

24 July 2014

# Acquisition of Ensurance

**Insurance Broker, Underwriting Agency and  
Software Developer for Online General Insurance**



- **Real-Time Online Insurance Capability with Multiple Insurers**
- **Online General Insurance Comparator**
- **Established General Insurance Broker with 23-year track record**

Parker Resources NL ("**Parker**") is pleased to advise it has entered into a conditional agreement to acquire 100% of the shares in Ensurance Capital Pty Ltd ("**Ensurance**").

Ensurance is a successful, group of insurance industry companies that have developed real-time, online digital distribution channels for general insurance with multiple insurers.

Ensurance and its three wholly owned subsidiaries ("**Ensurance Group**") provide complimentary services allowing the Ensurance Group to leverage its capabilities and increase market share within the insurance industry. The Ensurance Group includes:

- Savill Hicks Corp Pty Ltd ("**SHC**"): Insurance Brokerage with a 23-year track record;
- Ensurance Underwriting Pty Ltd ("**Ensurance Underwriting**"): Innovative underwriting products; and
- Ensurance IT Pty Ltd ("**Ensurance IT**"): providing online capability for the Ensurance Group to deliver insurance brokerage and underwriting services.

Ensurance has developed innovative solutions to provide general insurance products through digital media channels. Following national success, Ensurance is positioned to expand its significant IT capabilities by offering additional products to both local and international markets.

The consideration payable to the Ensurance shareholders for the acquisition, which is subject to approval by Parker shareholders, is:

- Issue of 30,000,000 ordinary shares; and
- Payment of \$500,000.

Following completion of the transaction, the founders of Ensurance, Stefan Hicks (MD elect) and Brett Graves will be appointed to the board. In addition Adam Davey, current non-executive director of Parker and chairman of Ensurance will assume the role of non-executive chairman.

As part of the transaction Parker will change its status, converting the company from a no-Liability company to a company limited by shares. On completion of the transaction, Parker will change its name to Ensurance Ltd.

The acquisition of Ensurance constitutes a change in nature and scale of Parkers' activities. The company will therefore need to re-comply with Chapters 1 and 2 of the ASX listing rules. As part of satisfying its requirements to re-comply Parker will hold a shareholders meeting to approve the transaction, including a capital raising by way of a prospectus to raise a minimum of \$1.3m.

## Ensurance – Building Insurance Solutions

### Market overview

The Australian general insurance industry is a large and well-established market, generating \$40b in premiums annually. In spite of this, international premiums dwarf the Australian market. Immense growth is characteristic of the insurance industry in developing economies, particularly Asia.

The trend with consumers, both in Australia and globally, is to utilise digital media to research and purchase insurance. Industry surveys note that the insurance industry is lacking in investment and progress in addressing the changing purchasing habits of consumers. The insurance industry is anticipated to experience massive digital disruption in the short to medium term.

In the last number years, online insurers have begun to offer online insurance products, such as motor and pet Insurance. This strategy has enabled them to win considerable market-share from traditional insurers that have not invested in the same distribution strategy.

While offering online products appears to be a successful model, it is ultimately flawed. This model requires the consumer to visit various websites to obtain multiple quotes which takes considerable time. Since insurers are unlikely to offer competitors products on their websites, a new model is required.

The successful model of the future will be one that addresses emerging trends and consumers purchasing habits, by offering a single online portal where consumers can:

- Obtain multiple quotes from multiple Insurers;
- Purchase insurance online in a quick process that delivers an enjoyable consumer experience; and
- Receive professional advice from an experienced, full-service Broker.

The success of this model can be seen through non-general insurance comparison sites that sell private health and life insurances. These sites have gained control of a large market-share.

### **Current Market opportunities**

- There are currently no blanket consumer comparison sites available in Australia for general insurance, for example in household insurance.
- Insurers will not offer the consumer a multi-insurer comparison website, only a licenced insurance broker can offer this service.

### **Ensurance – Working together to deliver greater distribution and growth**

Ensurance is in a unique position and has the experience to capitalise on the current market opportunities.

Through SHC, Ensurance can leverage the inevitable digital disruption within the insurance industry. Ensurance Underwriting will support SHC through wholesale product distribution, feeding multiple products and insurers into the online distribution channels. In this way, capitalising on providing innovative insurance products to the greater insurance market. Enabling this are the bespoke IT systems of Ensurance IT. Together, the group of companies that is Ensurance, represents solid foundations and substantial growth opportunities.

