in the U.S.
- d) Zoono has 5 active distributors servicing markets in New Zealand, Australia, The United States, Peru (which covers Chile, Ecuador and Bolivia) and Japan. In addition Canada, Iran, Egypt, Saudi Arabia and South Korea have agents appointed;
- e) Zoono has 50 registered Global Trade Marks in 25 countries.
- f) The market for Goldsearch shares is illiquid at present as the stock is currently suspended with the last recorded sale at \$0.042/share.
- g) The Acquisition of Zoono Accumulated tax losses as at 31 March 2016 of \$630,744.

Listed below is a summary of possible advantages to GSE Shareholders:

- h) The consideration offered Zoono by GSE is in the form of ordinary shares, which will be held in escrow, which will allow pre-transaction GSE Shareholders the opportunity to trade their shares once the current suspension from trading is lifted. Thus allowing the GSE Shareholders to realise the value of their shares relatively quickly.
- i) There is an opportunity for existing Shareholders in GSE to retain an interest in the Company.
- j) GSE may have improved its capacity to raise capital required to fund future expansion.
- k) The value of share in GSE post transaction is greater than that value at which the shares in GSE were suspended from trading on 27 June 2016

Listed below is a summary of possible disadvantages to Goldsearch Shareholders

- a) It is uncertain if the Proposed Transaction is the best proposal that the Goldsearch Board may be able to deliver given time.
- b) Existing Shareholders of Goldsearch will lose control of the company upon completion of the transaction, suffer a dilution of their interests, reduce the likelihood of receiving a premium for control in the future and a potential reduced liquidity in Goldsearch shares post-Acquisition.
- c) Post transaction the new Goldsearch Shareholders will have the power to control the board and with that, the commercial decisions Directors may make from time to time affecting the performance of the Company.

- d) Goldsearch was established originally as an exploration company and as a result may not have the Expertise to operate successfully a business dealing in the pharmaceutical industry. GSE will be relying on the capability of a new management team to control the day-to-day activities of the Company.

## ***2.4 Summary Conclusion***

It is my conclusion that the Proposed Transaction is not fair to the Goldsearch Shareholders but it is reasonable considering the special value that Zoono brings to Goldsearch.

For full details of my conclusion, please see Section 12 of this report.

## ***2.5 Other Matters***

The Valuation work set out in Sections 9.0 and 10.0 in relation to Goldsearch and Zoono has been prepared primarily to allow a comparison of the relative values being contributed by Goldsearch and Zoono to the Merged Entity. While it is my view that the values I have adopted are appropriate for assessing the Proposed Transaction, it is also my view that the share market value of the companies on a merged basis will depend on the economic conditions and operational prospects that exist at the time, and may differ to the sum of my values for Goldsearch and Zoono.

Before forming a view on the Proposed Transaction, I strongly recommend that GSE Shareholders:

- a) Consult their professional advisers;
- b) Carefully read all relevant documentation provided to them, including this Report, the Notice of Meeting, the Explanatory Statement and all other information provided; and
- c) Consider their own specific circumstances and assess the way in which those circumstances might impact their decision to vote in favour of, or against, the Proposed Transaction.

The Analysis set out in this Report has relied on certain economic, market and other conditions prevailing as at the date of this Report. We note that changes in these conditions may have a material impact on the results presented in this Report. Having written this Report I am not responsible for updating the Report in the event that these circumstances change.

I have evaluated the Proposed Acquisition for GSE Shareholders as a whole. I have not considered the effect of the Proposed Acquisition on the particular circumstances of individual Shareholders, who may place a different emphasis on various aspects of the Proposed Acquisition from those adopted in the Report. Accordingly, individual Shareholders may reach different conclusions to me on whether the Proposed Acquisition is fair and reasonable. If in doubt, Shareholders should consult another Independent Adviser.

## ***3 Overview of the Proposed Transaction***

This Section sets out an overview of the Proposed Transaction and is structured as follows:

- Section 3.1 provides a brief description of the parties involved in the Proposed Transaction;
- Section 3.2 provides a description of the Proposed Transaction;
- Section 3.3 sets out the conditions of the Proposed Transaction; and
- Section 3.4 discusses the strategic rationale for the Proposed Transaction.

### **3.1 Description of Parties Involved**

#### **3.1.1 Goldsearch Limited**

Goldsearch Limited is an Australian Public Company with headquarters in Sydney. The Company was listed on the Australian Stock Exchange Limited (ASX Code GSE) on 21 July 1988. GSE is currently suspended from trading, pending the outcome of the Proposed Transaction. GSE can be described as a Listed Corporate Shell seeking to acquire a business that it can operate to grow the wealth of its Shareholders.

The Company currently does not trade and remains solvent by way of the financial support of its major creditors and Shareholders.

In June 2016, the Company had signed a Terms Sheet to acquire 100% of the shares and 100% of the assets and business undertakings of Zoono Group Limited, a Pharmaceutical Company. As this transaction heralded a change in business activities for Goldsearch, and was suspended from trading on June 27, 2016. The last sale of shares in GSE recorded prior to suspension was at \$0.042/ordinary share. The Company's Securities will remain suspended until it has re-complied with Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3, which deals with an entity disposing of its main activity.

#### **3.1.2 Zoono Group**

Zoono Group is a private company with its head office in New Zealand and specialises in the development, production and sale of antimicrobial products through a growing global distribution network.

Currently, active Distributors are located in; New Zealand, Australia, Peru, Japan and the USA, where the company also has a production facility in South Carolina, to supply U.S. and other regional customers. U.S. customers.

Zoono products appear effective against a range of pathogens including bacteria, viruses, moulds, algae and fungi.

### **3.2 Description of the Proposed Transaction**

GSE has entered into a Share Sale Agreement ("SSA") to acquire all the Vendor Shares in Zoono, which represents 100% of Zoono. This is to be satisfied by the issue of 94,500,000 Shares ("**Consideration Shares**") at a deemed issue price of \$0.20 per Share (equivalent to \$18,900,000). The Acquisition of Zoono includes all of the business operations of Zoono.

### **3.3 Conditions of the Proposed Transaction**

The Share Sale Agreement states that the Acquisition is subject to the satisfaction of various condition precedents, which include, but are not limited to:

- a) Goldsearch raising a Minimum Subscription of \$7,000,000 under Prospectus;
- b) Goldsearch convening a General Meeting of its Shareholders within sixty (60) days of the date of the Share Sale Agreement, to approve the Acquisition;
- c) Goldsearch obtaining approval of its Shareholders for the Acquisition;
- d) Goldsearch to use all reasonable endeavours to procure a waiver from the ASX, such that NPT Zoono Trustee Limited can sell not less than \$2,000,000 and not more than \$5,000,000 of the Consideration Shares, upon completion of the Capital Raising;
- e) NPT Zoono Trustee Limited transferring the Audi S8 motor vehicle and any financial obligations relating to same out of Zoono, prior to the completion of the Acquisition;
- f) NPT Zoono Trustee Limited procuring the removal of Zoono's balance sheet debt owed to Woodfield Investments prior to the completion of the Acquisition.

- g) Shareholders approvals ratifying Resolutions 9 (the acquisition of Zoono) and 12 (authorising the Capital raising) as detailed in the Notice of Meeting;
- h) Re-quotation occurring in accordance with Chapter 2 of the ASX Listing requirements; and
- i) Goldsearch, providing the Vendor with evidence satisfactory to the Vendor, that on completion Goldsearch will be:
  - i. Free of Debt;
  - ii. Compliant with the ASIC and the ASX requirements;
  - iii. Able to cover all costs incurred in relation to the due-diligence process; and
  - iv. Able to deliver net \$5,783,812 to the Company or the Vendor (as directed by the Vendor) based on a \$10,000,000 capital raising, less \$560,000 capital raising fees to JB Advisory Pty Limited and \$584,000 for costs of the Proposed Acquisition, which includes an introductory fee of \$100,000 payable to John Percival.
- j) Goldsearch providing evidence to the Vendor, that at completion, there will be no outstanding or unfulfilled contracts other than those disclosed to the Vendor in writing by Goldsearch prior to completion.
- k) The Vendor, confirming payment of disclosed amounts totalling approximately \$584,000 in costs, including a one off payment to John Percival, as an introduction fee. Capital raising commissions paid in addition to these costs are agreed to be 8% payable by Goldsearch to JB Advisory Pty Limited and are payable on all funds raised under Prospectus. In addition, a further commission of 5% will be paid to JB Advisory for the off market sale of Vendors shares in Goldsearch as detailed in the Share sale Agreement. This off market sale of the Vendor's shares will continue to be under Escrow under the same conditions as if they were still held by the Vendor.
- l) The Vendor being satisfied that the capital structure of Goldsearch post-completion, based on the minimum capital raising of \$7,000,000 will be as detailed above (see 1.2 SSA), unless NPT Trustee agrees changes in writing.

### **3.4 Sell Down Agreement**

- a) On or about 11 November 2016, Zoono agreed to enter into a Deed of Variation to vary the Waiver Requirement specified in the Share Sale Agreement (the "Deed of Variation"). NPT Trustee has agreed to waive the Waiver Requirement on the condition that NPT Trustee is permitted to sell down its 100% shareholding in Zoono to interested third party investors prior to the Acquisition. The material terms of the Deed of Variation is that NPT Trustee will sell \$2 to \$5 million shares in Zoono (the "Sell Down Shares") to interested third party investors (the "Investors").
- b) On or about 11 November 2016, it was agreed that the Investors would purchase the Sell Down Shares from NPT Trustee pursuant to a Share Sale Agreement (the "Sell Down Agreement") by way of Big Black Bear Pty Ltd (ACN 616 152 320) being the trustee for a separate bare trust for each of the Investors (the "Bare Trust"). The Investors will be beneficiaries of the Bare Trust declared in favour of each of the Investors. The material terms of the Sell Down Agreement are that the Investors agree:
  - i. the Big Black Bear Pty Ltd (ACN 616 152 320) ("Black Bear") will be the trustee for a separate bare trust declared by Black Bear for each of the Investors (the "Bare Trust"). The sole director/secretary and shareholder of Black Bear is Mr John Benedict Callanan, director of JB Advisory Pty Ltd (ABN 34 128 893 247), a Corporate Authorised Representative of BR Securities Australia Pty Ltd AFSL 456663 ("JB Advisory");
  - ii. the Investors will pay the purchase price to Black Bear for the nominated Sell Down Shares it seeks to purchase from NPT Trustee (the "Sell Down Capital Raising");



- iii. upon receipt of the Sell Down Capital Raising (ie the purchase price from each of the Investors), Black Bear will secure the respective Sell Down Shares for the Investors;
  - iv. upon Black Bear securing the Sell Down Shares for the Investors, Black Bear will declare the Sell Down Shares are held for the benefit of each Investor by way of the Bare Trust, with each of the Investors being a beneficiary of its own Bare Trust (the “Beneficiaries”);
  - v. collectively the Beneficiaries and NPT Trustee will be the “Vendors” of 100% of the shares in Zoono;
  - vi. the Sell Down Agreement is subject to the Share Sale Agreement becoming unconditional after all of the condition precedents specified in the Share Sale Agreement (and the Deed of Variation) have been satisfied;
  - vii. the Acquisition of Zoono is subject to the Sell Down Capital Raising, unless otherwise agreed by NPT Trustee in writing; and
  - viii. The Beneficiaries will also provide an irrevocable written undertaking that upon the declaration of the separate Bare Trust, the Beneficiary will execute a Beneficiary Deed agreeing to the terms and conditions of the Share Sale Agreement (between NPT Trustee and Goldsearch) and will waive all pre-emptive rights under Zoono Limited’s Constitution and grant Black Bear the right to execute all documents and do all things necessary for the Beneficiary to sell its Sell Down Shares to Goldsearch pursuant to the terms and conditions of the Share Sale Agreement.
- c) All of the Beneficiaries of their respective Bare Trust will be sophisticated and/or professional investors as defined in s 708 of the Corporations Act 2001 (Cth) and the Sell Down Capital Raising will be performed by JB Advisory. It is expected that the Beneficiaries will be non-related parties to Zoono, nevertheless, this cannot be certain regarding same. Whether the Beneficiaries are related parties or unrelated parties to Zoono, this will determine the length of time the Sell Down Shares are held in escrow as restricted securities.

