



Reclaim Industries Limited
ABN 47 090 671 819
Level 24, 44 St Georges Terrace
PERTH WA 6000
PO Box Z5183, PERTH WA 6831
Telephone + 61 8 6211 5099
Fax + 61 8 9218 8875

23 September 2014

ASX Announcement

Reclaim Executes Share Sale Agreement to Acquire Skills Connect

The Directors of Reclaim Industries Limited ("**Reclaim**") are pleased to announce that they have executed a formal Share Sale Agreement ("**SSA**") to acquire 100% of all rights and title in all the issued capital Employment Management Systems Pty Ltd ("**Transaction**"), the 100% owner of Skills Connect Pty Ltd ("**Skills Connect**").

- The Share Sale Agreement is binding, subject to satisfaction or waiver of conditions precedent including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.
- The Transaction will include an equity raising of at least \$2,000,000 to provide funding for the Skills Connect business and working capital for the Company.
- On completion of the Transaction, Reclaim will change its name to Skills Connect Limited.

About Skills Connect Pty Ltd

Skills Connect is a company focused on IT solutions for the human resources industry. Skills Connect's enterprise grade, patented technology enables job seekers, employers and human resources departments/recruitment firms to interact in a transparent, efficient and user-friendly way that drives improved work practices and productivity. Job seekers more easily find work in locations and at times that suit their availability. Employers manage the human resources needs of their employees, and gain valuable business intelligence on workforce productivity. HR departments/recruiters manage and grow their casual candidate databases, and better service their internal clients/customers. Skills Connect's technology has applications across a broad range of industries including hospitality, fast food, retail, event management, nursing, security, gaming and governments.

Share Sale Agreement

Key terms of the SSA (as contemplated by the Heads of Agreement executed on 15 May 2014) include the following:

- 1) The Company agreed to acquire all the issued capital of Employment Management Systems held by the Skills Connect Shareholders in consideration for the Company:
 - a) agreeing to issue to the Skills Connect Shareholders 400,000,000 Consideration Shares (pre-consolidation) pro rata to their respective shareholdings;



- b) agreeing to issue the following Performance Shares:
 - i) 10,000 Class A Performance Shares which convert to 350,000,000 fully paid ordinary shares (pre-consolidation) on Skills Connect achieving revenues of \$2,750,000 by 28 May 2015 or Skills Connect being sold for not less than \$150,000,000; and
 - ii) 10,000 Class B Performance Shares which convert to 300,000,000 fully paid ordinary shares (pre-consolidation) on Skills Connect achieving revenues of \$20,000,000 by 28 November 2015 or Skills Connect being sold for not less than \$150,000,000.
- 2) The Share Sale Agreement is subject to and conditional upon the following conditions precedent:
- a) Both parties completing their due diligence on the other to their absolute satisfaction;
 - b) Completion of a capital raising of not less than \$2,000,000; and
 - c) The Company obtaining and complying with all shareholder and regulatory approvals required including re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Share Sale Agreement contains additional provisions, including warranties and indemnities in respect of the status of Employment Management Systems, Skills Connect and Reclaim which are considered standard for agreements of this kind.

Change of Activities

The Transaction will result in Reclaim requiring shareholder approval under Chapter 11 of the ASX Listing Rules for a change in nature and scale of its operations and will re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Change of Board

Employment Management Services will be entitled to nominate three persons to the Board of Directors on completion of the transaction, and following that appointment the existing directors will resign.

General Meeting

Reclaim shareholders will be given the opportunity to approve the Transaction at a general meeting to be convened. A Notice of Meeting with further details of the Transaction will be dispatched to shareholders once finalised.

Indicative Capital Structure, Timetable and Pro-forma Balance Sheet

Reclaim is currently finalising the Notice convening the meeting of shareholders to approve the Transaction. An updated capital structure, timetable and pro-forma balance sheet will be released to the market with the Notice.