More information on Ensurance can be found at:

- <http://www.ensurance.com.au/>
- <http://www.savillhickscorp.com.au/>

## **Incoming Board Members**

**Stefan Hicks:** Mr Hicks is currently the Managing Director of Ensurance Capital Pty Ltd and the Founder of Savill Hicks Corp Pty Ltd. Commencing in Perth as Savill Hicks & Associates in 1990, the company has grown to a national presence over 22 years, now head quartered in Sydney, NSW. Stefan directed and managed the considerable growth achieved interstate. He has previously held senior insurance positions in Alexander Stenhouse (Aon), Perth; Willis Faber Johnson and Higgins (Willis), Melbourne; and stockbroker position with Perth based boutique corporate advisory Montagu Stockbrokers. He is a Member of the Australian Company Institute of Directors and holds a Diploma of Financial Services.

**Brett Graves:** Mr Graves is the Director, and CEO of subsidiary Savill Hicks Corp Pty Ltd. Brett's expertise includes implementation of growth strategies, oversight and management of National Online Solutions and Partner Program (White Labelling), managing relationships with insurers, advising Government Boards on the implementation and strategy of legislative insurance products, management of current binder arrangements, compliance management including risk management, HR management and budgeting / business planning, corporate client management. Previously held various senior national positions in insurer Vero (Sydney and Melbourne), including National Underwriting Manager for Home Warranty and Construction and is a Fellow of ANZIIF.

## Change to Nature and Scale of Activities

The acquisition of Ensurance Capital constitutes a change to the nature and scale of Parker's activities. The Company will therefore need to re-comply with Chapters 1 and 2 of the ASX Listing Rules. As part of satisfying its requirements to re-comply, the Acquisition must be approved by Parker shareholders at a General Meeting. Shareholders will receive a Notice of Meeting setting out various resolutions relating to the acquisition. A detailed explanatory statement or prospectus will accompany the Notice of Meeting and will be distributed to all shareholders prior to the meeting.

As a result of the acquisition of Ensurance, Parker will be required to change its status from an exploration company with a No Liability to an industrial company, Limited by Shares. A notice of Meeting to approve the change of status and to approve amendments to the Constitution will be sent to shareholders before the General Meeting of shareholders to approve the Ensurance acquisition.

## Commercial Terms of the Acquisition

Parker has entered into a conditional agreement to acquire 100% of the issued capital in Ensurance Capital Pty Ltd. The consideration payable to the Ensurance shareholders for the acquisition, which is subject to approval by Parker shareholders, is:

- Issue of 30,000,000 consideration shares; and
- Payment \$500,000.

### **The Acquisition is subject to the following outstanding material conditions precedent:**

- Parker obtaining all necessary shareholder and third party approvals or consents to allow Parker to lawfully complete the acquisition and satisfy all other requirements of the ASX for reinstatement to official quotation of Parker's shares;
- Parker changing its status from a no liability company to a limited liability company, adopting an appropriate constitution and changing its name to Ensurance Ltd;
- Parker entering into a formal share sale agreement in relation to the acquisition;
- Parker completing due diligence on the Company and its business;
- a member of the Ensurance Group entering into an employment agreement with various people;
- a member of the Ensurance Group procuring the conversion of two convertible notes into loans; and
- Parker raising a minimum \$1,300,000 (or such other amount as required to meet the assets test admission criteria of the ASX) through the issue of fully paid ordinary shares.

## Indicative Timetable

An indicative timetable for re-compliance with the admission requirements is set out in the following table:

<b>Date</b>	<b>Event</b>
Execute acquisition terms sheet	23 July 2014
Dispatch of change of status notice of meeting	29 July 2014
Execute formal acquisition agreement	21 August 2014
Shareholder meeting regarding change of status	29 August 2014
Dispatch of Chapter 11 notice of meeting	18 September 2014
Change of status complete	6 October 2014
Lodge prospectus with ASIC	16 October 2014
Last day of trading	17 October 2014
Shareholder meeting regarding Chapter 11 approval	21 October 2014
Close of offer under Prospectus	3 November 2014
Completion of acquisition	5 November 2014
Re-admission to trading	10 November 2014

## PRO FORMA CAPITAL STRUCTURE ON COMPLETION OF THE TRANSACTION

The effect of the Ensurance Capital Acquisition on the pre-consolidation capital structure of the Company is set out in note (g) of the Unaudited Pro-Forma Balance Sheet that forms part of this ASX release.