At the completion of the transaction the entities associated with NPT Trustee and the Bare Trust will then hold 94,500,000 fully paid ordinary shares in GSE and on completion of the proposed Capital raising the issued shares in GSE issued to the HPT Shareholders and the Bare Trust will represent 58.35% on full subscription of \$10,000,000, or 64.30% on reaching minimum subscription of \$7,000,000 in the then issued capital in GSE. At the date of this Report and in accordance with the disclosure in the Notice of Meeting, the number of shares to be issued by GSE under Prospectus is 50,000,000 if fully subscribed, or 35,000,000 on reaching minimum subscription of \$7,000,000.

## **4 Scope of the Report and Methodology of Assessment**

### **4.1 Scope of the Report**

An Independent Expert, in certain circumstances, is appointed to meet the requirements set out in the Act, the regulatory guides (‘RGs’) published by ASIC together with, the listing requirements of the Stock Exchanges on which a company is listed. We have summarised the requirements of the Act and the ASX listing requirements in Sections 4.1.1 and 4.1.2 below respectively. We have summarised the guidance provided by the RGs in Section 4.2 below. The purpose of this Report is to provide an Opinion and assist Shareholders to determine:

- a) if the offer to acquire all the shares in Zoono from the Zoono Shareholders is fair and reasonable and also;
- b) to provide an Opinion on the advantages and disadvantages of the proposed Acquisition of all the shares in Zoono to be satisfied by the issue of shares in GSE.

Shareholders in GSE are required under ASX Listing Rules 7.1 and 11.1 to approve the allotment necessary to acquire all the issued shares in Zoono, together with a number of other resolutions to be put to the Meeting.

ASIC Regulatory Guide 74 "Acquisitions Approved by Members" suggests that there is an obligation to supply Shareholders with all the information that is material to the decision on how to vote on the Resolutions giving effect to the Proposed Acquisition. This can be satisfied by either:

- a) The Directors' undertaking a detailed examination of the Proposed Acquisition, if they consider that they have sufficient Expertise; or
- b) By commissioning an Independent Expert's Report.

The Directors of GSE have commissioned this Report to satisfy this obligation.

Once due diligence investigations on Zoono are complete and, assuming GSE is satisfied with the results of such investigations, the transaction can be voted on by GSE Shareholders.

This Independent Expert's Report has been prepared to assist GSE Shareholders in their decision whether to vote for, or against, the resolutions giving effect to the Proposed Acquisition.

This Report has been prepared having regard to the relevant Australian Securities and Investments Commission ("ASIC") releases, including the ASIC Regulatory Guide 111 "Content of Expert Reports" and ASIC Regulatory Guide 112 "Independence of Experts". Further details are provided in Section 2 of the Report.

This Report is to be included in the Notice of Annual General Meeting and Explanatory Memorandum ("Notice of Meeting") for the Meeting to be held on 25th November 2016 (subject to ASX and ASIC) to consider the resolutions giving effect to the Proposed Acquisition. This Report should not be used for any other purpose.

## **4.2 Methodology of Assessment**

The Act does not provide any specific guidance in relation to the principles and content of an Expert's Report relating to the approval of a sale of Securities under item 7 of Section 611 of the Act. However, ASIC are of the view that the Report should follow the requirements of other Expert Reports under the Act and thus, ASIC have set out specific guidance in Regulatory Guide 111 'Content of Expert Reports' ('RG 111') in relation to the approval of the issue of Securities under item 7 of Section 611 of the Act.

A fair and reasonable Opinion is required (RG111.55) to analyse related party transactions from the perspective of non-associated Members. This Report is to accompany the Meeting materials for further Member approvals of the Acquisition of the Zoono Group by Goldsearch.

In determining the fairness and reasonableness of the Proposed Acquisition, I have referred to ASIC Regulatory Guide 111, which provides that an Opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price (in this case, the value of the purchase consideration) and the value that may be attributed to the Securities under offer (in this case, the value of the Zoono group) (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

Assessing whether a related party transaction is 'fair and reasonable' should not be applied as a composite test (RG 111.56) that is to say there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An Expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal, as this may not provide Members with sufficient Valuation information.

### **4.2.1 Step 1 - Assessment of Fairness**

The concept of *fairness* is taken to be whether the Shareholders of GSE, prior to the transaction are, or would be better off as a minority shareholder group in GSE, after the Acquisition of the shares in Zoono and the Proposed Transaction were successfully completed.

To assess whether the Proposed Transaction is fair, it is appropriate to:

- a) Determine the value of Goldsearch prior to the Proposed Transaction. This analysis is set out in Section 9 of this Report;



- b) Determine the value of Zoono prior to the Proposed Transaction adopting a Valuation approach that is either similar or equivalent to the Valuation approach adopted in (a) above. This analysis is set out in Section 10.0 of this Report; and
- c) Comparing the value determined in (a) above with the value determined in (b) and having regard to the guidance set out in RG 111, it is my view that it is not appropriate to consider the Proposed Transaction 'fair' to Goldsearch Shareholders if the value in (a) above is equal to or less than 6.56% (at Minimum Subscription) of the combined value of (a) and (b), being the share of the Merged Entity that pre Transaction Goldsearch Shareholders will be entitled to. This analysis is set out in Section 12.0 of this Report.

#### *4.2.2 Step 2 - Assessment of Reasonableness*

ASIC Regulatory Guide 111.12 states that an offer is reasonable if it is fair. An offer may also be reasonable, if despite it not being fair, there are significant factors, which in the Expert's Opinion, Shareholders should consider in deciding whether or not to accept the offer.

To assess whether the Proposed Transaction is 'reasonable', it is appropriate to examine other significant factors to which Goldsearch Shareholders may give consideration to prior to deciding whether to vote in favour of or against the Proposed Transaction. This evaluation may involve comparing the likely advantages and disadvantages flowing from approving the Proposed Transaction with the position of a Goldsearch.

#### *4.2.3 Step 3 - Experts Opinion*

Upon completion of steps 1 and 2 above, it may be possible to conclude whether the Proposed Transaction is 'fair' and/or 'reasonable' to Goldsearch Shareholders.

We note that under RG 111, the Proposed Transaction is considered to be 'reasonable' if it is 'fair'. It may also be possible to conclude that the Proposed Transaction is 'reasonable' if there are sufficient valid reasons for the approval, notwithstanding that the Proposed Transaction may not be 'fair' to the Goldsearch Shareholders.

This Report will conclude by providing my Opinion as to whether or not the Proposed Transaction is fair and reasonable, not fair but reasonable or not fair and not reasonable. While all relevant issues must be considered prior to forming an overall Opinion, I will assess the fairness and reasonableness issues separately for clarity.

In this Report I have not provided any taxation, legal or other advice in relation to the Proposed Transaction. Other advisors have provided advice on those matters to Goldsearch in relation to the Proposed Transaction.

In the process of assessing the Proposed Transaction, I have relied on certain economic, market and other conditions prevailing at the date of this Report and note that changes in these conditions may have a material impact on the results presented in this Report. I am not responsible for updating this Report in the event that these circumstances change.

This Report has been prepared in accordance with professional standard APES 225 'Valuation Services' issued by the Accounting Professional and Ethical Standards Board Limited.

## **5 Background of Goldsearch Limited**

### **5.1 Company History**

Goldsearch Limited is an Australian Public Company with head office in Sydney, the Company is listed on the Australian Stock Exchange Limited (ASX Code GSE) on 21 July 1988.

Until recently, Goldsearch's principal activities had comprised that of a specialist provider of exploration services.

In June 2016, the Company had signed a terms sheet to acquire 100% the Zoono Group Limited a pharmaceutical company. As this transaction heralded a change in business activities for Goldsearch, the Company's shares were suspended from trading on 27 June 2016, the last sale recorded prior to suspension was at \$0.042/ordinary share. The Company's Securities will remain suspended until it has re-complied with Chapters 1 and 2 of the Listing Rules and in accordance with Listing Rule 11.1.3, which deals with an entity disposing of its main activity.

In anticipation of progressing with the Proposed Transaction, in August 2016, subsequent to the June 2016 Accounts, the Company issued \$350,000 worth of Convertible Notes, to both fund working capital and meet the costs associated with the Proposed Transaction. The conversion price of the notes is \$0.075/ordinary share.

The Company is now proposing to raise up to \$10,000,000 capital through the issue of 50,000,000 Ordinary Shares at \$0.20/ordinary share (Minimum subscription \$7,000,000) as part of the Proposed Transaction, the subject of this Report.

GSE continues to exist as a listed Member of the ASX with the support of its Directors. Trading however, in GSE Securities has been suspended and will remain so until, the Transaction is either accepted or rejected by the current Shareholders in Goldsearch.

### **5.2 Summary of Historical Financial information**

This Section of this Report sets out the historical financial information of Goldsearch. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in the full statements of comprehensive income, statements of financial position and statements of cash flows as detailed in the Company's Audited Accounts for the 12 month period ended 30 June 2016.

We make no statement as to the accuracy or completeness of the information provided. However, we have no reason to believe that the information is misleading.

Goldsearch Shareholders interested in reading the full statement of events over the last 12 months should refer to the Goldsearch Annual Report for the 12 months ended 30 June 2016, a copy attached to this Report as Appendix A. 3.

### 5.3 Financial Position

The Company has not traded during the current or 2016 financial years. All expenses incurred have been in relation to maintaining the Listed Corporate Shell.

Listed below is the Company's consolidated financial position prior to the transaction based on the latest published Audited Accounts with comparatives are attached as Appendix A.3:

<b>Goldseach Statement of Financial Position</b>	<b>30 Jun 2016</b>	<b>30 Jun 2015</b>
<b>Pre-Acquisition Transaction</b>	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	107,596	103,608
Trade and other receivables	14,865	8,670
Other assets	5,907	18,300
<b>Total Current Assets</b>	<b>128,368</b>	<b>130,578</b>
<b>Total Assets</b>	<b>128,368</b>	<b>130,578</b>
<b>Current Liabilities</b>		
Trade and other payables	406,539	792,783
<b>Total Current Liabilities</b>	<b>406,539</b>	<b>792,783</b>
<b>Total Liabilities</b>	<b>406,539</b>	<b>792,783</b>
<b>Net Assets</b>	<b>(278,171)</b>	<b>(662,205)</b>
<b>Equity</b>		
Issued Capital	34,798,272	34,104,932
Other contributed equity	-	77,800
Accumulated losses	(35,076,443)	(34,844,937)
<b>Total Deficiency or Surplus of Equity</b>	<b>(278,171)</b>	<b>(662,205)</b>

### 5.4 Tax Losses

It is unlikely carried forward tax losses will be able to be utilised in future tax years given the significant changes in business operations and ownership, resulting in failure to meet both the continuing business and ownership tests.

### 5.5 Current Activities

The Company is preparing a Prospectus to comply with the ASX Listing Rules and will undertake a capital raising of up to \$10,000,000 with a minimum subscription of \$7,000,000 (see table below) to allow the Company to expand Zoono's business globally and better service existing clients. The process is as outlined below by management of Zoono for both Minimum Subscription and Fully Subscribed scenarios:

<b>Item</b>	<b>Minimum Subscription</b>		<b>Fully Subscribed</b>	
	<b>\$7,000,000</b>		<b>\$10,000,000</b>	
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 1</b>	<b>Year 2</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Funds available from Prospectus	7,000,000	3,350,000	10,000,000	3,616,000
Working Capital	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Packaging Plant & Equipment	-	-	(1,500,000)	-
Sales & Marketing	(1,000,000)	-	(1,000,000)	-
Global Sales Office	-	(1,500,000)	(1,000,000)	1,500,000
Estimated Cost of the Offer	(1,150,000)	-	(1,384,000)	-
<b>Total Funds Applied</b>	<b>3,350,000</b>	<b>350,000</b>	<b>3,616,000</b>	<b>3,616,000</b>

Existing GSE Shareholders will be given a priority to apply for additional shares to take their shareholding up to a marketable parcel under the terms of the Prospectus.

At the completion of the transaction including the successful capital raising of \$10,000,000 the Zoono vendors will then hold 94,500,000 fully paid ordinary shares in GSE at an issue price of \$0.20 per share. The Vendor's holding will represent 58.35% of the then issued capital in GSE as set out in the table below:

Total Post-Consolidated Shares Issued in Goldsearch Limited	Minimum Subscription \$7,000,000		Fully Subscribed \$10,000,000	
	Shares	%	Shares	%
Pre-acquisition shares consolidated	9,647,622	6.56%	9,647,622	5.96%
Issue to John Percival	250,000	0.17%	250,000	0.15%
Vendors Consideration				
- Issuable to NPT Trustee	81,997,650	55.79%	63,258,300	39.06%
- Issuable to the Bare Trust pursuant to the Sell Down Agreement	12,502,350	8.51%	31,241,700	19.29%
Capital Raising Shares	35,000,000	23.82%	50,000,000	30.87%
Brokers & Advisers Shares	7,560,000	5.14%	7,560,000	4.67%
<b>Total</b>	<b>146,957,622</b>	<b>100.00%</b>	<b>161,957,622</b>	<b>100.00%</b>

GSE will have 161,957,622 shares on issue on successfully completing the Transaction.

#### **Details of Issued Capital of GSE**

#### **GSE Shares on issue**

Balance of issued shares as at 25 September 2016	14,628,576
Convertible Note conversion.	4,666,667
Total Issued Pre Consolidation 1:2	19,295,243
Total Post Consolidation	9,647,622
Issued on completion of the Proposed Transaction	<u>152,310,000</u>
<b>Total shares issued following Shareholders' approval</b>	<b>161,957,622</b>

Based on the evaluation undertaken in section 11:

1. The consideration being paid by GSE exceeds the value attributed to Zoono; and
2. The value of the GSE shares held by Shareholders is expected to decrease as a result of the Transaction.

#### **5.5.1 Top 20 GSE Shareholders**

Shareholders listed below are GSE's top 20 Shareholders as at 30 September 2016:

<b>Holder Name</b>	<b>No. Shares</b>	<b>%</b>
GRAHAM BAILRY EARTHMOVING PTY LTD <BAILEY FAMILY A/C>	800,000	5.47%
PACIFIC HOSPITALITY PTY LTD <BERMAGUI SUPER FUND A/C>	666,667	4.56%
PEGARI PTY LIMITED	666,667	4.56%
JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPERFUND>	666,667	4.56%
L&S INVESTMENTS(AUST) PTY LTD <L&S SUPER FUND A/C>	666,667	4.56%
DNI INVESTMENTS PTY LTD <IOANNIDIS FAMILY A/C>	616,667	4.22%
MAJA NOMINEES PTY LTD <PERRY FAMILY A/C>	616,667	4.22%
MR GRAHAM ROBERT BROWN	500,000	3.42%
CAPITAL H MANAGEMENT PTY LTD <CAPITAL H A/C>	500,000	3.42%
COATES SMSL PTY LTD <COATES FAM PENSION FUND A/C>	500,000	3.42%
FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	472,405	3.23%

MR RICHARD GAZAL & MRS LAURA GAZAL <UNIC SUPER FUND A/C>	416,667	2.85%
NOMMACK SALES PTY LTD	400,000	2.73%
COLVIC PTY LTD	400,000	2.73%
BELMARK INVESTMENTS	400,000	2.73%
CARRINGBUSH ENTERPRISES PTY LTD	333,333	2.28%
CITY SECURITIES PTY LTD	333,333	2.28%
SNH IMPORTS PTY LTD <THE SMR FAMILY ACCOUNT>	333,333	2.28%
MOFFATT INVESTMENTS PTY LTD <MATTHEW MOFFATT FAMILY A/C>	266,667	1.82%
LUJAMA PTY LTD <MALTBY FAMILY A/C>	250,000	1.71%
<b>TOTALS</b>	<b>9,805,740</b>	<b>67.03%</b>

## ***5.6 Summary of Goldsearch ASX Trading Data***

The Company currently has 14,628,576 fully paid ordinary Shares on issue that are suspended subject to ASX's discretion. It is expected ASX may consider the Shares that will be issued subject to Shareholder approval on the conversion of Convertible Notes to be subject to the same conditions as those already suspended at ASX's discretion.

## ***5.7 Transaction Details***

The Company has prepared a Notice of an Annual General Meeting ("AGM") of Shareholders to consider and vote on the Acquisition. The notice includes resolutions providing for:

- Approval of the Remuneration Report for the period ended 30 June 2016.
- Re-election of Directors to the Board of GSE.
- Ratification of prior issues of Shares in GSE.
- Approval of conversion rights of Convertible Notes to ordinary shares in GSE.
- Change in nature and scale of activities of GSE.
- Consolidation of Capital of GSE.
- Acquisition of Zoono Group Limited by the issue of shares in GSE.
- Election of Directors to the Board of GSE post Completion of the Acquisition.
- Issue of Shares and cash to Related Party (Mr John Percival).
- Approval of a GSE Capital Raising.
- Change of Company Name from GSE to Zoono Limited.
- Adoption of a new Constitution for GSE.

## ***6 Background of Zoono***

### ***6.1 Zoono Group Company Description***

In 2009, Mr. Paul Hyslop incorporated Zoono Group Limited after recognising the opportunity presented by Zoono's technology and the potential to increase sales on a global scale.

The basic technology behind Zoono's business was to be used for preventing Algae building up on the surfaces of submarines making them more fuel efficient through the water and less prone to detection from enemy sonar.

In or around the time of Zoono's incorporation, the base technology had several inherent problems, including very short shelf life, deactivation and loss of efficacy outside a narrow temperature band.

Zoono (under its own means) addressed this challenge by re-engineered the technology with the assistance of scientists and chemists in both California and New Zealand. As a result the re-engineering of the technology, the products sold by Zoono now have a extended shelf life and maintain efficacy over a wider temperature range.

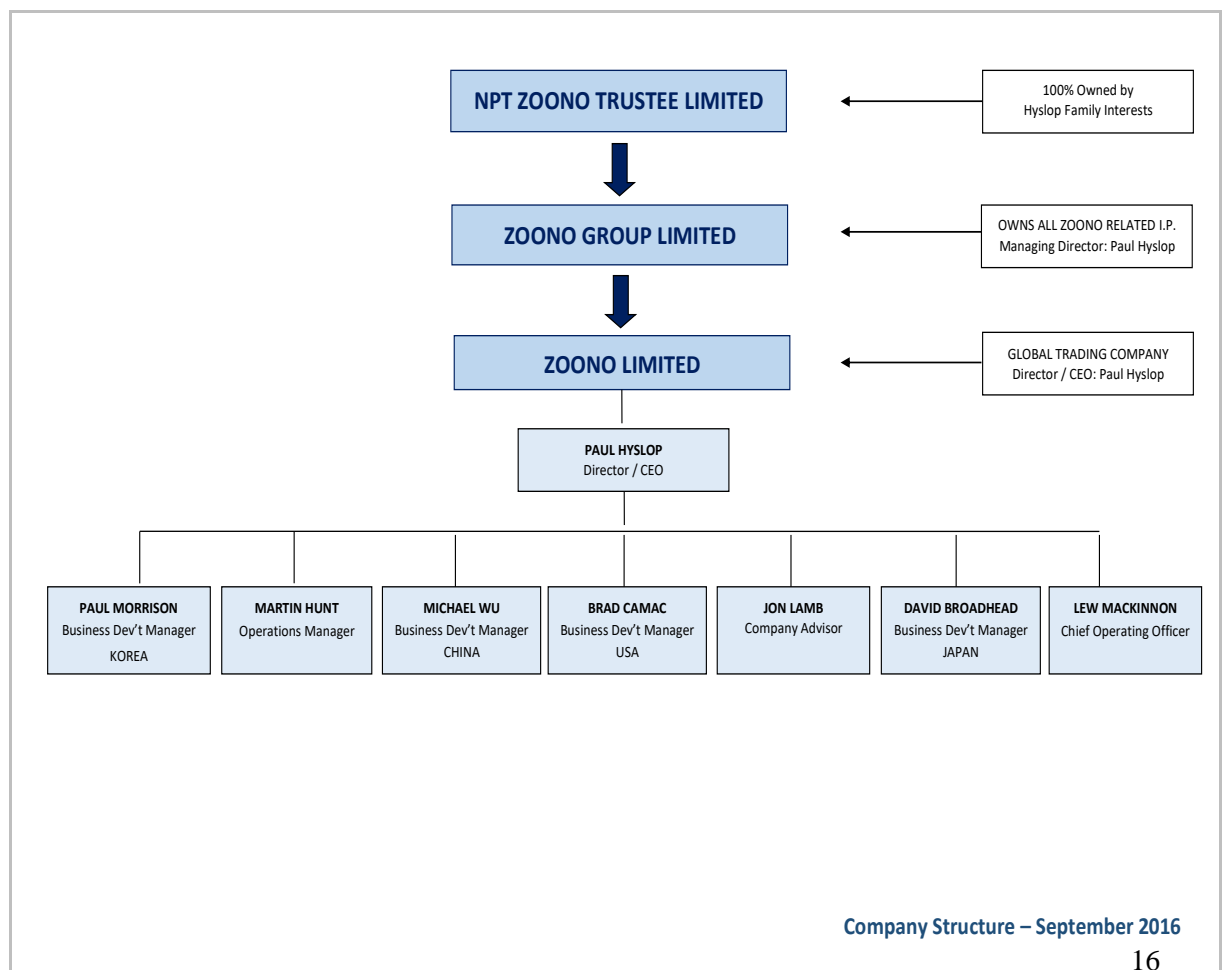
The primary purpose of Zoono products are to reduce the effect of whatever pathogens are found on a surface whether they be skin, hard surface or textiles, and then to protect the surfaces for extended periods of time.