### PRO-FORMA BALANCE SHEET

#### UNAUDITED PRO-FORMA BALANCE SHEET

	Notes	Actual		Pro-forma Group (Unaudited) Merged Ensurance / Parker \$
		31 May 2014 (Unaudited) Ensurance Consolidated \$	31 May 2014 (Unaudited) Parker \$	
<b>Current assets</b>				
Cash and cash equivalents	(b)	145,713	2,274,204	3,469,917
Trade and other receivables		5,203	12,766	17,969
Other current assets		49,015	-	49,015
<b>Total current assets</b>		<b>199,931</b>	<b>2,286,970</b>	<b>3,536,901</b>
<b>Non-current assets</b>				
Property, plant and equipment		57,092	-	57,092
Intangible assets		2,435,813	-	2,435,813
Exploration and evaluation assets	(c)	-	1,148	-
Other non-current assets	(d)	144,859	282,677	159,359
Goodwill	(e)	49,280	-	1,663,422
<b>Total non-current assets</b>		<b>2,687,044</b>	<b>283,825</b>	<b>4,315,686</b>
<b>Total assets</b>		<b>2,886,975</b>	<b>2,570,795</b>	<b>7,852,587</b>
<b>Current liabilities</b>				
Trade and other payables		410,773	14,111	424,884
Borrowings	(f)	250,000	-	-
Provisions		97,791	-	97,791
<b>Total current liabilities</b>		<b>758,564</b>	<b>14,111</b>	<b>522,675</b>
<b>Non-current liabilities</b>				
Borrowings		206,886	-	206,886
<b>Total non-current liabilities</b>		<b>206,886</b>	<b>-</b>	<b>206,886</b>
<b>Total liabilities</b>		<b>965,450</b>	<b>14,111</b>	<b>729,561</b>
<b>Net assets</b>		<b>1,921,525</b>	<b>2,556,684</b>	<b>7,123,026</b>
<b>Equity</b>				
Issued capital	0	2,006,254	3,269,919	7,207,755
Asset revaluation reserve		216,514	23,927	216,514
Capital reserve		(299)	-	(299)
Retained earnings		(300,944)	(737,162)	(300,944)
<b>Total equity</b>		<b>1,921,525</b>	<b>2,556,684</b>	<b>7,123,026</b>

(a) Pro-forma Adjustments

- (1) *Acquisition of Ensurance Capital Limited* – The acquisition of Ensurance Capital Pty Limited by the issue of 30,000,000 ordinary shares in Parker Resources NL and \$500,000.
- (2) For accounting purposes, the acquirer has been identified as Ensurance and the business combination referred to as a reverse acquisition. Accordingly, the pro-forma Group incorporates the assets and liabilities of Parker Resources NL and of Ensurance Capital Pty Limited as if the Group was headed by Ensurance Capital Pty Limited. At acquisition date the assets and liabilities of Ensurance Capital Pty Limited (being the acquirer for accounting purposes) are recorded at their book value and the assets and liabilities of Parker Resources NL (being the acquiree for accounting purposes) are recorded at fair value. Furthermore, for pro-forma purposes, the 30,000,000 in Parker Resources NL have been treated as issued capital for the purpose of determining the notional purchase price of Parker Resources NL. The 1,000,000 issued options and 8,000,000 partly-paid shares in Parker Resources have also been treated as issued capital for the purposes of the pro-forma.
- (3) *Shares issued under the Prospectus* - As part of Parker Resources' re-compliance with Chapters 1 and 2 of the ASX Listing rules, the Company intends to seek shareholder approval to conduct a capital raising by offering under a Prospectus 4,333,333 Shares at a price of \$0.30 per share to no less than the number of new investors in the Company required by ASX, to raise \$1,300,000. **For the purposes of the pro forma the value per shares has set at \$0.20, being the minimum value required by the ASX. Parker reserves the right to amend this amount, up to issue of the Company's Notice of Meeting.**
- (4) The Directors estimate that costs for the preparation and implementation of the Prospectus will be \$250,000 and this estimated cost has been deducted from the capital raising of \$1,300,000.
- (5) *Costs associated with the acquisition of Ensurance Capital Limited* – For pro-forma purposes the costs of acquisition for due diligence, preparation of the explanatory memorandum, etc. are assumed to have been incurred and expensed in the pro forma Group balance sheets.
- (6) No pro-forma adjustment has been made for any capital raised as a result of the exercise of any options.