## 6.2 History of Zoono

The history can be summarised briefly as follows:

- 1930 the technology Zoono now utilises, was developed by German Scientists for internal and external application on war submarines.
- 1950 saw the product developed as a textile additive with a relatively short shelf life.
- 1990 the main challenge to the marketability of the product continued to be its relatively short shelf life.
- 2009 Zoono was established in New Zealand. Further research increased the shelf-life, producing a non-toxic product, highly effective in combating bacteria and viruses.
- 2011 Confirmation from Howard L Hoffenberg Lawyer specialising in Intellectual Property Law in Los Angeles that GermFree-24USA which contains key ingredients necessary for development of the Zoono product range in the U.S. was unlikely to violate Patents relying on similar ingredients.
- 2013 Additional retail brands were developed boasting shelf life of up to 3 years with developing a business model for global expansion.

## 6.3 Zoono Group Structure



## 6.4 Summary of Historical Financial Information

Detailed below are the Zoono statement of financial position in New Zealand dollars taken from the Audited Accounts of Zoono for the years ended 31 March 2015 and 2016:

<b>Zoono Statement of Financial Position</b>	<b>31 Mar 2016 NZ\$</b>	<b>31 Mar 2015 NZ\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	189,880	128,590
Trade debtors and other receivables	927,426	944,991
Inventories	112,628	84,263
<b>Total Current Assets</b>	<b>1,229,934</b>	<b>1,157,844</b>
<b>Non Current Assets</b>		
Property Plant & Equipment	108,964	41,066
<b>Total Non-Current Assets</b>	<b>108,964</b>	<b>41,066</b>
<b>Total Assets</b>	<b>1,338,898</b>	<b>1,198,910</b>
<b>Current Liabilities</b>		
Trade and other payables	1,391,487	1,366,082
Income in advance	1,066,661	390,068
Borrowings	45,577	7,540
<b>Total Current Liabilities</b>	<b>2,503,725</b>	<b>1,763,690</b>
<b>Non Current Liabilities</b>		
Borrowings	73,936	43,209
<b>Total Non-Current Liabilities</b>	<b>73,936</b>	<b>43,209</b>
<b>Total Liabilities</b>	<b>2,577,661</b>	<b>1,806,899</b>
<b>Net Assets</b>	<b>(1,238,763)</b>	<b>(607,989)</b>
<b>Equity</b>		
Issued Capital	1	1
Accumulated losses	(1,238,764 )	(607,990 )
<b>Total Deficiency or Surplus of Equity</b>	<b>(1,238,763 )</b>	<b>(607,989 )</b>

## 7 Overview of Merged Entity

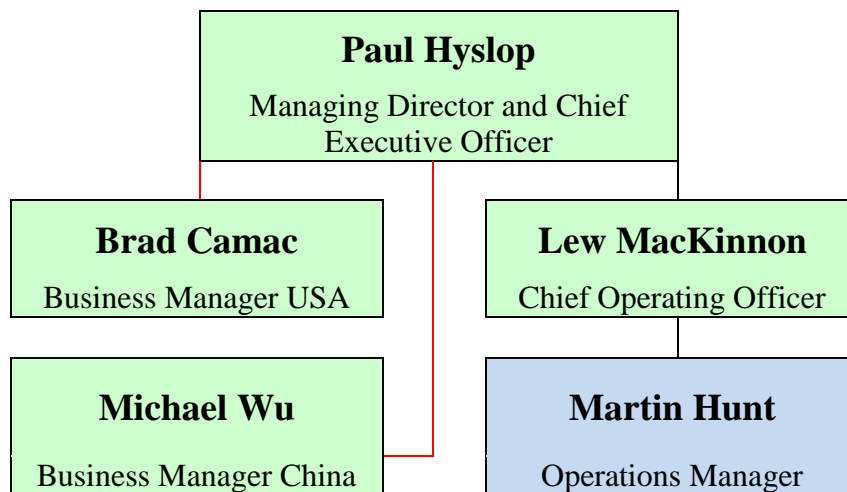
The Merged Entity will focus on Zoono products designed to reduce the impact of surface borne pathogens for extensive periods of time, whether they be on skin, hard surface or textiles.

The technology appears to have evolved considerably from the original formulation. As a result of this product and formulation evolution, opportunities have arisen across several markets.

### 7.1 The Board and Management

The Board and Management personnel listed below supported by their Auditors and Accountants, exhibit the depth of knowledge, experience and know-how required to execute the Zoono business plan to service a global market including; the handling of international money remittance and forex accountability.

## **7.2 Management and Personnel**



On completion of the transaction to acquire Zoono and following the passing of resolutions detailed in the 'Notice of Meeting', the Board of GSE should be as follows:

Managing Director, Mr. Paul Hyslop

Executive Chairman, Mr. Jon Lamb

Non-Executive Director, Ms. Elissa Hansen

Non-Executive Director, Mr. Don Clarke

## **7.3 Intentions of the Merged Board**

Upon successful completion of the transaction, the Zoono's operational structure will be taken over and will continue to expand operations with the support of the Board. Management will include:

- Business Manager USA, Mr. Brad Camac;
- Business Manager China, Mr. Michael Wu;
- Chief Operating Officer New Zealand, Mr. Lew MacKinnon
- Operations Manager New Zealand, Mr. Martin Hunt

Currently GSE's existence is dependent upon continuing financial support from its Board and Shareholders. The Directors have for some time been seeking possible opportunities for the Company via an Acquisition, to reinstate both value and growth to its Shareholders. The proposed Zoono transaction is one, which the GSE Board believes may provide an opportunity for the Company Shareholders to enhance their share value.



## 7.4 Capital Structure and Shareholders

Interests associated with Mr. Hyslop will control the merged entity post-transaction, with the level of equity held as detailed below:

Post Transaction % Ownership in Merged Entity	Minimum Subscription \$7,000,000		Fully Subscribed \$10,000,000	
	Shares	%	Shares	%
Pre-acquisition shares consolidated	9,647,622	6.56%	9,647,622	5.96%
Issue to John Percival	250,000	0.17%	250,000	0.15%
Vendors Consideration				
- Issuable to NPT Trustee	81,997,650	55.79%	63,258,300	39.06%
- Issuable to the Bare Trust pursuant to the Sell Down Agreement	12,502,350	8.51%	31,241,700	19.29%
Capital Raising Shares	35,000,000	23.82%	50,000,000	30.87%
Brokers & Advisers Shares	7,560,000	5.14%	7,560,000	4.67%
<b>Total</b>	<b>146,957,622</b>	<b>100.00%</b>	<b>161,957,622</b>	<b>100.00%</b>

## 7.5 Consolidated Financial Performance and Position Statement

In order to provide GSE Shareholders with information relevant to the financial performance and financial position of the Zoono "Group", Zoono management has provided copies of the audited financial statements (with Comparatives) as at 31 March 2015 and 2016, and management accounts for the 4 months ended 31 July 2016 (Attached as Appendix A. 4).

## 7.6 Limitations and Reliance on Information.

This Report is based on economic opinions, sharemarket, business trading and other conditions and expectations prevailing at the date of the Report. These conditions can change significantly over relatively short periods of time. If these conditions did change materially, any Valuations and Opinions could be different in these changed circumstances.

This Report also draws on financial and other information provided by GSE Directors, Zoono Directors and various Consultants.

An important part of the information used in forming an opinion of the kind expressed in this Report is comprised of opinions and judgement of management. This type of information is also evaluated through analysis, enquiry and review to the extent practical, including management's financial accounts for the 4 months to 31st April 2016. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles, and is in a manner consistent with the methods of accounting in previous years, except as otherwise noted.

## 8 Valuation Methodologies and Approach

### 8.1 Decision Tree Valuation Analysis

"Decision Tree Valuation Analysis" involves forecasting future outcomes and assigning probabilities to predictable events. As the list of potential outcomes, which are contingent on prior events, become more dynamic with complex decisions, models have to be implemented to determine priori probability calculated by logically examining existing information.

Decision tree analysis helps the process of forecasting future outcomes and assigning probabilities to those events. Potential outcomes, which are contingent on prior events, driving complex decisions models, thus reaching a conclusion based upon deductive reasoning rather than research or calculation. The largest drawback to this method of defining probabilities, is that it can only be applied to a finite set of events.

For GSE and Zoono this methodology would have to rely on hypothetical assumptions about future events, which are uncertain. In particular, we note the following matters in relation to GSE and Zoono:

- GSE currently does not trade and has not carried out a detailed forecast of the cash flows relating to the various strategic options available to the Company; and
- Zoono's activities over recent months have been positive, but revenue increases cannot be taken as conclusive evidence that will support the basis of this methodology for Zoono;
- An estimate of Zoono's future cash flows at the current point in time would necessitate relying on assumptions which are hypothetical and significantly uncertain, and incompatible with ASIC (RG170.26-RG111.28).

**Having regard to the above, in our view, it is not appropriate to adopt these valuation methodologies as they rely too much on invalidated prospective financial information.**

## **8.2 Relative Valuation**

*"Relative Valuation"* A relative Valuation model is a business Valuation method that compares a firm's value to that of its competitors to determine the firm's financial worth. Relative Valuation models are an alternative to absolute value models, which try to determine a company's intrinsic worth based on its estimated future free cash flows discounted to their present value.

Relative Valuations are typically used to value many and early stage companies by considering the value of broadly comparable listed entities which are at a similar stage of their product life cycle to the company being valued and extrapolating the value of the listed entities to determine the value of the company being valued.

When conducting a Relative Valuation it is necessary to have regard to several company specific factors to determine exactly how comparable listed entities operating in the pharmaceutical industry are to the company being valued.

There's an old business adage that says an asset is only worth what a new owner is willing to pay for it. The painful truth of that reality hits home during economic meltdowns when sellers get offers that are significantly below what assets were originally being valued at. The effectiveness of comparable Valuation is that the process specifically relies on the value of other assets that have been bought or sold.

A similar and effective approach can be utilized with respect to stocks. A stock is share in a business and the fundamentals of the underlying business can be used to determine the value of similar stocks.

Some of the most common and useful metrics to utilize in relative Valuation include:

- a) Price to earnings ratio;
- b) Return on equity;
- c) Operating margin;
- d) Enterprise value; and
- e) Price to free cash flow.

Since no two assets are exactly the same, any relative Valuation attempt should incorporate differences accordingly. But first and foremost, you cannot begin to apply relative Valuation effectively if you are dealing with businesses that are fundamentally different.

The first step in ensuring an effective relative Valuation is to make sure the two businesses are as similar as possible.

**This methodology is appropriate for Zoono for the following reasons:**

- Zoono is currently trading and generating earnings;
- There are a number of early stage companies with a similar profile in terms of size and activity on the ASX;
- Given the early stage of Zoono in its development cycle, it limits the numbers of valuation assumptions by referring to observable market data.

The primary difficulty in applying the Relative Valuation method to Zoono is that Zoono recognised a loss in the year to 31 March 2016, which limits a valuation to relying on earnings for the 8 months from 1 April 2016. Consequently, earnings adopted in the Relative Valuation method will be an annualised estimate for the 12 months to 31 March 2017.

A price to earnings ("PE") ratio relative valuation has been adopted since current observable PE ratios for similar companies in the healthcare industry has been made publicly available by the ASX.

This methodology is not considered suitable for GSE as it relies on trading results as a factor in their calculation and GSE does not currently trade.

### **8.3 Market Based Valuations**

*"A Market Approach"* This method is applied to determine the appraisal value of an asset based on the selling price of similar items. The market approach is a Business Valuation method that can be used to calculate the value of property or as part of the Valuation process for a closely held business. Additionally, the market approach can be used to determine the value of a business ownership interest, security or intangible asset. Regardless of what asset is being valued, the market approach studies recent sales of similar assets, making adjustments for differences in size, quantity or quality.

Markets based Valuations relate to the Valuation of an entity having regard to the value which Securities in the entity have recently been purchased at. This approach is particularly relevant to:

- a) Entities where the shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time; and/or
- b) Entities where it is possible to observe recent transactions relating to the transfer of relatively large parcels of shares (e.g. recent capital raisings).

Advantages of this approach are that it reflects the actual value of recent transactions in the entity's securities;

- a) Provides an indication of a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm's length; and
- b) No requirement to make long-term cash flow projections into the future.

Disadvantages:

- a) If the entity is not listed it is difficult to observe the value of actual trades or alternatively, no trades may have occurred;
- b) May not reflect the value that a specific purchaser may pay for the entity; and
- c) Sensitive to the economic/market conditions prevalent at the time, which may impact the value of recent transactions of a particular company.

**This methodology is considered ideal for GSE and has been based on GSE's previous trading history.**

### **8.4 Asset Based Valuation**

This valuation methodology focuses on a company's net asset value (NAV), or the fair-market value of its total assets minus its total liabilities, to determine what it would cost to recreate the business. There is some room for interpretation in the asset approach in terms of deciding which of the company's assets and liabilities to include in the Valuation, and how to measure the worth of each.

The real value of assets in an asset-based approach for valuing a business may be much greater than simply adding up the recorded assets. For example, a company's balance sheet may not include major assets such as internally developed products and proprietary methods of conducting business. If the company's owner did not pay for the assets, they did not get recorded on the cost basis balance sheet.

In addition, many businesses have special products or services that make them unique. Pricing those offerings as part of selling a business may be difficult due to their intangible value.

**The asset-based approach is best used when a business is non-operating or has been generating losses, and is suitable for valuing GSE immediately upon consolidated post transaction.**

### ***8.5 Summary of Applicable Valuation Methodologies***

Our view of the most appropriate Valuation methodologies to apply when calculating the value of Goldsearch and Zoono summarised below:

1. Decision Tree Valuation - Not preferred for either GSE or Zoono;
2. Relative Valuation - Not preferred for GSE, preferred for Zoono;
3. Market Based Valuation - Preferred for GSE (High estimate), not preferred for Zoono; and
4. Asset Based Valuation - Preferred for GSE (Low estimate).

### ***8.6 General Risks Associated With the Valuation of GSE and Zoono***

Pharmaceutical companies such as Zoono and Listed corporate shells such as Goldsearch are typically exposed to a number of general risks, which may affect their financial performance and consequently have an impact on their value.

The Table below summarises a number of the general risks, which have been considered in the Valuation/Appraisals of Goldsearch and Zoono pre and post transaction. Please note that this is not an exhaustive list of all the possible risks that such companies could face.

Risks Associated with the Valuation of Pharmaceutical Companies can be summarised briefly as follows (see details in Appendix 4):

- Large global competitors
- Ability to raise funds
- Market penetration
- Securing and protecting intellectual property
- Uncertainty of cost and
- Substitute products.

### ***8.7 Premium for Control***

When considering transactions involving a substantial equity holding of a company, it is appropriate to address whether a premium for control should attach to the Transaction. A premium for control is the difference between the price for each share that a buyer would be prepared to pay to obtain a controlling interest in a company and the price per share that would be required to purchase a share that does not carry with it a controlling interest. In most cases, the value of a controlling interest in the shares in a company significantly exceeds the listed market value of the shares. This reflects the fact that:

- a) the owner of a controlling interest in the shares in a company obtains access to all free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder;
- b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds;
- c) the controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company;
- d) the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

Empirical evidence indicates that the average premium for control (over and above the market price of the company's shares) in successful takeovers in Australia generally range between 20% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.

Caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply a premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the amount paid by institutional investors through a capital raising.

A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered.

A premium for control is relevant to the Transaction, as it will result in the Zoono Vendors owning 58.35% of the shareholding in GSE. We have determined that, the change in the level of ownership is sufficient to consider a premium for control.

In KPMG 'Australian Valuation Practices Survey 2015 Section 15, identified a consistent range for both premium for control and discount for the minority of up to 40% with the average in both cases around 30%.

With respect to the market value of shares approach, we have applied a premium for control of 10% to the value of GSE shares based on the following:

- a) Vendors will obtain control of GSE free cash flows and decision making regarding the acquisition and disposal of assets and the redeployment of the proceeds;
- b) Vendors will obtain control of the appointment of directors, management policy and the strategic direction of GSE;
- c) We have chosen a control premium of only 10% as opposed to a higher premium within the typical range of a merger transaction, as GSE has historically traded at a loss and currently has limited assets capable of earnings sustainable profits and cash flows;
- d) GSE currently has no active business activity;
- e) GSE has limited material surplus assets available to be extracted by the Vendors obtaining control of GSE;
- f) Vendors will not obtain any significant synergy advantages from the merger of GSE and Zoono.

## 9 Valuation of Goldsearch Limited

### 9.1 Market Based Valuation

This Section sets out my view of an appropriate enterprise value to adopt for GSE, having regard to the market based valuation methodology. To apply the methodology I have had regard to the following:

- Historical Share Market performance of GSE Ordinary Shares;
- The liquidity of GSE ordinary shares; and
- The GSEs intrinsic value as a listed shell.

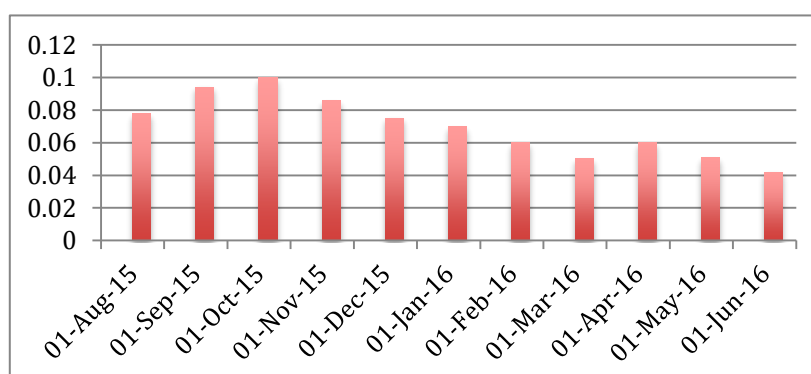
#### 9.1.1 Arriving at a Value for Goldsearch

GSE's shares are listed on the ASX. Listed below are the closing and average share prices for the Goldsearch for the 12 months up to the suspension of the stock on the 27th June 2016.

Average Goldsearch Limited Share Price for 12 Months prior to suspension	
30-Jun-16	\$0.042
31-May-16	\$0.051
30-Apr-16	\$0.060
31-Mar-16	\$0.050
29-Feb-16	\$0.060
31-Jan-16	\$0.070
31-Dec-15	\$0.075
30-Nov-15	\$0.086
31-Oct-15	\$0.100
30-Sep-15	\$0.094
31-Aug-15	<u>\$0.078</u>
Average for last 12 Months	\$0.070

The information set out in Table 10.4 above is also expressed graphically below:

GSE Ordinary Shares Sale Price (source ASX)



From general enquiry there are a number of listed corporate shells available and the price is dependent on those factors, which affect the value, they include:

- Whether or not the company has net tangible assets and if so what is their realistically value;
- What amount of cash or cash equivalents are a part of those net tangible assets; and

- The price in the market for an unlisted shell.

Goldsearch does not trade and remains solvent by way of the financial support of its major Creditors, being current and previous Directors and Shareholders.

Any value pre-transaction attributed to the Company must be considered nominal value and has been based on the following assumptions:

- The Company's value as a listed stock taking the average over the 12 months prior to suspension;
- The Company has a deficiency in net tangible assets; and
- The Company's intrinsic value as a listed corporate shell.

Pre-Transaction value resides in Goldsearch being listed and the work of the Board Members to identify and acquire a business opportunity to grow the wealth of shareholders.

There is no reason to believe that if the transaction is rejected the stock will not be relisted.

Comparable transactions are not readily available and when they are, often tend to be based on a negotiated amount, relative to what a buyer is prepared to pay when searching for growth and perhaps synergistic savings without qualification of profitability or performance. A market-based transaction does have a roll however, when considering a value for Goldsearch as a listed shell suitable for a reverse takeover.

Considering the information as to share prices for GSE detailed above, I believe the range of value per Ordinary Share in Gold search pre transaction to be:

- High being the average for the 12 months prior to suspension \$0.07/share  
*(supported by the conversion price of \$0.075/share for the recent Convertible Note issue)*
- Low being the price at the date of suspension \$0.042/share

#### **Details of Issued Capital of GSE**

#### **GSE Shares on issue**

Balance of issued shares as at 25 September 2016	14,628,576
Convertible Note conversion.	<u>4,666,667</u>
Total Issued Pre-Transaction	<u>19,295,243</u>

For the purpose of reaching an opinion, fair market is defined as the amount at which, the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing Vendor, acting at arm's length with neither being under compulsion to buy or sell.

### 9.1.2 Equity Value of Goldsearch Pre-Transaction

	Low \$	High \$	Midpoint
<b>Pre-consolidation</b>			
GSE share value – minority basis	0.0420	0.0700	0.0560
GSE share value – controlling basis <sup>1</sup>	0.0462	0.0770	0.0616
<b>Post-consolidation</b>			
GSE share value – minority basis	0.0840	0.1400	0.1120
GSE share value – controlling basis <sup>1</sup>	0.0924	0.1540	0.1232

<sup>1</sup> Application of 10% premium for control as per 8.7 above

## 9.2 Realisation of Assets

As at 30 June 2016 the Company's net tangible liabilities totalled \$278,171, as shown in the audited balance sheet.

Our experience suggests the value of a listed company is between \$600,000 and \$800,000 depending on the subsequent regulatory requirements, including necessary compliance with ASX listing requirements. Allocating a value for the listed company shell of \$700,000 to represent a premium for control would increase the current net asset backing of GSE on a controlling interest basis as follows:

Net liabilities	(\$278,171)
Value of listing	<u>\$700,000</u>
<b>Net realisation of assets</b>	<u><b>\$421,829</b></u>

GSE currently has no business activity. The notional realisation of assets is therefore an appropriate valuation method for the assets of GSE.

GSE currently has 19,295,243 ordinary shares on issue post convertible note conversion. Prior to the Transaction, the net asset backing per share is therefore \$0.0219 pre-consolidation on a controlling interest basis or \$0.0438 post-consolidation on a controlling interest basis

## 10 Valuation of Zoono

### 10.1 Asset or Market based Valuation

Zoono is an active trading entity and as a result the company's balance sheet does not include major assets such as internally developed products and proprietary methods of conducting business.