(b) Cash and cash equivalents

The movement in cash and cash equivalents as reflected in the pro-forma balance sheet at 31 May 2014 is shown as follows:

	\$
Cash and cash equivalents at 31 May 2014 – Actual	2,419,918
<i>Pro-forma adjustments</i>	
- Net proceeds from Prospectus	1,050,000
	3,469,918

(c) Exploration and evaluation assets

The movement in Exploration and evaluation assets as reflected in the pro-forma balance sheet at 31 May 2014 is shown as follows:

	\$
Exploration and evaluation assets at 31 May 2014 – Actual	1,148
<i>Pro-forma adjustments</i>	
- Write-off of exploration and evaluation expenditure	(1,148)
	-

(d) **Other non-current assets**

Other non-current assets movement represents the conversion of a convertible note receivable to Parker from Ensurance:

	\$
Other non-current assets at 31 May 2014 – Actual	282,677
<i>Pro-forma adjustments</i>	
- Elimination on consolidation of convertible note	(250,000)
	159,359

(e) **Goodwill**

Goodwill adjustments represent the fair value of the Australian Securities Exchange status of Parker Resources Limited as follows:

	\$
Goodwill at 31 May 2014 – Actual	49,280
<i>Pro-forma adjustments</i>	
- Acquisition of Parker Resources (accounted for as a reverse acquisition)	1,614,142
	1,663,422

(f) **Borrowings – Current Liabilities**

Borrowings (current liabilities) adjustments represent the conversion of a convertible note receivable by Parker and others from Ensurance:

	\$
<b>Current</b>	
Borrowings at 31 May 2014 – Actual	250,000
<i>Pro-forma adjustments</i>	
- Elimination on consolidation of convertible note	(250,000)
	-



(g) Issued capital

The movement in issued capital as reflected in the pro-forma balance sheets at 31 May 2014 is shown below:

	Notes	Issued ordinary shares No.	Options over shares No.	Partly-paid shares No.	Merged Ensurance / Parker \$
Parker Resources 31 May 2014 – Actual	(1)	18,050,003	1,000,000	8,000,000	3,269,919
<i>Merged Ensurance /Parker Issued Capital</i>					
Opening: Ensurance Capital 31 May 2014 – Actual		2,006,254	-	-	2,006,254
- Elimination of existing shares of Ensurance		(2,006,254)	-	-	-
- Existing shares of Parker		18,050,003	1,000,000	8,000,000	-
- Issued as part of reverse acquisition	(2),(3)	30,000,000	-	-	4,151,501
- Issued pursuant to prospectus		4,333,333	-	-	1,300,000
- Transaction Costs		-	-	-	(250,000)
		52,383,336	1,000,000	8,000,000	7,207,755

- (1) *Parker Issued Capital* – As at 31 May 2014, Parker had on issue 18,050,003 fully paid ordinary shares, 8,000,000 partly-paid shares, and 1,000,000 unlisted options.
- (2) *Ensurance Capital* – Parker is to acquire Ensurance Capital in exchange for the issue of 30,000,000 ordinary shares in Parker Resources NL and \$500,000 in Parker Resources NL to Ensurance Capital shareholders. The acquisition has been accounted for as a reverse acquisition in accordance with AASB 3 *Business Combinations*.
- (3) *Reverse Acquisition – Parker* – The pro-forma adjustment reflects the deemed issue of shares to acquire Parker. The fair value of Parker's net assets at 31 May 2014 –, per the unaudited balance sheet was \$2,287,359 and the fair value of the deemed consideration was assessed at \$4,151,501. The difference between the deemed purchase price (\$4,151,501) and fair value of net assets acquired (\$2,287,359) represents \$1,864,142, being goodwill for the estimated fair value of Parker's listing status.

**For further information please contact:**

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