If the Company did not pay for the assets, they do not get recorded on the cost basis balance sheet. Therefore the Asset Based Valuation is considered unsuitable for valuing Zoono

### 10.2 Price to Earnings Ratio Relative Valuation

An Relative Valuation model compares a firm's value to that of its competitors to determine the firm's financial worth. We have elected to apply the Price to Earnings (PE) Ratio Relative Valuation model, which provides an estimate of a company's intrinsic worth based on its estimated future maintainable earnings (FME) multiplied by an appropriate earnings multiple reflecting the risks inherent in the business, growth prospects and alternative investment opportunities.

A Price to Earnings (PE) Ratio Relative Valuation has been adopted since current observable PE ratios for similar companies in the healthcare industry has been made publicly available by the ASX.



Like absolute value models, investors may use relative valuation models when determining whether a company's stock is a good buy.

Estimations of FME must give consideration to historical and forecast operating results, abnormal or non-recurring items of income and expenditure and other factors including key industry risk factors, growth prospects and the general economic outlook.

#### *10.2.1 Historical Earnings*

In applying a PE based multiple, FME will be measured using Net Profit after Tax (NPAT).

From review of the Audited Profit and Loss Accounts for the financial years ended March 2015 and 2016, it is evident that like many privately owned firms, Zoono has managed receipts of revenue and payment of deductible expenses for purposes other than matching costs and income to determine profitability for a specific income year. Therefore in review of the audited accounts the following points require more detailed explanation:

1. Directors and Management Fees totalling NZ\$948,000 paid to and at the discretion of the Managing Director, are greater than the Reported revenue of NZ\$944,877 for 2016. These fees are not indicative of expenses directly related to earning that revenue and in determining profitability for the year should be added back.
2. The Balance Sheet item 'Income in Advance' of NZ\$1,066,661 is considered by Management as non-refundable and while not taken up in sales revenue in the Profit and Loss, it has always been considered by Zoono as income available to fund operations.
3. The lift in income in advance from the year ended March 2015 to March 2016 of 273% provides evidence of the rapid growth in sales being experienced by Zoono and adds further support to validation of higher revenue expectations.
4. The lift in marketing expenses from NZ\$161,607 to NZ\$265,294 is also a precursor to the expected lift in revenue.

#### *10.2.2 Estimated Future Maintainable Earnings*

Zoono recognised a loss in the year to 31 March 2016. Consequently, our applied FME is based on historical earnings for the 8 months from 1 April 2016 and extrapolated to 31 March 2017 using the below assumptions:

1. Purchase orders received for December 2016 and January 2017;
2. Continuation of current ratio of Cost of Goods Sold against Sales Revenue;
3. Past trading experience on seasonality of sales, adjusted for new product lines, markets and recent marketing activities;
4. Changes in costs due to new Group structure, ASX listing and new capital commitments.

Please see Appendix A. 5 for details on the reasonableness of financial forecasts.

#### *10.2.3 Foreign Currency*

The values in the Zoono Limited Statement of position has been converted from New Zealand dollars to Australian dollars at the rate of NZ\$1.0631 equals AU\$1.0000.

#### 10.2.4 Financial Position

Detailed below are the Audited Balance Sheet sheets for Zoono for the years ended 31 March 2015 and 31 March 2016 in NZ\$.

<b>Zoono Statement of Financial Position Pre-Acquisition Transaction</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Current Assets</b>	NZ\$	NZ\$
Cash & Cash Equivalents	189,880	128,590
Trade Debtors and receivables	927,426	944,991
Inventories	<u>112,628</u>	<u>84,263</u>
<b>Total Current Assets</b>	<b>1,229,934</b>	<b>1,157,844</b>
<b>Non Current Assets</b>		
Property Plant & Equipment	<u>108,964</u>	<u>41,066</u>
<b>Total Non Current Assets</b>	<b><u>108,964</u></b>	<b><u>41,066</u></b>
<b>Total Assets</b>	<b>1,338,898</b>	<b>1,198,910</b>
<b>Current Liabilities</b>		
Trade and other payables	1,391,487	1,366,082
Income in advance	1,066,661	390,068
Borrowings	<u>45,577</u>	<u>7,540</u>
<b>Total Current Liabilities</b>	<b>2,503,725</b>	<b>1,763,690</b>
<b>Non Current Liabilities</b>		
Borrowings	<b>73,936</b>	<b>43,209</b>
<b>Total Liabilities</b>	<b><u>2,577,661</u></b>	<b><u>1,806,899</u></b>
<b>Net Assets</b>	<b><u>-1,238,763</u></b>	<b><u>-607,989</u></b>
<b>Equity</b>		
Issued Capital	1	1
Accumulated losses	<u>-1,238,764</u>	<u>-607,990</u>
<b>Total Deficiency or Surplus of Equity</b>	<b>-1,238,763</b>	<b>-607,989</b>

### 10.3 Arriving at a Value for Zoono - Valuation Model

#### 10.3.1 Valuation of Zoono

Applying a multiple of 3.7 times to the projected FME estimates Enterprise Value of Zoono to range between \$3,381,982 and \$5,072,973. The earnings multiple is based on the average ASX Health Sector Price Earnings Multiple, adjusted as follows:

Health Sector multiple	12.3
Less:	
Discount for Illiquidity and Risk	(70%)
Annual multiple applied	3.7

**Industry Range after Discount for Illiquidity and Risk: 3 – 4.4 Multiple**

**Zoono Valuation Model**  
**Prospective Trading Profit & Loss for the 12 Months to 31 March 2017**

	Forex	NZ\$ 1.0631	=	A\$ A\$1
Revenue				
Total Sales		3,198,242		3,008,398
Cost of Sales		(787,014)		(740,298)
Gross Profit		2,411,228		2,268,100
OPEX		(746,691)		(702,368)
Net Profit Before Tax		1,664,537		1,565,732
Tax Expense		(466,070)		(438,405)
Net Profit After Tax		1,198,467		1,127,327
Zoono Shares on Issue (No.)		31,112		31,112
Earnings per Share		38.52		36.23
<b>Estimated Valuation Range</b>				
Low Range	Multiple	3.0		3.0
	Equity value per share	115.56		108.70
	Estimated equity Value	3,595,401		3,381,982
High range	Multiple	4.4		4.4
	Equity value per share	169.49		159.43
	Estimated equity Value	5,237,254		4,960,240
Mid-Point	Valuation Multiple	3.7		3.7
	Equity value per share	142.53		134.07
	Estimated equity Value	4,434,528		4,171,111

I estimate the fair market value of Zoono shares pre-transaction to be in the range between \$3,381,982 and \$4,960,240 and the mid-range value of \$4,171,111 as an indicative value for Zoono's shares pre-transaction.

### 10.3.2 Earnings Multiple

We have considered the trading and transaction Price to Earnings (PE) multiples observed in the market for comparable companies to attribute a value to Zoono. The PE multiple chosen for the business has been based on comparable trading multiples for similar listed companies range from 3 to 16 times NPAT, with an average multiple of 12.3 times NPAT.

The midpoint multiple applied to Zoono represents a 70% discount to the average trading multiple. We consider this is reasonable due to the following:

- Zoono is not a listed company and does not have access to the working capital and funding opportunities of listed companies;
- Zoono is significantly smaller than most other comparable listed companies;
- Zoono does not have the diversity of most other comparable listed companies and may be more susceptible to earnings fluctuations;
- Most other comparable listed companies do not have the liquidity in shares of ASX listed companies.

The list of comparable companies and their earnings multiples are listed below:

<b>Company</b>	<b>ASX Code</b>	<b>Earning Multiple</b>
Probiotic Limited	PBP	3
Summerset Limited	SNZ	9
Global Health Limited	GLH	11
Cyclopharm Limited	CYC	13
SDI Limited	SID	14
Ansell Limited	ANN	14
Paragon Care Limited	PGC	14
LBT Innovations Ltd	LBT	14
Konekt Limited	KKT	15
Vita Life Sciences	VSC	16
<b>Average</b>		<b>12.3</b>

The above ASX stocks were reviewed, relative to their last reported earnings and their share prices in the first week of November 2016. The 10 stocks chosen were all identified as health sector stocks that are profitable and have a history of both price and volume of ASX transactions.

Stocks excluded from the averaging process are the sector leaders such as Ramsay Health Care, Sonic Health Care, CSL Limited and ResMed. Also excluded are stocks that showed exceptionally high PE Ratios or those stocks recording a loss for the year last reported.

These 10 stocks share the below common characteristics with Zoono;

1. Health Care industry classification under Global Industry Classification Standard ("GICS") as well as by the ASX (PBP, SNZ, GLH, CYC, SDI, ANN, PGC, LBT, KKT, VSC);
2. Research and development of healthcare technology and pharmaceuticals (PBP, GLH, SDI, ANN, LBT, KKT);
3. Commercialization of new to market technologies in the healthcare sector (PBP, GLH, SDI, ANN, PGC, LBT, KKT);
4. Distribution and sale of consumer healthcare products and services (PBP, SNZ, GLH, CYC, SDI, ANN, PGC, LBT, KKT, VSC).

### *10.3.3 Risks of Relative Valuations*

The main risks that the projected earnings used in the valuation will not be achieved are:

- a) Loss or non-renewal of main contracts;
- b) Failure to achieve and sustain current level of earnings;
- c) Cost overruns for unforeseen circumstances;
- d) Competitors and substitute products entering the market;
- e) Changes in demand in the market Zoono operates;
- f) The continuing employment of key management;
- g) Unexpected costs to comply with laws and regulations;
- h) Changes in the general economic climate in which the Company operates.

## ***10.4 Arriving at a Value of Goldsearch Limited Post Transaction.***

### ***10.4.1 The Valuation***

#### **GSE Value**

	<b>Low</b>	<b>High</b>	<b>Midpoint</b>
<b>Pre-transaction control value per share</b>	<b>\$0.0438<sup>1</sup></b>	<b>\$0.1232<sup>2</sup></b>	<b>\$0.0835</b>
Pre-transaction, post-consolidation shares on issue	9,647,622	9,647,622	9,647,622
Control valuation of GSE pre-Transaction	\$422,566	\$1,188,587	\$805,576
Prospectus capital raising, net of costs	\$5,930,000	\$8,680,000	\$7,305,000
Post-raising value, control basis	\$6,352,566	\$9,868,587	\$8,110,576
Minority discount	(9.09%)	(9.09%)	(9.09%)
Post-raising value, minority basis	\$5,775,060	\$8,971,443	\$7,373,251
Consideration received for shares	\$3,381,982	\$4,960,240	\$4,171,111
Post-raising value, minority basis including consideration received under the Transaction	\$9,157,042	\$13,931,683	\$11,544,362
Post-transaction shares on issue	146,957,662	161,957,662	154,457,642
<b>Post-transaction value per share</b>	<b>\$0.0623</b>	<b>\$0.0860</b>	<b>\$0.0747</b>

## ***11 Evaluation and Conclusion***

The Proposed Acquisition is on the basis of the following consideration.

### ***11.1 Value of Zoono***

Based on the analysis contained in section 10.3 of this report, the indicative value of Zoono is shown in the table below:

	<b>Low</b>	<b>High</b>	<b>Midpoint</b>
Zoono Equity Value	\$3,381,982	\$4,960,240	\$4,171,111

### ***11.2 Valuation of Consideration***

Based on pre-transaction control value of GSE from section 9, the indicative value of consideration payable by GSE to acquire Zoono is shown in the table below:

	<b>Shares</b>	<b>Low</b>	<b>High</b>	<b>Midpoint</b>
Zoono Acquisition Shares	94,500,000	\$4,139,100	\$11,642,400	\$7,890,750

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<sup>1</sup> From section 9.2, post-consolidation value on a controlling interest basis based on net realisation of assets.

<sup>2</sup> From section 9.1, post-consolidation value on a controlling interest basis based on market value of shares.

### ***11.3 Pre and Post Transaction Share Prices of Goldsearch***

Based on the analysis contained in section 10.4 of this report, the indicative values of pre and post-transaction price of GSE shares are shown in the table below:

	<b>Low</b>	<b>High</b>	<b>Midpoint</b>
Pre-transaction control value per share	\$0.0438	\$0.1232	\$0.0835
Post-transaction value per share	\$0.0623	\$0.0860	\$0.0747

## ***12 Assessment of Fairness of the Proposed Transaction***

### ***12.1 Fairness***

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the Securities being the subject of the offer.

Our fairness assessment has been based on comparing the consideration offered to the value of a GSE share acquired by Zoono. Since Zoono is acquiring control of GSE, our assessment of the value of GSE incorporates a 10% premium for control.

As the Transaction is a reverse takeover and as a result, the shareholders of GSE will hold minority interests in the combined entity when the proposed transaction is complete, we have also assessed the fairness of the Transaction by comparing the pre- transaction value of GSE shares on a control basis with the post-transaction value of GSE shares on a minority basis.

In our opinion the Transaction is not fair based on the following:

1. The consideration being paid by GSE exceeds the value attributed to Zoono; and
2. The value of the GSE shares held by Shareholders is expected to decrease as a result of the Transaction.

### ***12.2 Reasonableness***

ASIC Regulatory Guide 111.12 states that an offer is reasonable if it is fair. An offer may also be reasonable, if despite it not being fair, there are significant factors, which in the Expert's Opinion, Shareholders should consider in accepting the offer.

To assess whether the Proposed Transaction is 'reasonable', it is appropriate to examine other significant factors to which Goldsearch Shareholders may give consideration to prior to deciding whether to vote in favour of or against the Proposed Transaction. This evaluation may involve comparing the likely advantages and disadvantages of approving the Proposed Transaction with the position of a Goldsearch Shareholder if the Proposed Transaction is not approved, as well as a consideration of other significant factors.

In this case special attention has been given to ASIC Regulatory Guide 111.13 e, which states that when deciding whether an offer is reasonable, an Expert might consider any special value of the target to the bidder who are current GSE Shareholders.

When deciding if the offer is reasonable I have considered the following items:

- l) Zoono Management Accounts for the 4 months ended 31 July 2016, show a strong return to profit with net profit before tax at \$793,843, on total turnover of \$1,389,231.
- m) Zoono access to the U.S. market. On the 19th December 2015 Zoono Limited signed a distribution agreement with Zoono USA LLC (A New Jersey Registered Company) the term was for 20 years with a 10 year renewal option. In addition to the U.S the territory the agreement included Puerto Rico.
- n) Zoono has established a production facility in South Carolina and has a customer base in the U.S.

- o) Zoono has 5 active distributors servicing markets in New Zealand, Australia, The United States, Peru (which covers Chile, Ecuador and Bolivia) and Japan. In addition Canada, Iran, Egypt, Saudi Arabia and South Korea have agents appointed;
- p) Zoono has 50 registered Global Trade Marks in 25 countries.
- q) The market for Goldsearch shares is illiquid at present as the stock is currently suspended with the last recorded sale at \$0.042/share.
- r) The Acquisition of Zoono Accumulated tax losses as at 31 March 2016 of \$630,744.

#### *12.2.1 Advantages of the Proposed Transaction*

Listed below is a summary of possible advantages to GSE Shareholders:

- a) The consideration offered Zoono by GSE is in the form of ordinary shares, which will be held in escrow, which will allow pre-transaction GSE Shareholders the opportunity to trade their shares once the current suspension from trading is lifted. Thus allowing the GSE Shareholders to realise the value of their shares relatively quickly.
- b) There is an opportunity for existing Shareholders in GSE to retain an interest in the Company.
- c) GSE may have improved its capacity to raise capital required to fund future expansion.
- d) The value of share in GSE post transaction is greater than that value at which the shares in GSE were suspended from trading on 27 June 2016

#### *12.2.2 Disadvantages of the Proposed Transaction*

Listed below is a summary of possible disadvantages to Goldsearch Shareholders

- a) It is uncertain if the Proposed Transaction is the best proposal that the Goldsearch Board may be able to deliver given time.
- b) Existing Shareholders of Goldsearch will lose control of the company upon completion of the transaction, suffer a dilution of their interests, reduce the likelihood of receiving a premium for control in the future and a potential reduced liquidity in Goldsearch shares post-Acquisition.
- c) Post transaction the new Goldsearch Shareholders will have the power to control the board and with that, the commercial decisions Directors may make from time to time affecting the performance of the Company.
- d) Goldsearch was established originally as an exploration company and as a result may not have the Expertise to operate successfully a business dealing in the pharmaceutical industry. GSE will be relying on the capability of a new management team to control the day-to-day activities of the Company.

#### *12.2.3 Other considerations*

- a) An individual Shareholders decision in relation to the Proposed Acquisition may be influenced by his or her particular circumstances. I have considered the Proposed Acquisition for GSE Shareholders as a whole.
- b) I have not considered the effect of the Proposed Acquisition on the particular circumstances of individual Shareholders nor have I considered their individual objectives, financial situation or needs. Due to their particular circumstances, individual Shareholders may place different emphasis on various aspects of the Proposed Acquisition from the one adopted in the Report. Accordingly, individuals may reach different conclusions as to whether the Proposed Acquisition is fair and reasonable.

### ***12.3 Conclusion***

In conclusion, it is my opinion that the Proposed Acquisition is not fair but it is reasonable.

A handwritten signature in dark ink, appearing to read "M. C. Li", is centered within a light gray rectangular box.

Strategic Corporate Direction Pty Ltd  
Authorised Representative No. 000461829  
Avalon Pacific Capital Pty Ltd  
ALFS Licence 338943



### ***13 Sources of Information***

In preparing this Report I have had access to the following principal sources of information:

- GSE data room containing due diligence material provided by GSE and Zoono
- GSE's Annual Report for the year ended 30 June 2015
- Audited annual Report of Zoono for the year ended 31 March 2015
- Audited annual Report of Zoono for the year ended 31 March 2016
- Discussion with Directors, management and consultants of GSE
- Discussion with Directors, management and consultants of Zoono
- Publicly available information
- ASX announcements and media releases.
- Web based literature research
- Various Internet websites.
- Discussions with experienced and respected Lawyers and Accountants.

### ***14 Indemnities and Warranties Indemnities, Representation and Warranties***

GSE has agreed to our usual terms of engagement of engagement in addition to the indemnities and representations set out below

#### ***14.1 Indemnities***

In connection with APC, SCD and W A Camphin's engagement to prepare this Report, GSE agrees to indemnify and hold harmless AFC, SCD, WAC or any of the partners, Directors or agents from an against all losses, claims, damages liabilities and expenses incurred by them.

GSE will not be responsible, however, to the extent to which such losses, claims, damages, liabilities and expenses that result from the negligent acts or omissions or wilful misconduct of any APC, SCD persons or WAC.

GSE agrees to indemnify APC, SCD and WAC persons in respect of all cost, expenses, fees of separate legal council or any other Expert in connection with investigating, preparing or defending any action or claim made against APC, SCD or WAC, including claims relating to or in connection with information provided to or which should have been provided to APC, SCD or WAC by GSE.

GSE has acknowledged that this engagement of APC, SCD, and WAC is as an independent contractor and not in any other capacity including a fiduciary capacity.

#### ***14.2 Representations and Warranties.***

GSE recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so. APC, SCD and WAC persons will be using and relying on public information furnished to APC, SCD and WAC by GSE, its management, and other persons, and it may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

#### ***14.3 Experience Disclaimers, Qualifications, Declarations and Consents***

W A (Tony) Camphin is a Chartered Accountant and Managing Director of Strategic Corporate Direction Pty Ltd, an Authorised Representative of Avalon Pacific Capital Services Pty Limited

Australian Financial Services Licence under the Act, Licence Number 338943. The authorised representatives of APC responsible for this Report have not provided financial advice to GSE.

Prior to accepting this engagement, APC considered its independence with respect to GSE with reference to Regulatory Guide 112. In APC's Opinion, it is independent of GSE and each of the entities comprising the Zoono Group.

This Report has been prepared specifically for shareholder of GSE. It is not intended that this Report be used for any other purpose other than the Notice of Meeting to be sent to GSE Shareholders. In particular it is not intended that this Report should be used for any purpose other than an expression of the Opinion as to whether or not the Proposed Acquisition is fair and reasonable to the Shareholders of GSE. APC disclaims any assumption of responsibility for any reliance on this Report to any person other than those for whom it was intended, or for any purpose other than that for which, it was prepared.

The statements and Opinions given in this Report are given in good faith and in the belief that such statements are not false or misleading. In the preparation of this Report, WAC has relied on and considered information believed, after due enquiry, to be reliable and accurate. WAC has no reason to believe that any information supplied to it was false or that any material information has been withheld.

WAC has evaluated the information provided by GSE and other parties, through enquiry, analysis and review, and nothing has come to WAC's attention to indicate the information provided was materially misstated or would not provide a reasonable basis for this Report. WAC has not nor does it imply that he has, audited or in any way verified any of the information provided to it.

In accordance with the Act, WAC provides the following information and disclosures:

- WAC will be paid usual professional fees (estimated to be in the range of \$17,500 to \$20,000 (plus GST) based on time involvement at normal professional rates, for the preparation of this Report.
- Apart from the aforementioned fee, neither WAC as Authorised Representatives for APC nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- Neither WAC nor APC nor any of its Directors or associates, has any interest in GSE or any entities comprising the Zoono Group.
- Neither WAC, nor APC nor any of its Directors has had any relationship with GSE or any associate of GSE or any entities comprising the Zoono Group.

## 15 Glossary of Terms

TERM	DEFINITION
Announcement date	Date the Proposed Acquisition was announced to ASX being (date 27 June 2016)
AFSL	Australian Financial Services Licence
APC	Avalon Pacific Capital Pty Limited
ASIC	Australian Securities Investment Commission
ASX	Australian Securities Exchange Limited
Authorised Representative	W A (Tony) Camphin
Buyer	Goldsearch Limited
DCF	Discounted cash flow
Directors	Directors of GSE
Escrow	Restricted Securities may not be dealt with for a specified time
FME	Future maintainable earnings
GSE	Goldsearch Limited, the Company, the Bidder
WAC	W A (Tony) Camphin
NTA	Net tangible assets
NAV	Net Asset Value
Notice of Meeting	The Explanatory memorandum of the Meeting to be held on or about date. 18 January 2017
NPAT	Net Profit after Tax
OPEX	Operating Expenses
PE	Price Earnings Multiple/ratio
Proposed Acquisition	The Acquisition by GSE of 100% interest in Zoono group
RG	Regulatory Guide
SAS	Share Sale Agreement
SCD	Strategic Corporate Direction Pty Ltd
Sell Down Agreement	Agreement made on or about 11 November 2016 for third party Investors to purchase the Zoono shares from NPT Trustee.
Vendors	NPT Zoono Trustee Limited and third party investors holding shares in Zoono by way of Big Black Bear Pty Ltd (ACN 616 152 320) as the trustee for a separate bare trust for each of the Investors pursuant to the Sell Down Agreement.
ZOONO group	The entities listed in Section 1.2 of this Report

## 16 Appendix A. 1: Risks

Risk	Explanation
Large global competitors	<p>Large Organisations tend to be better resourced, financed and have significant competitive advantages in areas such as manufacturing, regulatory affairs and marketing and distribution. These larger companies often have a global presence and are capable of rapid market entry.</p> <p>Larger established competitors can grab market share through price-cutting and aggressive promotional campaigns.</p>
Ability to raise funding	Pharmaceutical companies require funding to carry out research and development, obtain regulatory approval, commercialisation and marketing of their products. A pharmaceutical company's ability to raise this funding is dependent upon a number of factors, some of which may be outside of the company's control, including economic and market conditions prevailing at the time.
Market penetration	Even upon successful commercialisation of an approved product, there is a risk that a pharmaceutical company may not be able to penetrate the existing market for the application and achieve its target market share.
Intellectual Property	Early stage pharmaceutical companies face significant risks in relation to their intellectual property. There is a risk that a company may be unable to obtain a trademark. Conflicts with existing patents owned by other companies and the costs associated with obtaining patents and trademarks. Pharmaceutical companies are often required to obtain patents or register trademarks in more than one country and may have to follow a number of application processes, which can differ significantly between jurisdictions. Gaining and defending intellectual property can be expensive.
Uncertainty of Costs	It is often difficult for early stage pharmaceutical companies to ascertain the total costs associated with the commercialisation of a particular product to a global market. There is a risk that actual costs for these latter stages are significantly higher than had been anticipated.
Substitute Products	All pharmaceutical companies face the risk that a new alternative antimicrobial product may be discovered by a competitor with a similar product that company may be targeting. It is possible that the alternative therapies produced by competitors may be more effective and superior.

## **17 Appendix A. 2: Financial Services Guide**

# **Financial Services Guide**

## **A Guide to our Relationship with You and Others.**

Strategic Corporate Direction Pty Ltd & William Camphin Authorised Representative  
No. 000461829

Level 11, 90 Arthur Street North Sydney NSW 2060

Phone: (02) 41822275 Mobile: 0411176693

Email: [tcamphin@corporatedirection.com.au](mailto:tcamphin@corporatedirection.com.au)

### **Authorised Representative of:**

Avalon Pacific Capital Pty Ltd AFSL # 338943

Level 32, Number 1 Market Street Sydney NSW 2000

Phone: (02) 92758868 Web address [www.avalonpacific.com.au](http://www.avalonpacific.com.au)

### **Objective of this Guide**

This Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about Strategic Corporate Direction Pty Ltd, William Camphin (SCD WAC 'me' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

### **This Report**

The following report sets out what is described as general financial product advice. The Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently any people using the Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

### **The Assignment**

SCD WAC has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, SCD WAC has been engaged to provide an independent expert's report to the shareholders of Goldsearch Limited ('GSE' or 'the Company') in relation to the potential acquisition of 100% of the issued securities in Zoono Group Ltd ('Zoono') in consideration for the issue and allotment of 94,500,000 fully paid ordinary GSE shares ('the Proposed Transaction').

Further details relating to the Proposed Transaction are set out in Section 3.0 of the Report. The Scope of the Report is set out in detail in Section 4.0 of the Report. Our Report provides an opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of GSE ('GSE Shareholders').

The Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to vote in favour of or against the Proposed Transaction is likely to be influenced by the shareholder's particular circumstances, for example, the

shareholder's taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.

### **Who we are**

Mr. William A (Tony) Camphin qualified as a Chartered Accountant in 1976 commencing public practice in the same year as W A Camphin & Co, later establishing Camphin Boston Chartered Accountants before retiring from that firm in 1994. Clients were predominately SMEs and Family Businesses. From 1983 to 1994 Mr. Camphin acted as dealer principal of a Multi Franchise Dealer Group.

In 1993 he was awarded an Austrade Fellowship and moved to Japan in 1994 to establish a marketing and distribution network. From 1994 to 2001, he established markets for a range of products in Japan, South Korea and China. While in Japan he completed a Masters in International Business. Upon returning to Australia in 1997, Mr. Camphin commenced advising SMEs and Family Businesses on succession issues. In 1999 he started as an Adjunct Lecturer at the University of Technology Sydney's Graduate School of Business, where he was responsible for courses in Innovation & Entrepreneurship and has in the past been a Lecturer in a number of courses, including Global Strategy and Strategic Management.

### **Our Role**

Our role as Authorised Representative of Avalon Pacific is preparation of Independent Expert Reports in accordance with Regulatory Guide 111 to be included in a prospectus or information and opinion to assist Shareholders and support Directors in fulfilling their obligation under ASIC regulatory Guide 74 in deciding:

- a) if the offer to acquire equity in a specific entity is fair and reasonable and also; and
- b) to provide an opinion on the advantages and disadvantages of a proposed acquisition.

### **Important Documents you can expect to receive.**

- Independent Expert Reports for shareholders as required by Directors to provide shareholders under ASX Listing Rules; and
- Business valuations and opinions including due diligence assignments.

### **Fees SCD WAC may receive**

SCD WAC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay SCD WAC \$17,500 (excluding GST and out of pocket expenses) for preparing the Report. SCD WAC and related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Further details may be provided on request.

### **If you have a complaint**

If your adviser cannot respond to your feedback or effectively resolve your issues within 14 days, you have the right to refer your concerns to the Financial Ombudsman Service Limited ("FOS"). FOS is an independent dispute resolution service that deals with complaints about financial services. FOS can be contacted at GPO Box 3, Melbourne Vic 3001 or by phone on 1300 780 808. The Australian Securities and Investment Commission (ASIC) also has a Freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain more information about your rights. The law requires us to maintain a level of Professional Indemnity Insurance appropriate for our size and the scale and complexity of their operations. Our policy is annually reviewed for currency and suitability and is a key element of our licence obligations.

## Privacy

We may collect your personal information in order to provide you with financial services and will keep confidential wherever possible such information. In order to undertake the management and administration services, it may be necessary for us to disclose information to certain third parties. We will also collect and use information about you during the course of your relationship with us. It is important that the information be kept up to date. You must let us know when information you have provided has changed.

### Collection, use and disclosure of information

We may use and disclose the information about you for the following purposes:

- to assist in providing you with services;
- to consider your request for a service;
- to tell you about other services that may be of interest to you;
- to consider any concerns or complaints you raise against us and to manage any legal action involving us;
- to identify, prevent or investigate any fraud, unlawful activity or misconduct
- where your adviser dies or arrangements with us terminate

### Absence of relevant information

If you do not provide some or all of the information requested, we may be unable to provide you with products or services.

## Privacy Policy

We comply with the Privacy Policy Act, which governs the circumstances;

- in which we or one of our related entities may collect personal information from other sources (including from a third party);
- How to access personal information and seek correction of personal information; and
- How you can raise concerns that we or one of our related entities has breached the Privacy Act or an applicable code and how our related entity or we will deal with those matters.

### Collecting sensitive information

We will not collect sensitive information about you, such as information about your health, without your consent. If applicable, we may collect health information with your consent. Your health information will only be disclosed to a service provider or organisation where this is necessary in order to provide you with financial products and services.

### Personal information you provide about someone else

If you give us personal information about someone else, please show him or her a copy of this notice so that they may understand the manner in which their personal information may be used or disclosed in connection with your dealings with us.

5<sup>th</sup> day of October 2016

**Mr. William A Camphin CA MBA**

Managing Director Strategic Corporate Direction Pty Ltd  
Authorised Representative No. 000461829 of  
Avalon Pacific Capital Pty Ltd  
Australian Financial Services License holder 338943.

### **18 Appendix A. 3: Goldsearch Limited Audited Accounts**

Goldsearch Limited Audited Accounts for the 30 June 2016 can be found on Goldsearch Limited's Website (<http://www.goldsearch.com.au>).

### **19 Appendix A. 4: Zoono Group Limited Audited Accounts**

Zoono Audited Financial Accounts for the Years ended 31 March 2015 and 2016 can be found on Goldsearch Limited's Website (<http://www.goldsearch.com.au>).

### **20 Appendix A. 5: Review of Financial Forecasts.**

ASIC Regulatory Guide 170 requires an independent expert to carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cashflow forecasts and unaudited profit figures that are used in the experts report, have been prepared on a reasonable basis.

We have conducted a review of the forecasts. Our review was limited primarily to enquiries as to the processes used in preparing the forecasts, discussion with management in relation to the assumptions and methodologies used in the forecasts and consideration of the data supporting the assumptions. However, our review was substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. In addition, prospective financial information, such as the forecasts may rely on or be impacted by events and actions that have not yet occurred and may not occur. Whilst evidence may be available to support the assumptions on which the forecasts are based, such evidence is generally future orientated & inherently uncertain. Accordingly, actual results may vary from the information presented and such variations may be material.

Based on our review of the forecasts for FY2017 and the reasonableness of the assumptions giving rise to the forecasts:

1. nothing has come to our attention which causes us to believe that the assumptions do not provide reasonable grounds for the preparation of the forecasts;
2. nothing has come to our attention which causes us to believe that the forecasts themselves are unreasonable;
3. nothing has come to our attention which causes us to believe that management's best-estimate assumptions do not provide a reasonable basis for the financial forecasts;
4. in our opinion, all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate or hypothetical assumptions; and
5. in our opinion, the forecasts are properly compiled on the basis of the underlying assumptions and presented on a basis consistent with the accounting policies of the Company, Accounting Standards in Australian and other mandatory financial reporting requirements in Australian.



## All Correspondence to:

-  **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
-  **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEDT on Monday 16 January 2017.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am AEDT on Monday 16 January 2017**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged:

-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
-  **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

☐**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your securities using this form.**

**PROXY FORM****STEP 1 APPOINT A PROXY**

I/We being a member/s of **Goldsearch Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Conference Room, Office of Hall Chadwick, Level 40, 2 Park Street, Sydney, NSW, 2000 on Wednesday 18 January 2017 at 10:00am AEDT** and at any adjournment of that meeting, to act 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.

**Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters:** If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 17 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 and 17 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 and 17). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
<b>Res 1</b>	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 10</b>	Election of Mr. Paul Hyslop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 2</b>	Election of Mr. Glenn Tetley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 11</b>	Election of Mr. Jon Lamb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 3</b>	Election of Ms. Elissa Hansen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 12</b>	Election of Mr. Don Clarke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 4</b>	Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 13</b>	Approval of a Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 5</b>	Approval of Conversion Right of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 14</b>	Issue of Shares to Advisor and Facilitator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 6</b>	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 15</b>	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 7</b>	Share Issue to a Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 16</b>	Adoption of a new Company Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 8</b>	Change in Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 17</b>	Increase in Non-Executive Directors' Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 9</b>	Acquisition of Zoono Group Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 18</b>	Resignation and Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SECURITYHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / /