
WHITE EAGLE RESOURCES LIMITED
ACN 147 799 951
(to be renamed XTD Limited)

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at Amberley Business Centre, 3/1060 Hay St, WEST PERTH WA 6005 on 24 October 2014 at 10:00am (WST).

The Independent Expert has concluded the proposed transaction the subject of Resolutions 5 and 6 is fair and reasonable to the non-associated shareholders for the reasons described in the Independent Expert's Report.

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9486 4036

WHITE EAGLE RESOURCES LIMITED

ACN 147 799 951

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of White Eagle Resources Limited (**Company**) will be held at Amberley Business Centre, 3/1060 Hay St WA 6005 on 24 October 2014 at 10:00am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 22 October 2014 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 13.

AGENDA

1. Resolution 1 – Approval of Acquisition of Lunalite

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

“That, subject to all other Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 76,125,191 Shares (on a post-Consolidation basis) to the Vendors (or their nominees) as consideration for the Acquisition on the terms set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Vendors and their nominees, and any associates of 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 directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

2. Resolution 2 – Approval to Issue New Class of Securities - Performance Shares

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

*"That, subject to all other Resolutions being passed, for the purposes of section 246B(1) of the Corporations Act and Article 2.4 of the Constitution of the Company and for all other purposes, the Company be authorised to create a new class of share on the terms and conditions in Schedule 1 and in the Explanatory Memorandum accompanying this Notice (**Performance Shares**)."*

3. Resolution 3 – Authority to Issue Performance Shares

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

"That, subject to all other Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 28,500,074 Performance Shares (on a post-Consolidation basis) pursuant in the following classes:

- (a) 4,500,012 Class A Performance Shares;*
- (b) 4,500,012 Class B Performance Shares;*
- (c) 4,500,012 Class C Performance Shares; and*
- (d) 15,000,038 Class D Performance Shares,*

on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of 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 directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

4. Resolution 4 – Approval of Change in Nature and Scale of Activities

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

"That, subject to all other Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, Shareholders approve the significant change in the nature and scale of the Company's activities resulting from the Acquisition on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed and any of their associates.

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 directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

5. Resolution 5 – Approval of Acquisition of Lunalite Shares from Related Party – Mr Stuart Richardson

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

*“That, subject to all other Resolutions being passed, and for the purposes of Listing Rules 10.1 and 10.11 and for all other purposes, Shareholders approve the acquisition by the Company of the issued capital in Lunalite held by Mr Stuart Richardson (**SR Related Party Acquisition**) as part of the Acquisition for the issue of 1,500,004 Shares (on a post-Consolidation basis) (the **SR Vendor Director Consideration Shares**), to Mr Stuart Richardson (or his nominees) as consideration for the SR Related Party Acquisition on the terms set out in the Explanatory Memorandum.”*

Stantons International has prepared an independent expert’s report on the proposed SR Related Party Acquisition and has concluded that the proposed SR Related Party Acquisition is fair and reasonable to the existing Shareholders. Refer to Section 3.9 for further information.

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Stuart Richardson and any of his associates.

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 directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

6. Resolution 6 – Approval of Acquisition of Lunalite Shares from Related Party – Mr Jeremy Bond

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

*“That, subject to all other Resolutions being passed, and for the purposes of Listing Rules 10.1 and 10.11 and for all other purposes, Shareholders approve the acquisition by the Company of the issued capital in Lunalite held by Mr Jeremy Bond (**JB Related Party Acquisition**) as part of*

*the Acquisition for the issue of 1,125,003 Shares (on a post-Consolidation basis) (the **JB Vendor Director Consideration Shares**), to Mr Jeremy Bond (or his nominees) as consideration for the JB Related Party Acquisition on the terms set out in the Explanatory Memorandum."*

Stantons International has prepared an independent expert's report on the proposed JB Related Party Acquisition and has concluded that the proposed Related Party Acquisition is fair and reasonable to the existing Shareholders. Refer to Section 3.9 for further information.

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Jeremy Bond and any of his associates.

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 directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

7. Resolution 7 – Authority to issue Placement Shares

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

*"That, subject to all other Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 17,500,000 Shares (**Placement Shares**) each at an issue price of \$0.20 (post-Consolidation) (**Placement**) on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the issue of the Placement Shares and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

8. Resolution 8 - Approval of Share Consolidation

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

"That, subject to all other Resolutions being passed, for the purposes of section 254H of the Corporations Act, and for all other purposes, Shareholders approve and authorise the Directors

to consolidate the issued capital of the Company on the basis that every 13.3333 Shares be consolidated into one Share on the terms and conditions in the attached Explanatory Memorandum accompanying this Notice."

9. Resolution 9 – Change of Company Name

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

"That, subject to all other Resolutions being passed, with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to XTD Limited."

10. Resolution 10 – Appointment of Mr Frank Hurley as a Director

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

"That, in accordance with Article 13.3 of the Constitution, and with effect from Completion of the Acquisition, Mr Frank Hurley be appointed as a Director."

11. Resolution 11 – Appointment of Mr Mark Niutta as a Director

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

"That, in accordance with Article 13.3 of the Constitution, and with effect from Completion of the Acquisition, Mr Mark Niutta be appointed as a Director."

12. Resolution 12 – Appointment of Mr John Toll as a Director

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

"That, in accordance with Article 13.3 of the Constitution, and with effect from Completion of the Acquisition, Mr John Toll be appointed as a Director."

Dated 23 September 2014
BY ORDER OF THE BOARD

Matthew Foy
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Amberley Business Centre, 3/1060 Hay St West Perth WA 6005, on 24 October 2014 at 10:00am (WST).

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

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Overview of Acquisition and Change of Nature and Scale of Activities

3.1 Background

The Company was incorporated on 17 December 2010 for the primary purpose of acquiring, exploring, evaluating and exploiting mineral resource projects including nickel and non-iron ore minerals at the Pardoo Project located in the Pilbara region of Western Australia and to seek new acquisitions in the resources sector, both in Australia and overseas. The Company was admitted to the Official List of the ASX on 5 May 2011.

Due to market conditions and a lack of funds, the Company was unable to complete its obligations under certain agreements and the Company's Shares were suspended from trading on the ASX on 8 June 2011.

The Company was reinstated to trading on ASX on 23 December 2013 following its recapitalisation and demonstration to ASX of net assets of \$1 million. The Company's principal assets since reinstatement have been two contiguous exploration licences in the Pardoo region of Western Australia.

3.2 Background to Acquisition of Lunalite – Change of Nature and Scale of Activities

On 26 June 2014, the Company executed the Acquisition Agreement that, subject to the satisfaction of a number of conditions precedent outlined below (including the approval of the Resolutions), will result in White Eagle acquiring up to 100% of the issued capital of Lunalite.

Under the terms of the Acquisition Agreement, White Eagle will acquire up to 100% of Lunalite for the following consideration:

- 78,750,198 ordinary shares (post-Consolidation) to the Vendors (or their nominees);
- The Company will also issue 28,500,074 Performance Shares (post-Consolidation) to key management personnel associated with Lunalite, which may convert into ordinary shares upon achievement of the following milestones:
 - 4,500,012 upon successful installation and first revenue to LUN from the Queensland Contract (Class A Performance Shares);
 - 4,500,012 million upon the Security Mobile Application being developed and either being adopted by one rail operator or achieving a minimum of 200,000 subscribers (Class B Performance Shares);
 - 4,500,012 upon Lunalite generating total net revenue of at least \$5 million in any 12 month period (Class C Performance Shares); and
 - 15,000,038 upon Lunalite being awarded an off-shore XTD contract of at least 40 screens and that contract being successfully installed and generating revenue to Lunalite (Class D Performance Shares).

Conditions Precedent

The Acquisition is subject to a number of conditions being satisfied, including:

- Completion of a capital raising by Lunalite of at least \$2.65 million (completed on 9 July);

- White Eagle raising a minimum of \$1.0 million in conjunction with re-complying with Chapters 1 & 2 of the ASX Listing Rules (White Eagle now proposes to raise a minimum of \$3 million and a maximum of \$3.5 million); and
- White Eagle shareholder approval.

The parties have also agreed, notwithstanding that the Acquisition Agreement is binding on them, to enter into formal sale and purchase agreements to more fully document the terms of the Acquisition. A long form sale and purchase agreement will be entered into between White Eagle, Lunalite and certain of the Vendors involved with the management of Lunalite and will contain detailed warranties and representations from those Vendors regarding Lunalite and its business. A short form sale and purchase agreement will be entered into between White Eagle, Lunalite and the remaining Vendors.

The formal sale and purchase agreements have not yet been executed by all Vendors.

3.3 Overview of Lunalite

Lunalite's Business

Lunalite was incorporated in 2005 and was initially formed with the objective of establishing itself as a market leader of animated signage using electro-luminescence technology, particularly for bus shelters and billboards. This also includes other speciality items to sellers of outdoor media such as motion activated sensors and sound modules.

Lunalite has historically been contracted to build animated poster projects for top media companies in the world including APN, JCDecaux and ADShell. These were delivered and installed both in Australia and internationally, including Greece, Malaysia, Mexico, New Zealand, Singapore, Thailand, United Kingdom and U.S.A, for leading brands including Samsung and Toyota.

In 2009 Lunalite transitioned into digital media, developing a capability in a specialist space in out-of-home advertising. For the past two years, Lunalite has been working with Metro Trains Melbourne (**MTM**) to design and develop one of the world's first Cross Track Digital Signage Solution (**XTD**) using large format LED screens. This work involved intensive testing and needed the approval of key stakeholders including MTM Management and various trade unions, which has now been given. Having one of the few approved systems in the world provides Lunalite with a competitive advantage.

Financial History

Over the past two years Lunalite has effectively been a research and development company as it has designed and developed one of the world's first Cross Track Digital Signage Solutions. Lunalite's activities have principally involved raising money (primarily through equity and a convertible note) and applying those proceeds towards designing, constructing and testing its Cross Track Digital Signage Solution.

As a result the only revenue Lunalite received during the financial year ended 30 June 2014 was interest revenue of \$1,639 and it recorded a net loss for the financial year of \$1,222,046.

Business Model

Lunalite is targeting the growing Out-of-Home Advertising (**OOH Advertising**) sector. In Australia in 2013, total revenue from the OOH Advertising Sector was estimated to be \$543.8 million¹ across formats including billboards, street furniture, taxis, bus and tram externals, and airports.

Lunalite's specific initial focus within the OOH Advertising Sector is rail stations. Globally, hundreds of millions of commuters use rail stations everyday and media companies throughout the world understand the financial benefits of advertising to commuters as they wait for their trains, namely:

- Large volume captured audiences with long dwell times; and
- Audience demographics for various locations can be well specified.

Through its proprietary XTD system, Lunalite has designed a solution which gives the advertising market a medium to provide digital advertising to rail commuters from a cross track location whilst they await their train. To date, cross track advertising within train stations globally has largely been accomplished via static media posters which are expensive to print and mount, difficult to maintain / change (by virtue of their location) and losing appeal in a market becoming increasingly dominated by digital alternatives.

Using large format LED screens, Lunalite will deliver static and video advertisements to commuters in the Melbourne underground train stations. LED screens (2.7m x 1.7m) will be placed on the tunnel wall facing the commuters, hence the term Cross Track. This is the first of a number of similar projects Lunalite intends to pursue. The Melbourne site will be the 'flagship' and as such used to demonstrate the capability to other train operators around the globe.

Lunalite has secured an exclusive seven year advertising contract with MTM and the Victorian State Government for all Cross Track advertising in Melbourne's underground stations. APN Outdoor (**APN**) has been appointed as the exclusive re-seller to secure advertising content for the MTM contract and has underwritten a minimum guarantee of \$14,027 per annum for each of the 32 screens to be installed in Melbourne. Subsequent to being awarded the Melbourne contract, Lunalite has also secured a contract for up to seven years to install 15 screens across five stations in Brisbane.

The revenue model for Lunalite's contract with MTM involves a revenue share between Lunalite, APN, MTM and the media buyer based on a percentage of revenue received for advertising space sold on its XTD systems. Revenue will be shared between each of these parties on the following basis:

- Media Buyer – 10%;
- APN – 27%;
- MTM – 19%; and
- Lunalite – 44%

Overview of Lunalite's Product and Technology

The key attributes of Lunalite's XTD system include:

- Custom engineered large format digital LED screens with stereo sound to display TV commercials.
- Wirelessly coupled to a proprietary XTD train approaching system.

¹ Estimated total revenue of the Out-of Home Advertising Sector in 2013 by the Outdoor Media Association (<http://www.oma.org.au/facts-and-figures/industry-performance>)

- Dynamic content management system software which enables adverts to be changed wirelessly at any time.
- Meets OHS and regulatory requirements to satisfy both government and rail operator requirements as evidenced by completion of successful 6 month trials in both Melbourne and Queensland.
- Offers a server platform to install phase two of the XTD package – “the App” to provide a personalised rail security and direct advertising capability.

The XTD system offers the following benefits to media buyers:

- Increase revenue through the ability to sell more advertising each month.
- Increased flexibility by being able to sell advertising content in either 8 second stills, 15 second animated slides or TV commercials, 30 second TV commercials or 60 second movie previews or infomercials.
- Known time, events, location and audience. The dynamic visual delivery system allows advertising to be changed many times throughout the day (day parting) or to capture specific demographics.
- Content can reflect current weather, traffic conditions, event details and news.
- Content can be tailored to the relevant station and/or platform.
- Audience demographic and psychographic information can be well specified.

The XTD system offers the following benefits to the rail operator:

- Increased revenue by virtue of a ratio of approximately 6 to 1 when comparing commissions from digital advertising versus static posters.
- Improved commuter experience with content including news, weather and rail network updated.

Overview of Lunalite’s Current Contracts

Lunalite has been awarded a seven year contract with MTM for the installation of 32 XTD systems across 12 platforms at Melbourne’s 3 underground train stations. Lunalite has already commenced the installation of the Melbourne contract and estimates a total cost to complete of approximately \$3.5 million. The installation is expected to be completed in October 2014.

Lunalite has also been awarded a contract with Queensland Rail for up to seven years to install 15 XTD systems across 7 platforms at 5 Brisbane rail stations. Lunalite is scheduled to commence the installation of the Queensland contract in early January 2015 and estimates a total cost to complete of \$1.5 million. The installation is expected to be completed in April 2015.

In conjunction with the installation and commissioning of the Melbourne and Queensland contracts, Lunalite is undertaking further discussions with various international rail operators and media groups regarding the potential roll out of its XTD system on international rail networks.

Overview of Lunalite’s Intellectual Property

Lunalite has filed a provisional patent application (Australian Provisional Patent Application 2014902499) on 30 June 2014 relating to a system, method software application and data signal

for delivering content and in particular, to a system, method, software application and data signal that is capable of delivering content in a public space in response to changing environmental factors, such as the proximity of vehicles to a location.

Following filing of the provisional patent application, Lunalite must file a complete patent application within twelve months of the filing date of the provisional patent application.

3.4 Pro-forma Balance Sheet

Section 5.4 of the Independent Expert's report prepared by Stantons sets out the pro-forma balance sheet of the Company as at 30 June 2014 based on audited accounts of the Company and Lunalite.

3.5 Effect of the Acquisition on the Company

The possible capital structure of the Company following completion of the Consolidation, Acquisition, Placement (assuming the maximum of \$3.5 million is raised) and upon issue of the Performance Shares is set out below (each on a post Consolidation basis):

Shares	Number	%
Existing Shares on issue	29,857,765	23.68
Consideration to Lunalite	78,750,198	62.45
Maximum Shares to be issued under the Placement ¹	17,500,000	13.88
Total Shares on issue following Completion	126,107,963	100
Performance Shares	28,500,074²	-

¹ Assumes 17,500,000 Shares are allotted and issued each at an issue price of \$0.20 to raise \$3,500,000 under the Placement.

² The Performance Shares are convertible into Shares upon satisfaction of the Milestones.

3.6 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the out-of-home advertising sector provides multiple opportunities which have the potential to add significant Shareholder value;
- (b) exposure to the future potential cash flows of an existing well managed business in a growing industry;
- (c) the existing business of the Company has been operating without significant success, and is small in scale with limited potential;
- (d) in the current market environment there is a greater likelihood of restoring shareholder value by changing the nature of the Company's business to focus on out-of-home advertising rather than remaining a junior mineral explorer;
- (e) the proposed additions to the Board will provide an experienced and balanced set of skills to guide the growth of the Company;

- (f) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Placement may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity;
- (g) no cash consideration will be paid for the Acquisition and part of the share based payments (the Performance Shares) will be subject to operational and financial performance hurdles linked to revenue and further product development; and
- (h) an increased focus on advertising, technology, mobile software applications and expansion will allow the Company to scale its operations.

3.7 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote of Resolution 1:

- (a) the Company will be changing the nature of its activities to become a company focused on out-of-home advertising and technology, which may not be consistent with the objectives of some Shareholders;
- (b) the Acquisition will result in the issue of Shares to Vendors and under the Placement which will have a dilutive effect on the current holdings of Shareholders. Existing Shareholders will hold 23.68% of the issued capital of the Company post the Acquisition, assuming the maximum \$3.5 million is raised under the Placement;
- (c) there are risk factors associated with the advertising and technology industries which the Company will be exposed to (some of these risks are set out in Schedule 2);
- (d) the Company will seek to re-comply with ASX Listing Rules if shareholder approval is obtained. There is no guarantee that Company will successfully re-comply with the requirements or that ASX will quote all securities of the Company on passing the Resolutions.

3.8 Risk Factors

Shareholders should be aware that if the Company completes the Acquisition, the Company will be changing the nature and scale of its activities which will, because of its nature, be subject to various risk factors. These risks are both specific to the industry in which the Company operates and also relate to the general business and economic environment in which the Company will operate. An investment in the Company is not risk free and prospective new investors along with existing Shareholders should consider the risk factors described in Schedule 2, together with information contained elsewhere in this Notice of Meeting. The risk factors set out in Schedule 2 are not intended to be an exhaustive list of the risk factors to which the Company will be exposed to on the acquisition of Lunalite.

3.9 Independent Expert's Report

The Directors resolved to appoint Stantons International Securities (**Stantons**) as an independent expert and commissioned it to prepare a report to provide an opinion as to whether or not the proposal in Resolutions 5 and 6 is fair and reasonable to the existing Shareholders.

What is fair and reasonable must be judged by the independent expert in all the circumstances of the proposal. This requires taking into account the likely advantages to Shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

Stantons has concluded that the proposed Acquisition is fair and reasonable to the existing Shareholders.

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is in Annexure A to this Explanatory Memorandum.

3.10 Plans for the Company if the Acquisition is not completed

If the Company does not complete the Acquisition, the Company will continue with its current activities and continue to seek, and undertake due diligence on, new opportunities for growth.

3.11 Directors' Recommendation in relation to Acquisition

Based on the information available, including the information contained in this Explanatory Memorandum, the Directors recommend that Shareholders vote in favour of Resolution 1.

4. Resolution 1 – Approval of Acquisition of Lunalite

4.1 General

As outlined in Section 3.2 of this Explanatory Memorandum, the Company has entered into the Acquisition Agreement to acquire all of the Lunalite Shares from the Vendors.

The Acquisition Agreement is subject to the Conditions set out in Section 3.2 above, including the requirement to obtain Shareholder approval.

A detailed description of the proposed Acquisition and Lunalite's business is outlined in Section 3 above.

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

Given the Shares to be issued under Resolution 1 (together the **Consideration Shares**) will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Consideration Shares to the Vendors in accordance with the Acquisition Agreement.

Resolution 1 is an ordinary resolution. Resolution 1 is subject to the approval of all other Resolutions.

4.2 Specific Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) The maximum number of securities to be issued under Resolution 1 is 76,125,191 Shares (on a post-Consolidation basis).

- (b) The Consideration Shares under Resolution 1 will be issued to the Vendors other than the Vendor Directors, none of whom are a related party of the Company. The Company is seeking approval for the issue of SR Vendor Director Consideration Shares and JB Vendor Director Consideration Shares to the Vendor Directors separately in Resolutions 3 and 4.
- (c) The Consideration Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Shares will be issued on the same date, being the Completion Date.
- (d) The Shares be issued for nil cash consideration as they are being issued as part of the consideration for the Acquisition. Accordingly no funds will be raised from the issue of the Consideration Shares.
- (e) The 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.
- (f) A voting exclusion statement is included in the Notice.

5. **Resolution 2 – Approval of New Class of Securities - Performance Shares**

The Company seeks Shareholder approval to create the Performance Shares as a new class of Shares on the terms and conditions in Schedule 1.

Resolution 2 is a special resolution. Resolution 2 is subject to the passing of all other Resolutions.

Under Article 2.2 of the Constitution and subject to the Corporations Act, the Listing Rules and the Constitution, the Directors may at any time issue such number of shares either as ordinary shares or shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors shall, in their absolute discretion, determine.

Section 246C(5) of the Corporations Act provides that if a company has one class of share and seeks to issue a new class of share, such issue is taken to vary the rights attached to the shares already issued.

Under section 246B(1) of the Corporations Act, if a company has a constitution which sets out the procedure for varying or cancelling (in the case of a company with share capital) rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure.

In accordance with Article 2.4 of the Constitution, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up:

- (a) with the consent in writing of the holders of three quarters of the issued shares of that class; or

- (b) authorised by a special resolution passed at a separate meeting of the holders of the shares of the class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 1 of this Explanatory Memorandum.

The Company is also seeking approval in Resolution 3 from Shareholders to issue Performance Shares to certain of the Vendors who will be involved with the management of the Company post the acquisition of Lunalite. The Company has requested the ASX to consider whether the terms are appropriate and equitable for the purposes of Listing Rule 6.1, and to approve the issue of the Performance Shares Pursuant to Listing Rule 6.2. The ASX has approved the terms of the Performance Shares for the purposes of Listing Rules 6.1 and 6.2, provided that, amongst other conditions, the Company obtains Shareholder approval for the issue of the Performance Shares

6. Resolution 3 – Authority to Issue Performance Shares

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Performance Shares.

Resolution 3 is an ordinary resolution and is subject to the passing of all other Resolutions.

6.1 Specific information required by Listing Rule 7.3

The following information is provided pursuant to and in accordance with Listing Rule 7.3:

- (a) The maximum number of Performance Shares the Company intends to issue is 28,500,072 (on a post-Consolidation basis).
- (b) The Company will issue the Performance Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Performance Shares will be issued for nil cash consideration. Accordingly no funds will be raised from the issue of Performance Shares.
- (d) The Performance Shares will be issued to key management personnel associated with Lunalite. None of the recipients are related parties of the Company other than by reason of the Acquisition.
- (e) The Performance Shares have the terms and conditions as set out in Schedule 1.
- (f) A voting exclusion statement is included in the Notice.

7. Resolution 4 – Approval of Change in Nature and Scale of Activities

7.1 General

Resolution 4 seeks Shareholder approval under Listing Rule 11.1.2 for the significant change in the nature and scale of the Company's activities resulting from the Acquisition. Resolution 4 is subject to the approval of all other Resolutions.

7.2 Listing Rule 11.1.2

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and 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 (the notice of meeting must include a voting exclusion statement); 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 of ASX.

ASX has indicated to the Company that given the change in the nature and scale of the Company's activities resulting from the Acquisition it requires the Company to obtain Shareholder approval. The ASX has also advised the Company that in accordance with Listing Rule 11.1.3 the Company is required to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake the share Consolidation pursuant to Resolution 8 and the placement pursuant to Resolution 7 to meet the requirements of re-compliance.

A voting exclusion is included in the Notice.

8. Resolutions 5 & 6 – Approval of Acquisition of Lunalite Shares from Related Parties – Mr Stuart Richardson and Mr Jeremy Bond

8.1 Background

As outlined in Section 3.2 of this Explanatory Memorandum, the Company has entered into the Acquisition Agreement to acquire all of the Lunalite Shares from the Vendors. Further details of the Acquisition are set out in Section 3.

Two of the Directors, Mr Jeremy Bond and Mr Stuart Richardson, (together the **Vendor Directors**) are shareholders in Lunalite. The Company proposes to acquire the shares in Lunalite held by the Vendor Directors as part of the Acquisition.

Each of the Vendor Directors is a related party of the Company by virtue of being a Director.

As the Vendor Directors are related parties of the Company, the Company requires approval under Listing Rule 10.1 to acquire the shares in Lunalite held by the Vendor Directors as part of the Acquisition.

Further, Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Therefore approval is required under Listing Rule 10.11 for the issue of the Vendor Directors Consideration Shares to the Vendor Directors in accordance with the Acquisition Agreement.

Resolutions 5 and 6 seek Shareholder approval of the Related Party Acquisitions pursuant to Listing Rule 10.1 and approval for the issue of the Vendor Director Consideration Shares to the Vendor Directors pursuant to Listing Rule 10.11. If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

Furthermore, Shareholder approval of the issue of the Vendor Director Consideration Shares to the Vendor Directors means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 5 and 6 are ordinary resolutions. Resolutions 5 and 6 are subject to the approval of all other Resolutions.

8.2 Listing Rule 10.1 Requirements

Listing Rule 10.1 prevents a company from acquiring a substantial asset from a related party without shareholder approval.

Each of the Vendor Directors is a related party of the Company.

The Related Party Acquisitions are an acquisition of a substantial asset pursuant to Listing Rule 10.2 because the value of the consideration for the Related Party Acquisitions, being the Vendor Director Consideration Shares to be issued to the Vendor Directors, exceeds 5% of the equity interests of the Company in the latest financial accounts lodged with the ASX.

The effect of passing Resolutions 5 and 6 will be to allow the Company to complete the Related Party Acquisitions with the Vendor Directors as part of the Acquisition without breaching Listing Rule 10.1.

For the purposes of Listing Rule 10.10, the following information is provided:

- (a) The independent expert's report in Annexure A sets out the effect of the Related Party Acquisitions as part of the Acquisition on the Company and whether the Related Party Acquisitions are fair and reasonable to Shareholders. Stantons has prepared the independent expert's report on the proposed Related Party Acquisitions and has concluded that the proposed Related Party Acquisitions are fair and reasonable to the existing Shareholders. Refer to Section 3.9 for further information.
- (b) A voting exclusion statement is included in the Notice.

8.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 5 and 6:

- (a) The maximum number of Securities to be issued to the Vendor Directors (or their nominees) is:
 - (i) Mr Stuart Richardson – up to 1,500,004 Shares; and
 - (ii) Mr Jeremy Bond – up to 1,125,003 Shares (each on a post-Consolidation basis).
- (b) The Vendor Directors Consideration Shares will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Company will apply to ASX for a

waiver of Listing Rule 10.13.3 to permit it to issue the Vendor Director Consideration Shares no later than three months following the Meeting. There is no guarantee that ASX will grant the waiver. However, if ASX grants the waiver, the Company will advise the market accordingly. It is intended that the Shares will be issued on the Completion Date.

- (c) Each of the Vendor Directors is a related party of the Company by virtue of being a Director.
- (a) The Shares will be issued for nil cash consideration as they are being issued as part of the consideration for the Related Party Acquisitions. Accordingly no funds will be raised from the issue of the Vendor Director Consideration Shares.
- (b) The 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.
- (d) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.
- (e) A voting exclusion statement is included in the Notice.

9. Resolution 7 – Authority to Issue Placement Shares

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Placement Shares each at an issue price set out below. The Company intends to undertake the Placement to the general public pursuant to a prospectus issued in accordance with the Corporations Act (**Prospectus**). The funds raised from the Placement will be used to fund the installation of the Company's Cross Track Digital Signage Solution pursuant to its contracts with MTM (32 screens) and Queensland Rail (15 screens) as well as to provide general working capital (including costs of the Placement).

A summary of Listing Rule 7.1 is provided in section 4.1.

Resolution 7 is an ordinary resolution and is subject to the passing of all other Resolutions.

9.1 Specific information required by Listing Rule 7.3

The following information is provided pursuant to and in accordance with Listing Rule 7.3:

- (a) The maximum number of Shares the Company intends to issue is 17,500,000 (on a post-Consolidation basis).
- (b) The Company will issue the Placement Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Placement Shares will be issued at an issue price of \$0.20 each.
- (d) The Placement Shares will be issued to the general public.
- (e) The Shares to be issued are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The funds raised from the Placement will be used to fund the installation of the Company's Cross Track Digital Signage Solution pursuant to its contracts with MTM

(32 screens) and Queensland Rail (15 screens) as well as to provide general working capital (including costs of the Placement).

- (g) A voting exclusion statement is included in the Notice.

10. Resolution 8 – Approval of Share Consolidation

Resolution 8 seeks Shareholder approval for the Company to undertake a consolidation of the number of Shares on issue on the basis that every 13.3333 Shares held be consolidated into one Share.

The result of the Consolidation is that each Security holding will be reduced by 13.3333 times its current level. Each Shareholder's proportional interest in the Company's share capital will remain unchanged as a result of the Consolidation. Any fractional entitlements of Security holders as a consequence of the Consolidation will be rounded up.

The change in capital structure of the Company following the Consolidation, which is subject to adjustments for rounding, is as follows:

Class of Security	Number on Issue (Pre- Consolidation)	Number on Issue (Post-Consolidation)
Shares	398,102,531	29,857,765

The Consolidation will take effect from the second Business Day after Shareholder approval is received pursuant to the Notice of Meeting (**Effective Date**).

As from the day that is four Business Days after the Effective Date, the Company may not register transfers on a pre-Consolidation basis. In the case of certificated holdings, this is the last day for the Company to accept transfers accompanied by certificates issued before the Consolidation.

The Company will send a notice to all Security holders not earlier than the fifth Business Day after the Effective Date and not later than the ninth Business Day after the Effective Date advising of the number of Securities held by each Security holder both before and after the capital Consolidation.

Uncertificated security holding statements or certificates (as applicable) for the Securities will be sent to Security holders not earlier than the fifth Business Day after (but not including) the Effective Date and not later than the ninth Business Day after (but not including) the Effective Date.

The Company will, from the date that is five Business Days after the Effective Date, reject transfers accompanied by a certificate or holding statement that was issued before the Consolidation.

Where a Security holder has sold his or her Securities in the Company prior to the Consolidation of ordinary Shares and the Company receives a valid transfer executed by the Security holder together with a certificate (if applicable) for those Shares, the Company will send an uncertificated security holding statement or certificate (as applicable) for the new Shares to the transferee named in the transfer.

Resolution 8 is an ordinary resolution. Resolution 8 is subject to the passing of all other Resolutions.

Based upon the above, an indicative timetable assuming Shareholder approval is obtained will be as follows:

Date	Event
24 October 2014	Following shareholder approval Company announces shareholder approval of capital Consolidation.
27 October 2014	Last day for trading pre-capital Consolidation securities.
28 October 2014	Ex Date.
30 October 2014	Record Date. Last day to register transfers on a pre-capital Consolidation basis.
31 October 2014	First day to register transfers on a post-capital Consolidation basis.
7 November 2014	Latest date for Company to send notice to each security holder of pre and post capital Consolidation holdings.

11. Resolution 9 – Change of Company Name

As part of the Acquisition, the Directors have determined to change the Company name to XTD Limited. Resolution 9 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 9 is a special resolution. Resolution 9 is subject to the passing of all other Resolutions.

If the proposed change of name is available, that change of name will take effect from when ASIC alters the details of the Company's registration.

12. Resolutions 10, 11 and 12 – Appointment of Directors

12.1 Background

Lunalite has nominated Frank Hurley, Mark Niutta and John Toll as its nominees to be appointed as Directors.

Article 13.3 of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as a Director.

Each of Frank Hurley, Mark Niutta and John Toll, having consented to act, seek approval to be appointed as Directors with effect from Completion of the Acquisition.

12.2 Candidate Director's Profile – Frank Hurley (Resolution 10)

Mr Hurley is currently the Chief Executive Officer of Wrays Pty Ltd and Managing Director of Wrays Lawyers. Wrays are a market leader in protection of intellectual property in WA. Mr

Hurley is also a Board member of Focus Mobile Media and Discovery Capital and was previously responsible for international and national business development for one of Australia's largest law firms. Mr Hurley has consulted to a number of industries including, mining, aviation, banking and law. Mr Hurley has also lectured at MBA level in a number of universities in WA.

12.3 Candidate Director's Profile – Mark Niutta (Resolution 11)

Mr Niutta has been involved in stockbroking since working for the Perth Stock Exchange (now ASX) in 1986. He is an authorised representative specialising in capital raisings and giving advice to retail clients involving the purchase and sale of listed equities. Mr Niutta spent 13 years with Morgan Stockbroking Perth (Now RBS Morgans).

12.4 Candidate Director's Profile – John Toll (Resolution 122)

Mr Toll is a Director with Azure Capital Ltd, a leading advisory firm based in Perth, Western Australia. Prior to joining Azure Capital Ltd, Mr Toll spent over two years working for a UK-based investment bank offering equity capital markets and advisory services to an international client base. With a particular focus on the natural resources sector, he advised clients in Europe, Africa, South America and Asia. He has experience in mergers and acquisitions, capital raisings and IPOs. Mr Toll started his career within the assurance and advisory division of KPMG in Perth.

Mr Toll graduated from the University of Western Australia in 2000 with a Bachelor of Commerce majoring in Accounting and Finance. Mr Toll also completed the Institute of Chartered Accountants CA Program and a Graduate Diploma in Applied Finance.

13. Definitions

\$ means Australian Dollars.

Acquisition means the acquisition of Lunalite by the Company in accordance with the Acquisition Agreement.

Acquisition Agreement means the binding term sheet between the Company, the Vendors and Lunalite under which the Company is acquiring Lunalite.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Chairman means the chairman of this Meeting.

Closely Related Party has the meaning in section 9 of the Corporations Act.

Completion means the completion of the sale and purchase of Lunalite in accordance with the Acquisition Agreement.

Completion Date means the date on which Completion occurs.

Consideration Shares means the Shares to be issued to the Vendors under the Acquisition.

Consolidation means the proposed consolidation of the Company's issued capital pursuant to Resolution 8 on the basis that every 13.3333 Shares be consolidated into one Share.

Constitution means the current constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

JB Related Party Acquisition has the meaning in Resolution 6.

JB Vendor Director Consideration Shares has the meaning in Resolution 6.

Listing Rules means the listing rules of ASX.

Lunalite means Lunalite International Pty Ltd ACN 115 799 776.

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

Meeting has the meaning in the introductory paragraph of the Notice.

Milestones means the milestones to be achieved in order for each class of the Performance Shares to convert into Shares, as set out in Item 1 of the terms and conditions of the Performance Shares set out in Schedule 1.

MTM has the meaning in Section 3.3.

Notice means this notice of meeting.

Performance Share means a performance share convertible into a Share upon achievement of the relevant milestone, issued on the terms and conditions set out in Schedule 1, and each of **Class A Performance Share**, **Class B Performance Share**, **Class C Performance Share** and **Class D Performance Share** have a corresponding meaning in relation to the relevant milestone applicable to each class.

Placement has the meaning in Resolution 7.

Placement Shares has the meaning in Resolution 7.

Prospectus has the meaning in Section 9.

Proxy Form means the proxy form attached to the Notice.

Queensland Contract means the Cross Track Digital Advertising Screens Station Advertising Agreement dated 20 August 2013 between Lunalite and Queensland Rail.

Queensland Rail means Queensland Rail Limited.

Related Party Acquisitions means the JB Related Party Acquisition and the SR Related Party Acquisition.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Security Mobile Application means the ProtechT Security Mobile Application currently in the process of development by Lunalite.

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

Shareholder means a shareholder of the Company.

SR Related Party Acquisition has the meaning in Resolution 5.

SR Vendor Director Consideration Shares has the meaning in Resolution 5.

Vendor Director Consideration Shares means the JB Vendor Director Consideration Shares and the SR Vendor Director Consideration Shares.

Vendor Directors has the meaning in Section 8.1.

Vendors means the shareholders of Lunalite, none of whom are related parties of the Company other than the Vendor Directors.

WST means Western Standard Time, being the time in Perth, Western Australia.

XTD means a cross track digital media delivery solution.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 – Terms and Conditions of Performance Shares

Each Class A Performance Share, Class B Performance Share, Class C Performance Share or Class D Performance Share (together the **Performance Shares**) will have the following terms:

1. Subject to paragraph 5 below, each:
 - (a) Class A Performance Share will convert into one fully paid ordinary share in the capital of White Eagle (**Share**) upon successful installation and first revenue to Lunalite from the Queensland Contract by no later than two years from completion of the Acquisition (**Performance Hurdle A**);
 - (b) Class B Performance Share will convert into one Share upon the Security Mobile Application being developed and either:
 - i) adopted by one rail operator; or
 - ii) achieving a minimum of 200,000 subscribers,by no later than two years from completion of the Acquisition (**Performance Hurdle B**);
 - (c) Class C Performance Share will convert into one Share upon Lunalite generating net revenue of at least \$5.0 million in any 12 month period by no later than three years from completion of the Acquisition (**Performance Hurdle C**); and
 - (d) Class D Performance Share will convert into one Share upon Lunalite being awarded an off-shore XTD contract of at least 40 screens and that contract being installed and generating revenue to Lunalite by no later than five years from completion of the Acquisition (**Performance Hurdle D**);
2. A Performance Share is a share in the capital of White Eagle.
3. Upon the occurrence of a Change of Control Event in circumstances where any of Performance Hurdle A, Performance Hurdle B, Performance Hurdle C or Performance Hurdle D (together the **Performance Hurdles**) has not been met:
 - (a) that number of Performance Shares on issue that, after conversion, is up to a maximum number that is equal to 10% of White Eagle's issued Share capital (as at the date of the Change of Control Event ((defined below)) will automatically convert into Shares);
 - (b) White Eagle will ensure the allocation of Shares issued under paragraph (3)(a) is on a pro rata basis to all holders of Performance Shares in respect of their respective holdings of Performance Shares; and
 - (c) all remaining Performance Shares held by each holder will automatically consolidate into one Performance Share and will then convert into one Share.
4. Change of Control Event means:
 - (a) the occurrence of the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of more than 51% of Shares and that takeover bid has become unconditional; or

- (b) the announcement by White Eagle that Shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all White Eagle securities are to be either:
 - (i) cancelled; or
 - (ii) transferred to a third party; and
 - the Court, by order, approves the proposed scheme of arrangement; or
- 5. If the any Performance Hurdle is not achieved by its respective time limit as set out in paragraph 1, then all Performance Shares in the class of Performance Shares attaching to that Performance Hurdle, held by each holder, will automatically consolidate into one Performance Share and will then convert into one Share.
- 6. White Eagle will issue the holder with a new holding statement for a Share issued upon conversion of a Performance Share as soon as practicable following the conversion of a Performance Share.
- 7. The Performance Shares are not transferrable or assignable. The Performance Shares will be unquoted.
- 8. All Shares issued upon conversion will rank equally in all respects with White Eagle's then issued fully paid ordinary shares. White Eagle must, within the time period required by the Listing Rules apply to the ASX for quotation of the Shares on ASX.
- 9. A holder has the right to receive notices of general meetings and financial reports and accounts of White Eagle that are circulated to shareholders of White Eagle, and a right to attend a meeting of shareholders of White Eagle.
- 10. Other than as required by law, a Performance Share does not entitle the holder to vote on any resolutions proposed at a meeting of shareholders of White Eagle.
- 11. A Performance Share does not entitle the holder to any dividends.
- 12. There are no participating rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues (such as bonus issues) or pro-rata issues of capital to White Eagle's Shareholders.
- 13. In the event of any reorganisation (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of White Eagle, the basis for adjustment of the number of White Eagle's Shares to be issued on conversion of a Performance Share will be reconstructed in accordance with the Listing Rules which apply to the reorganisation of capital at the time of the reorganisation so that the holder will not receive a benefit that holders of ordinary securities do not receive (other than due to the rounding up of the number of White Eagle's Shares to be issued on conversion, subject to shareholder approval for the rounding up).
- 14. Each Performance Share entitles the holder to participate in the surplus profits or assets of White Eagle upon winding up, but on the basis that each holder's Performance Shares will consolidate into one Performance Share and will then convert into one Share.
- 15. A Performance Share does not give the holder any other rights other than those expressly provided by these terms and those provided at law where such rights cannot be excluded.

16. The terms of the Performance Shares may be amended as necessary by the Directors of White Eagle in order to comply with the ASX Listing Rules or any directions of the ASX regarding the terms.
17. In these terms:
 - (a) “Change of Control Event” is defined in paragraph 4;
 - (b) “Queensland Contract” means the Cross Track Digital Advertising Screens Station Advertising Agreement dated 20 August 2013 between Lunalite and Queensland Rail Limited;
 - (c) “Security Mobile Application” means the *ProtechT* Security Mobile Application currently in the process of development by Lunalite; and
 - (d) “XTD” means a cross track digital media delivery solution.

Schedule 2 – Risk Factors of the Acquisition

The Acquisition is not risk free. Before deciding whether to approve the Acquisition, Shareholders should read the entire Notice and Explanatory Memorandum and consider at least the risk factors set out below in light of their personal circumstances and investment objectives (including financial and taxation issues).

1.2 Risks specific to Lunalite's business

Following are certain risks specific to Lunalite's business:

(a) Development and commercialisation of its Cross Track Digital Signage Solution

Lunalite relies on its ability to develop and commercialise its Cross Track Digital Signage Solution. A failure to develop and commercialise its Cross Track Digital Signage Solution successfully would lead to a loss of opportunities and adversely impact on the operating results and financial position of Lunalite. Furthermore, any third party developing superior technology or with greater commercial appeal in the fields in which Lunalite operates may harm the future prospects of Lunalite.

(b) Brand and reputation risks

The reputation and brand of Lunalite and its individual products are important in attracting international rail operators and out of home advertising participants. Any reputational damage or negative publicity around Lunalite or its products could adversely impact on Lunalite's business.

(c) Recruitment and retention of key personnel

Lunalite's expects to grow its sales and marketing teams in both Australia and internationally. An inability to attract quality sales and marketing personnel may adversely impact on Lunalite's growth plans and first mover advantage.

Further, Lunalite may not be able to attract or retain sufficiently qualified personnel on a timely basis (if key staff leave) or retain key technical and management personnel.

(d) Industry and competition

Lunalite's potential competitors may include companies with substantially greater resources and access to more markets. Therefore, competitors may succeed in developing products that are more effective or commercially superior than those developed by Lunalite which could render Lunalite's products obsolete and/or otherwise uncompetitive.

In addition, Lunalite may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely impact the Company's future business, operating results and financial position.

(e) Further product development

Lunalite has developed its Cross Track Digital Signage Solution, and continues to invest in further product development including its 'security mobile application' in order to stay ahead of any emerging competition. Lunalite gives no guarantee that further product development will be successful, that development milestones will be achieved, or that any intellectual property will be developed in further products that are commercially exploitable. There are many risks inherent in the development of technologies and related products, particularly where the products are in the early stages of development.

Projects can be delayed or fail to demonstrate any benefit, or may cease to be viable for a range of scientific and commercial reasons.

(f) Manufacturing and product quality risks

Lunalite currently uses third party manufactures to produce its Cross Track Digital Signage Solution. There is no guarantee that its manufacturing partners will be able to meet Lunalite's cost, quality and volume requirements which are needed to be competitive.

Lunalite's products must also meet the regulatory requirements which are subject to continual review including inspection by regulatory authorities. Failure by Lunalite or its suppliers to continuously comply with regulatory requirements or failure to take satisfactory corrective action in response to adverse inspection, could result in enforcement actions.

(g) Supplier risk

Lunalite uses generally available components in its products. There is no guarantee that these components will be available in the future. Replacement of any obsolete component may require a re-design of the products or affect the ability of Lunalite to manufacture the products.

Lunalite has and continues to use third party product development and design firms and contract manufacturers. The loss of one or more of these relationships may adversely affect the Company's operations.

(h) Uncertainty of future profitability

Lunalite is in the early sales and commercialisation stage for its Cross Track Digital Signage Solution. To date, it has funded its activities principally through issuing securities and other domestic capital raising activities.

Whilst Lunalite has secured contracts with MTM and Queensland Rail, its profitability will be impacted by its ability to successfully install its hardware and manage costs, its ability to execute its development and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability are uncertain. Moreover, the level of such profitability cannot be predicted.

(i) Additional requirements for capital

Lunalite is not currently profitable. Proceeds from the Placement are primarily being used to fund the installation of the Company's Cross Track Digital Signage Solution pursuant to its contracts with MTM (32 screens) and Queensland Rail (15 screens). There is no guarantee that these contracts will result in profitability for the Company. If the installation of these contracts is slower or less successful than planned, Lunalite may need to raise further capital in the future.

1.3 General investment risks

In addition to the above specific risks associated with the Company's proposed operations there are also general risks associated with an investment in the Shares. These include:

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Economic risk

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

(c) Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Notice, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

WHITE EAGLE RESOURCES LIMITED

ACN 147 799 951

PROXY FORM

The Company Secretary
White Eagle Resources Limited

By post:
PO Box 7653, Cloisters Square,
Perth WA 6850

By facsimile:
08 9486 4799

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We ¹ _____ of _____

being a Shareholder/Shareholders of the Company and entitled to _____
votes in the Company, hereby appoint:

**The Chairman of the
Meeting (mark box)**

☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting to be held at 10:00am (WST) on Friday, 24 October 2014 at Amberley Business Centre, 3/1060 Hay St WEST PERTH WA 6005, on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit, except as provided below).

The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Approval of Acquisition of Lunalite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to Issue New Class of Securities - Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Authority to Issue Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Change in Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Acquisition of Lunalite Shares from Related Party – Mr Stuart Richardson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Acquisition of Lunalite Shares from Related Party – Mr Jeremy Bond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Authority to issue Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Appointment of Mr Frank Hurley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Appointment of Mr Mark Niutta as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 12 Appointment of Mr John Toll as a Director

☐☐☐

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders should sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting (WST).

Postal address: PO Box 7653, Cloisters Square, Perth WA 6850.

Facsimile: 08 9486 4799 if faxed from within Australia or +618 9486 4799 if faxed from outside Australia.

15 September 2014

The Directors
White Eagle Resources Limited
Office J, Level 2
1139 Hay Street
WEST PERTH WA 6005

The Independent Expert has concluded that the transactions related to the issue of a total of 35,000,000 shares in White Eagle (as part of the Acquisition of Lunalite), the subject of Resolutions 5 and 6 outlined in this Notice of General Meeting are fair and reasonable to Shareholders of the Company (not associated with the Related Parties) as at the date of this report.

Dear Sirs

Re: WHITE EAGLE RESOURCES LIMITED (ACN 147 799 951) ON THE PROPOSAL TO ISSUE A TOTAL OF 35,000,000 SHARES TO CERTAIN RELATED PARTIES AS PART CONSIDERATION TO ACQUIRE 100% OF LUNALITE INTERNATIONAL PTY LTD. SHAREHOLDERS MEETING PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE (“ASX”) LISTING RULE 10.1

1. Introduction

- 1.1 We have been requested by the Directors of White Eagle Resources Limited (“White Eagle” or “the Company”) to prepare an Independent Expert’s Report to determine the fairness and reasonableness as noted in Resolutions 5 and 6 (the issue of a total of 35,000,000 shares to related parties of White Eagle as noted in paragraphs 1 and 1.8 below) as referred to in the Notice of Meeting of Shareholders (“Notice”) and Section 6 of the Explanatory Memorandum (“EM”) attached to the Notice to be forwarded to shareholders in September 2014.
- 1.2 It is proposed that White Eagle will acquire 100% of the issued capital of Lunalite International Pty Ltd (“Lunalite”) as announced to the market on 27 June 2014.
- 1.3 The proposal to acquire 100% of the shares in Lunalite is known in this report as the Acquisition. Lunalite operates in the digital outdoor media sector. Lunalite has successfully designed, installed and tested one of the world’s Cross Track Media systems (“XTD”) using large format LED screens.
- 1.4 The Consideration for the Acquisition is 1,050,000,000 pre-consolidated shares (“Consideration Shares”) in White Eagle to the shareholders of Lunalite (will be approximately 78,750,198 post consolidated shares- refer below).

In addition 380,000,000 pre-consolidated Performance Shares in White Eagle will be issued to the shareholders of Lunalite (will be 28,500,074 post-consolidated Performance Shares – refer below). The Performance Shares have been treated in our report as part of the Consideration to acquire all of the shares in Lunalite, however the Notice and EM has

treated the issue of the Performance Shares not as Consideration but as incentives to perform.

Resolution 1 in the Notice refers to the issue of 1,015,000,000 pre-consolidated Shares (approximately 75,125,191 post consolidated shares) that exclude the 35,000,000 pre-consolidated Consideration Shares (approximately 2,625,007 post consolidated shares) to be issued to the Related Parties) as part consideration to acquire 100% of the issued capital of Lunalite. Resolution 3 relates to the issue of 380,000,000 pre-consolidated Performance Shares.

1.5 The Performance Shares will convert to fully paid ordinary shares in White Eagle upon the achievement of Milestones 1, 2, 3 and 4 as noted below:

- Milestone 1 – Successful installation and first revenue to Lunalite from the Queensland Contract. 60,000,000 pre-consolidated Performance Shares will then convert to 60,000,000 ordinary pre-consolidated shares in White Eagle (4,500,012 post-consolidated). The Queensland Contract relates to a contract for up to 7 years by Queensland Rail (“QR”), the operator of the Queensland rail network, to install and operate 15 screens across 5 stations. The 15 screens are expected to be installed, fully operational and generating revenue for Lunalite by May 2015.
- Milestone 2 – The agreed “security mobile application” being developed and either:
 - Adopted by one rail operator; or
 - Achieving a minimum of 200,000 subscribers.

60,000,000 pre-consolidated Performance Shares will then convert to 60,000,000 ordinary pre-consolidated shares in White Eagle (4,500,012 post-consolidated);

Milestone 3 – Lunalite generating net revenue of at least \$5,000,000 in any one 12 month period. 60,000,000 pre-consolidated Performance Shares will then convert to 60,000,000 ordinary pre-consolidated shares in White Eagle (4,500,012 post-consolidated);

- Milestone 4 – Lunalite being awarded an offshore XTD contract of at least 40 screens and that contract being fulfilled and generating revenue to Lunalite. 200,000,000 pre-consolidated Performance Shares will then convert to 200,000,000 ordinary pre-consolidated shares in White Eagle (15,000,038 post-consolidated).

1.6 The conditions precedent include, inter-alia:

- Completion of a capital raising by Lunalite of at least \$2,650,000 (now completed);
- Execution of a formal share sale and purchase agreement (“SSA”);
- White Eagle raising a minimum of \$1,000,000 (“Public Offer Raising”) in conjunction with re-complying with Chapters 1 and 2 of the Australian Securities Exchange (“ASX”) Listing Rules; and
- White Eagle shareholder approval.

The Public Offer Raising will only occur post the planned 1 for 13.3333 consolidation of capital and after shareholders’ approval. It is now planned to raise a minimum of \$3,000,000 under the Public Offer Raising at 20 cents per post consolidated share, so that 15,000,000 post consolidated Shares may be issued (the “Public Offer Shares”). The maximum that may be raised has been set at \$3,500,000 (17,500,000 post consolidated shares).

- 1.7 The interests of Jeremy Bond (“Bond”) and Stuart Richardson (“Richardson”) (collectively “the Related Parties”) who are Directors of and shareholders in White Eagle subscribed for \$75,000 and \$100,000 respectively in the capital raising of Lunalite as part of the \$2,650,000 capital raising noted above (a total of 13,250,000 new Lunalite shares issued).

The interests of Bond received 375,000 shares in Lunalite and the interests of Richardson received 500,000 shares in Lunalite. The interests of Bond currently own 30,242,981 shares in White Eagle (approximately 2,268,230 post consolidated shares) and the interests of Richardson currently owns 6,480,000 shares in White Eagle (approximately 486,002 post consolidated shares).

- 1.8 As a result, Bond is to receive 15,000,000 pre-consolidated ordinary shares (equivalent to 1,125,003 post consolidated shares) (part of the Tranche 2 Consideration Shares) in White Eagle (part of the Tranche 2 Consideration Shares noted above) and Richardson is to receive 20,000,000 pre-consolidated ordinary shares (equivalent to 1,500,004 post consolidated shares) (part of the Tranche 2 Consideration Shares) in White Eagle (part of the Tranche 2 Consideration Shares noted above). Resolutions 5 and 6 in the Notice refer to the issue of the 35,000,000 Tranche 2 pre-consolidated Consideration Shares (equivalent to 2,625,007 post consolidated shares) to the Related Parties and described in the Notice as the Vendor Director Consideration Shares.

- 1.9 Post the issue of the 35,000,000 pre-consolidated Consideration Shares (equivalent to 2,625,007 post consolidated ordinary shares), Bond’s ordinary shareholding interest in White Eagle will be 45,242,981 pre consolidated shares (equivalent to 3,393,233 post consolidated ordinary shares) or approximately 2.745% of the expanded issued ordinary capital of White Eagle (assumes White Eagle will raise \$3,000,000 as noted above at 20 cents per post consolidated share- issue of 15,000,000 post consolidated shares). The shareholding interest of Bond will reduce if the Capital Raising is \$3,500,000.

Post the issue of the 35,000,000 pre-consolidated Consideration Shares (equivalent to 2,625,007 post consolidated ordinary shares), Richardson’s ordinary shareholding interest in White Eagle will be 26,480,000 pre-consolidated shares (equivalent to 1,986,005 post consolidated ordinary shares) or approximately 1.607% of the expanded issued ordinary capital of White Eagle (assumes White Eagle will raise \$3,000,000 as noted above at 20 cents per post consolidated share- issue of 15,000,000 post consolidated shares). The shareholding interest of Richardson will reduce if the Capital Raising is \$3,500,000.

It is noted that Resolution 7 in the Notice allows for the issue of up to 17,500,000 post consolidated shares at 20 cents each to investors to raise up to \$3,500,000 (before costs). Our report relating to percentages assumes the raising of \$3,000,000 as noted above. The percentage interests noted in this report would alter if additional Public Offer Shares were issued.

The current intention of the Directors is to raise a gross minimum of \$3,000,000 (which Lunalite has confirmed is sufficient) at 20 cents per post consolidated share so that 15,000,000 post consolidated shares will be issued. It is planned to issue such Public Offer Shares in October 2014 following shareholder approval and the 1 for 13.3333 consolidation of capital but before the issue of the Consideration Shares.

- 1.10 The issue of White Eagle pre-consolidated ordinary shares to the Related Parties as part of the Acquisition may be deemed a related party transaction under ASX Listing Rule 10.1 as the issue of a total of 35,000,000 pre-consolidated Consideration Shares involves a transaction with two directors of White Eagle. The issue of 35,000,000 pre-consolidated Consideration Shares to the Related Parties (assumed issue price at \$0.005 each based on the last sale price of an White Eagle share on ASX immediately before the announcement of the proposed Acquisition) represents more than 5% of the equity interests of White Eagle

based on the last audited accounts of White Eagle lodged with ASX. The last audited accounts disclosed total equity interests at \$367,749 and thus 5% equates to approximately \$18,387. The 35,000,000 pre-consolidated Consideration Shares to be issued to the Related Parties were deemed to be valued at \$175,000 (using the \$0.005 pre-consolidated share price).

- 1.11 An independent expert's report should accompany the Notice stating whether the proposal to issue a total of 35,000,000 pre-consolidated Consideration Shares to the Related Parties as noted above is fair and/or reasonable to the shareholders of White Eagle not associated with the Related Parties. To assist shareholders in making a decision the directors have requested that Stantons International Securities prepare an Independent Expert's Report

This report addresses the issues of whether the proposal to issue a total of 35,000,000 pre-consolidated White Eagle shares (Tranche 2 Consideration Shares) to the Related Parties as part of the Consideration to acquire all of the share capital of Lunalite is fair and reasonable to the shareholders of White Eagle not associated with the Related Parties. In order for us to arrive at a conclusion on the proposals with the Related Parties, we in effect need to arrive at an opinion as to whether the Acquisition itself for the Considerations offered is fair and reasonable.

- 1.12 There are 12 resolutions being put to the shareholders. Resolution 1 relates to the Acquisition of Lunalite and the issue of 1,015,000,000 pre-consolidated Consideration Shares (excludes the 35,000,000 pre-consolidated Consideration Shares being issued to the Related Parties); Resolution 2 relates to the approval for the Company to create a new class of share (Performance Shares); Resolution 3 relates to the issue of 380,000,000 pre consolidated Performance Shares to the Vendors of Lunalite; Resolution 4 relates to the approval to make a significant change in the nature and scale of activities; Resolutions 5 and 6 relate to the proposal to the issue of a total of 35,000,000 pre-consolidated Tranche 2 Shares to the Related Parties; Resolution 7 relates to the issue of up to 17,500,000 post consolidated shares at 20 cents each (the Public Offer Share) to raise up to \$3,500,000; Resolution 8 refers to the proposed 1 for 13.3333 consolidation of capital; Resolution 9 relates to the proposal to change the name of the Company to XTD Limited; Resolution 10 relates to the election of Frank Hurley as a Director of White Eagle following completion of the Acquisition; Resolution 11 relates to the election of Mark Niutta as a Director of White Eagle following completion of the Acquisition and Resolution 12 relates to the election of John Toll as a Director of White Eagle following completion of the Acquisition.

We are not reporting on the merits or otherwise of Resolutions 1 to 4 and 7 to 12 but note that for us to report on the proposal as noted in Resolutions 5 and 6 we in effect are required to opine on the fairness and reasonableness of the proposal to acquire Lunalite (Resolution 1 refers to the Acquisition).

- 1.13 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of White Eagle and Lunalite
- Future direction of White Eagle
- Basis of valuation of White Eagle shares
- Value of consideration
- Basis of valuation of Lunalite
- Fairness of the Acquisition
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness

- Sources of information
- Appendix A and our Financial Services Guide and the Maynard Valuation Report attached as Appendix B to the Notice

- 1.14 In determining the fairness and reasonableness of the acquisition of 100% of the shares of Lunalite, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111, “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair.

An offer may also be reasonable, if despite not being fair, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the proposed acquisition of Lunalite is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness.

- 1.15 **In our opinion, the proposals as outlined in paragraph 1.1 and 1.2 and Resolutions 5 and 6 are, on balance, taking into account the factors referred to in section 11 below and elsewhere in this report, considered to be fair and reasonable to the shareholders of White Eagle (not associated with the Related Parties) as at the date of this report.**
- 1.16 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the July 2014 Maynard Valuation Report on the Mining Assets owned by the White Eagle Group prepared by Al Maynard & Associates (“Maynard”) a copy of which is attached as Appendix B to this report.

2. Implications of the Proposals

- 2.1 As at 9 September 2014, there were 398,102,531 ordinary fully paid pre-consolidated shares on issue in White Eagle. The top 20 shareholders list as at 3 September 2014 discloses the following:

Shareholder	No. of fully paid shares	% of issued fully paid shares
J P Morgan Nominees Australia Limited	74,520,921	18.72
Fernland Holdings Pty Ltd (Celato A/C)	26,322,955	6.61
Kobia Holdings Pty Ltd (The Kobia A/C)	18,290,248	4.59
Blu Bone Pty Ltd	17,150,000	4.31
	<u>136,284,124</u>	<u>34.23</u>

The top 20 shareholders as per the top 20 shareholders list at 3 September 2014 owned approximately 62.03% (246,943,240 shares) of the ordinary issued capital of the Company.

- 2.3 If the Acquisition is completed, the collective shareholding of the Lunalite shareholders would be approximately 65.94% of the expanded issued capital of White Eagle (includes the existing shareholding interests of the Related Parties in White Eagle who are currently

shareholders in White Eagle, holding 36,722,981 pre-consolidated White Eagle shares as at 8 September 2014).

The movement in the issued capital of the Company may be:

	Expected Number
Shares on issue at 9 September 2014	<u>398,102,531</u>
Consolidation of capital on a 1 for 13.3333 basis	29,857,765
Issue of Public Offer Shares	15,000,000
Issue of Consideration Shares to the Lunalite Shareholders	<u>78,750,197</u>
Post consolidated ordinary shares on issue	<u>123,607,962</u>
Potential issue of further shares	
Conversion of Milestone 1 Performance Shares	<u>4,500,012</u>
Sub total	<u>128,108,974</u>
Issue of Milestone 2 Performance Shares	<u>4,500,012</u>
Sub total	132,607,986
Issue of Milestone 3 Performance Shares	<u>4,500,012</u>
Sub Total	137,107,998
Issue of Milestone 4 Performance Shares	<u>15,000,038</u>
Potential shares on issue if all Milestones are met	<u>152,108,036</u>

The 1,050,000,000 pre-consolidated Consideration Shares will equate to approximately 78,750,197 post consolidated shares.

The Company may issue up to 17,500,000 post consolidated Public Offer Shares and if so, the number of shares on issue may range between 126,107,962 and 154,608,306, depending on the number of Performance Shares converting to ordinary shares in White Eagle.

- 2.4 The current Board of Directors is expected to change in the near future as a result of the Acquisition. The Board is currently Jeremy Bond, Stuart Richardson and Benjamin Bussell. The Company Secretary is Matthew Foy. Messrs John Toll, Frank Hurly and Mark Niutta of Lunalite will become new directors of White Eagle from Completion (as defined) of the Acquisition. Messrs Jeremy Bond and Benjamin Bussell will resign as Directors of White Eagle following Completion. Stuart Richardson will remain on the Board following Completion.
- 2.5 Lunalite will become a legally wholly owned subsidiary of White Eagle (along with Lunalite's wholly owned subsidiaries).
- 2.6 In the event that the Ordinary Consideration Shares are issued to the Lunalite shareholders, the Lunalite shareholders would own approximately 65.94% of the expanded issued ordinary capital of White Eagle (includes the 36,722,981 pre-consolidated shares beneficially held by the Related Parties as at 8 September 2014). Post the issue of the 35,000,000 pre-consolidated Consideration Shares (2,625,007 post-consolidated), Bond's ordinary shareholding interest in White Eagle will be 3,393,232 post-consolidated shares or approximately 2.745% of the expanded issued ordinary capital of White Eagle (assumes White Eagle will raise the \$3,000,000 as noted above at 20 cents per post consolidated share - issue of 15,000,000 post-consolidated shares). Post the issue of the 35,000,000 pre-consolidated Consideration Shares (2,625,007 post-consolidated), Richardson's ordinary shareholding interest in White Eagle will be 1,986,005 post-consolidated shares or approximately 1.607% of the expanded issued ordinary capital of White Eagle (assumes White Eagle will raise \$3,000,000 as noted above at 20 cents per post consolidated share-issue of 15,000,000 post-consolidated shares).

2.7 We have been advised that the Company proposes to undertake a capital raising before Completion of the Acquisition and the gross amount to be raised is a minimum of \$3,000,000 (maximum will be \$3,500,000). As noted above, the Public Offer Shares will be issued at 20 cents each (post consolidated). The majority of the funds raised will be used by Lunalite after it becomes a subsidiary of White Eagle (assuming the Acquisition proceeds) and a small part for working capital of White Eagle as a parent entity.

2.8 As noted in paragraph 1.5, the Company will issue Performance Shares. The Performance Shares will convert to fully paid pre-consolidated ordinary shares (or post consolidated ordinary shares if the 1 for 13.3333 consolidation of capital is approved and consummated) in White Eagle upon the achievement of Milestones 1, 2, 3 and 4 as noted below:

- Milestone 1 – Successful installation and first revenue to Lunalite from the Queensland Contract. 60,000,000 pre-consolidated Performance Shares (4,500,012 post-consolidated) will then convert to 4,500,012 ordinary post-consolidated shares in White Eagle. The Queensland Contract relates to a contract for up to 7 years by Queensland Rail (“QR”), the operator of the Queensland rail network, to install and operate 15 screens across 5 stations. The 15 screens are expected to be installed, fully operational and generating revenue for Lunalite by May 2015.
- Milestone 2 – The agreed “security mobile application” being developed and either:
 - Adopted by one rail operator; or
 - Achieving a minimum of 200,000 subscribers.60,000,000 pre-consolidated Performance Shares (4,500,012 post-consolidated) will then convert to 4,500,012 ordinary post-consolidated shares in White Eagle;

Milestone 3 – Lunalite generating net revenue of at least \$5,000,000 in any one 12 month period. 60,000,000 pre-consolidated Performance Shares (4,500,012 post-consolidated) will then convert to 4,500,012 ordinary post-consolidated shares in White Eagle; and

- Milestone 4 – Lunalite being awarded an offshore XTD contract of at least 40 screens and that contract being fulfilled and generating revenue to Lunalite. 200,000,000 pre-consolidated Performance Shares (15,000,038 post-consolidated) will then convert to 15,000,038 post-consolidated shares in White Eagle.

2.9 In the event that the Milestone Performance Shares convert to ordinary shares in White Eagle, (each Milestone needs to be met) the percentage interests of the Vendors of Lunalite (including the Related Parties) and in the absence of any other share issues will be as follows:

After conversion of Milestone 1 Performance Shares - approximately 67.13%
After conversion of Milestone 2 Performance Shares - approximately 68.25%
After conversion of Milestone 3 Performance Shares – approximately 69.29%
After conversion of Milestone 4 Performance Shares - approximately 72.35%

The percentage interests noted in this report would alter if additional Public Offer Shares (over the above minimum of 15,000,000 Public Offer Shares to raise \$3,000,000) were issued.

3. Corporate History and Nature of Businesses

White Eagle

3.1 Principal Activities and Significant Assets

White Eagle is an ASX listed mineral exploration and evaluation company having achieved an ASX listing in May 2011 after raising a gross \$3,500,000 (17,500,000 shares at 20 cents each) via a prospectus and initial public offering (the initial name was Red October Resources Limited – name changed in February 2013). The primary mineral commodity comprises copper and gold. Its more significant assets are as follows:

- Pardoo Project – a gold/copper base metal prospect in Western Australia, represented by E45/2146 and E45/3464.
- Cash at bank at 30 June 2014 of approximately \$914,000 which is reducing at the rate of approximately \$40,000 per month.

Lunalite

3.2 Lunalite is incorporated in Australia as a non-listed private company. Lunalite is an emerging service provider to the Out-Of Home Advertising (“OOH Advertising”) sector. Lunalite’s specific initial focus within the OOH Advertising sector is rail stations. Through its proprietary XTD system, Lunalite has designed a solution which gives the advertising market a medium to provide digital advertising to rail commuters from a cross track location whilst they await their trains. To date, cross track advertising within train stations globally has largely been accomplished via static media posters which are expensive to print and mount, difficult to maintain/change (by virtue of their location) and losing appeal in a market increasingly dominated by digital alternatives (source of information from Lunalite).

3.3 The key attributes of Lunalite’s XTD system include:

- Custom engineered large format digital LED screens with stereo sound to display TV commercials;
- Wirelessly coupled to a proprietary XTD train approaching station;
- Dynamic content management time system software which enables adverts to be changed wirelessly at any time;
- Meets OHS and regulatory requirements to satisfy both government and rail operator requirements as evidenced by completion of successful 6 month trials in both Melbourne and Queensland; and
- Offers a server platform to install phase two of the XTD package – “the App” to provide a personalised rail security and direct advertising capability.

Lunalite has already commenced the installation of the Melbourne Contract at an estimated cost of approximately \$3.5 million. The construction of 15 screens in Queensland (approximately \$1.5 million) will commence shortly. These are to be funded partly by the capital raising of \$2.65 million undertaken by Lunalite, White Eagle’s existing cash (or part thereof) and the balance will be funded out of the Public Offer Raising of \$3 million to be undertaken by White Eagle.

In conjunction with the installation and commissioning of the Melbourne and Queensland Contracts, Lunalite is undertaking further discussions with various international rail operators and media groups regarding the potential roll out of its XTD system on international rail networks.

Further details are outlined in the EM attached to the Notice and announcements made by White Eagle in June to 9 September 2014.

3.4 A summary audited consolidated balance sheet (consolidated statement of financial position) of the Lunalite Group as at 30 June 2014 is noted elsewhere in this report.

4. Future Directions of White Eagle

4.1 We have been advised by the directors and management of White Eagle that:

- There are no proposals currently contemplated either whereby White Eagle will acquire any further assets from Lunalite's shareholders (however White Eagle will issue ordinary and Performance shares to the Lunalite shareholders as outlined above in relation to the Acquisition) or where White Eagle will transfer any of its property or assets to Lunalite's shareholders;
- The composition of the Board will change in the short term as noted above;
- The Company is to shortly raise a minimum of \$3,000,000 (and up to \$3,500,000) via a Public Offer Raising and most of these funds will be utilised by Lunalite to assist in financing the Queensland and Melbourne contracts and for general working capital purposes;
- The Company proposes to change its name to XTD Limited;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in its existing mineral assets (possible by sale) and will concentrate on its investment in Lunalite, once acquired.

5. Basis of Valuation of White Eagle Shares

5.1 Shares

5.1.1 In considering the proposal to acquire all of the shares in Lunalite, we have sought to determine if the consideration payable by White Eagle to the Lunalite shareholders is fair and reasonable to the existing non-associated shareholders of White Eagle.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the ordinary shares in Lunalite being acquired by White Eagle is greater than the implicit value of the Consideration Shares (ordinary shares) and Performance Shares in White Eagle being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Lunalite shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a White Eagle ordinary share (and also a Lunalite share) are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of White Eagle shares (and Lunalite shares).

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to White Eagle's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. White Eagle made a loss of approximately \$329,000 for the year ended 30 June 2014 and as at 30 June 2014 has unaudited losses of approximately \$5,840,000.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for White Eagle could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of White Eagle have formed

the view that there are unlikely to be any takeover bids made for White Eagle in the immediate future. However, if the agreement to acquire Lunalite is completed, the Lunalite Shareholders (and the Related Parties) collectively may initially control approximately 65.94% of the expanded ordinary issued capital of White Eagle (assumes a \$3,000,000 Public Offer Raising)

5.4 **Adjusted Net Asset Backing**

5.4.1 We set out below an unaudited balance sheet (statement of financial position) of White Eagle (Balance Sheet “A”) as at 30 June 2014, adjusted for the incurring estimated administration and other costs of \$120,000 for the period 1 July 2014 to 30 September 2014 (added to payables).

In addition, we disclose a pro-forma consolidated Balance Sheet “B” assuming the following:

- The Public Offer Raising of a net \$2,750,000 (Public Offer Raising costs of \$250,000);
- The acquisition of all of the shares in Lunalite by way of an issue of 1,050,000,000 pre-consolidated ordinary Consideration Shares (78,750,197 post consolidated) at a deemed issue price of 0.45 cents per pre-consolidated share (approximately 6.00 on a post consolidated basis) for a total consideration of \$4,725,000;
- Allowing for indirect Acquisition costs (including costs of the Notice) of approximately \$100,000; and
- The issue of 380,000,000 pre-consolidated Performance Shares (28,500,074 post-consolidated) as part of the Consideration for the Acquisition of Lunalite (and not as an incentive consideration) and ascribing a fair value of \$1,174,500.

In addition, we disclose the audited consolidated statement of financial position of the Lunalite Group as at 30 June 2014 adjusted for:

- The issue of further shares in Lunalite to raise a gross \$1,180,000;
- The collection of trade and other receivables as at 30 June 2014 of \$1,537,935 (includes \$1,470,000 relating to shares issued in June 2014 but the cash received in July 2014);
- The payment of trade creditors and accruals at 30 June 2014 of \$411,417;
- The issue of 2,625,000 shares to various Directors and KMP’s for past services with a 30 June 2014 value of \$525,000;
- The conversion of a \$150,000 debt as at 30 June 2014 into 1,125,000 Lunalite shares;
- The issue of 300,000 shares with a deemed value of \$60,000 as a fee for past capital raisings;
- The issue of 750,000 shares to eliminate an amount owing of \$150,000 as at 30 June 2014 to Azure Capital; and
- The incurring of further administration costs net of an R & D Rebate (\$114,000) totalling approximately \$225,000 for the period 1 July 2014 to 31 October 2014) (net treated as creditors) (this ignores budgeted cash flows relating to capital expenditure of \$2,871,000 pertaining to the Contracts in Melbourne and a lesser extent Queensland – post 31 October and to 30 June 2015, Lunalite is budgeting for net revenues of over \$5,000,000 (it is noted that Lunalite needs a gross \$3,000,000 in new funds in October 2014 so it can finance payment of capital costs).

	Unaudited Adjusted 30 June 2014 White Eagle	Unaudited Pro-forma 30 June 2014 White Eagle (including consolidation of Lunalite)	Audited Adjusted Consolidated Lunalite 30 June 2014
	\$000 “A”	\$000 “B”	\$000
Current Assets			
Cash assets	914	6,146	2,582
Trade and other receivables	27	27	-
Total Current Assets	941	6,173	2,582
Non Current Assets			
Plant and equipment	-	97	97
Intangibles	-	3,912	871
Capitalised exploration costs (Pardoo) (refer below in paragraph 5.4.4)	-	-	-
Total Non Current Assets	-	4,009	968
Total Assets	941	10,182	3,550
Current Liabilities			
Trade and other payables	158	558	400
Employee entitlements	-	-	-
Borrowings	-	30	30
Total Current Liabilities	158	588	430
Non Current Liabilities			
Deferred tax liability	-	261	261
Total Liabilities	158	849	691
Net Assets	783	9,333	2,859
Equity			
Issued Capital	6,502	15,152	4,972
Reserves	242	242	-
Accumulated Losses	(5,961)	(6,061)	(2,113)
Total Equity	783	9,333	2,859

The net asset (book value) backing per fully paid (pre acquisition of Lunalite) ordinary White Eagle share as at 30 June 2014 based on the unaudited adjusted balance sheet (Balance Sheet “A”) and 398,102,531 ordinary shares on issue is approximately 0.196 cents (refer paragraph 5.4.5 below).

Based on the unaudited pro-forma consolidated net asset book values, this equates to a value per fully paid ordinary share post the Acquisition of approximately 7.55 cents per post-consolidated share (ignoring the value, if any, of non-booked tax benefits).

The Directors of Lunalite will need to determine the fair value to attribute to the Consideration Shares and Performance Shares and the figures used may differ to what we have used in the pro-forma consolidated statement of financial position of the White Eagle Group, incorporating the Lunalite Group.

5.4.2 We have accepted the White Eagle amounts as disclosed for all current assets and non-current assets, except for the carrying value of the Company's interest in the Pardoo Tenements ("Mineral Assets"). We have been advised by the management of White Eagle that they believe the carrying value of all current assets and liabilities at 30 June 2014 (as adjusted as noted above) are fair and not materially misstated.

5.4.3 In determining the net tangible asset value on a going concern basis it is necessary to adjust the book values of the Mineral Assets to reflect the technical (market) fair value of those Mineral Assets. We, in conjunction with White Eagle instructed Al Maynard & Associates ("Maynard") to undertake a valuation of the Mineral Assets of White Eagle. In July 2014 Maynard prepared a Valuation Report in relation to the Mineral Assets. We have used and relied on the Maynard Valuation and have satisfied ourselves that:

- Maynard is a suitably qualified consulting firm and has relevant experience in assessing the merits of base metal projects and preparing base metal asset valuations (also the principal author of the report, Al Maynard is suitably qualified and experienced);
- Maynard is independent from White Eagle and Lunalite; and
- Maynard to the best of our knowledge has employed sound and recognised methodologies in the preparation of the Maynard Valuation Report on White Eagle's Mineral Assets.

5.4.4 Maynard ascribed a range of market values for the Mineral Assets as follows:

	Low \$	Preferred \$	High \$
Pardoo Projects	<u>980,000</u>	<u>1,009,000</u>	<u>1,200,000</u>

5.4.5 Using the fair values in Australian Dollars of the Mineral Assets as ascribed in the Maynard Valuation Report and based on the assumptions/values provided to us of the other assets and liabilities of White Eagle as at 30 June 2014 as per Balance Sheet A above, the net fair value of the White Eagle Group is expected to lie in the range as follows:

	Paragraph	Low \$000's	Preferred \$000's	High \$000's
Mineral Assets	5.4.4	980	1,009	1,200
Current assets		941	941	941
Total liabilities		<u>(158)</u>	<u>(158)</u>	<u>(158)</u>
Total Net Assets at fair values		<u>1,763</u>	<u>1,792</u>	<u>1,983</u>
Number of shares on issue		398,102,531	398,102,531	398,102,531
Net asset per share (cents)		0.442	0.450	0.498

5.4.6 Based on the preferred values, the adjusted net book values at 30 June 2014 equates to a value per share (398,102,531 pre-consolidated shares) of approximately 0.45 cents (ignoring the value, if any, of non-booked tax benefits). See comments below on ASX share prices.

5.4.7 We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between White Eagle and other parties. We also note it is not the present intention of the Directors of White Eagle to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as

adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in White Eagle based on the market perceptions of what the market considers a White Eagle share to be worth.

- 5.4.8 The market has either generally valued the vast majority of mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for White Eagle shares and the market is kept fully informed of the activities of the Company. However, it is noted that from White Eagle's point of view as the legal parent company, the value ascribed to the 1,050,000,000 pre-consolidated ordinary Consideration Shares to be issued to the Lunalite Shareholders may be accounted for at the market value of a White Eagle share at date of issue. The Performance Shares would also be accounted for using ASX market prices but adjusted for probability of meeting Milestone targets (some of the Performance Shares may have an ascribed value of nil). The actual share price at the date of acquisition of Lunalite cannot be determined at this point of time.

For accounting purposes under Australian Equivalents to International Financial Reporting Standards ("IFRS"), the consideration for the issue of White Eagle shares to acquire the shares in Lunalite from the Lunalite shareholders may be booked at the fair value of the shares in Lunalite or at the share price of an White Eagle share at the date of Acquisition and not any perceived technical value (unless the share price cannot be relied upon due to low volumes of trades).

5.5 Market Price of White Eagle Fully Paid Ordinary Shares

- 5.5.1 Share prices in White Eagle as recorded on the ASX since 1 January 2014 up to and including 26 June 2014 (immediately before the announcement of the proposed Acquisition) have been as follows:

2014	High Cents	Low Cents	Closing Price Cents	Volume 000's
January	0.7	0.4	0.6	8,963
February	0.6	0.6	0.6	7,286
March	0.7	0.6	0.6	1,735
April	0.8	0.4	0.5	8,272
May	0.5	0.3	0.5	4,106
June (to 26th)	0.6	0.4	0.6	439

As can be seen from the trading volume on ASX, there was very little trading of the White Eagle shares before the announcement of the Acquisition. The Lunalite acquisition was announced to the market on 27 June 2014. There were many trading days over the six months to 26 June 2014 where there were no trades of White Eagle shares on ASX.

As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for a White Eagle share, particularly in light of the modest trading volumes. Due to the modest volumes as noted above (as a comparison of the number of shares on issue) (no Deep Market exists), varying share price and the Company's poor cash position that may be affecting the share price, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance.

Subsequent to the announcement of the Acquisition, the shares in White Eagle traded on ASX had been between 0.7 cents and 1.8 cents with a last sale on 12 September 2014 of 1.5 cents. The volume of trades in White Eagle shares post the announcement has risen significantly and between 27 June 2014 and 12 September 2014, the volumes of trades in White Eagle shares on ASX approximated 170,788,000. There were three days (18 July

2014, 5 August 2014 and 28 August 2014) where the volumes of trades exceeded 20,000,000 shares per trading day.

6. Preferred valuation method of valuing a White Eagle Share

6.1 In assessing the fair value of White Eagle and a White Eagle ordinary share pre the Acquisition of Lunalite from the Lunalite Vendors we have selected the net assets on a going concern methodology as the preferred methodology as:

- White Eagle does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2013 and 2014. Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- Although the shares of White Eagle are listed, as there is only moderate trading volumes on ASX and the share prices in recent times may be affected by the lack of cash resources it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposals with the Lunalite Vendors.

6.2 As stated at paragraph 5.4.5 we have assessed the value of White Eagle prior to the proposed Acquisition of Lunalite on a net asset basis on a going concern basis as follows:

	Low	Preferred	High
Net asset per share (cents)	<u>0.442</u>	<u>0.450</u>	<u>0.498</u>

In accordance with ASIC Regulatory Guide 111, we have relied upon Maynard to assess the preferred value of the Mineral Assets of the Company and we have incorporated them into the table above in determining the net asset value on a technical basis. We note that, the technical net asset value may not necessarily reflect fair values in the current economic circumstances of the Company.

6.3 As noted above the estimated net asset price per share after adjusting for the valuation of the Mining Assets varies from 0.442 cents to 0.498 cents with a preferred value of approximately 0.45 cents per share which is significantly less than the last ASX share price of 0.6 cents on 23 June 2014 (the last trading share price date before of the announcement of the Acquisition on 27 June 2014).

6.4 The future value of a White Eagle share will depend upon, inter alia:

- * the future prospects of its mineral assets (effectively the Pardoo Project) and the success of the XTD system business of Lunalite being obtained via the Acquisition;
- * the state of the base metal markets (and prices) in Australia and overseas (whilst the Company owns Mineral Assets);
- * the state of Australian and overseas stock markets;
- * the strength and performance of the Board and management and/or who makes up the Board and management;
- * Foreign exchange rates;
- * general economic conditions;
- * the liquidity of shares in White Eagle; and
- * possible ventures and acquisitions entered into by White Eagle.

7. Premium for Control

- 7.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.
- 7.2 Under the Corporations Act 2001, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, the Lunalite Vendors combined voting shareholding in White Eagle could increase from approximately 9.224% as at 8 September 2014 to approximately 65.94% after the issue of the Consideration Shares and then to up to approximately 72.35% on the conversion of all Performance Shares (if Milestones 1 to 4 are met). Technically, no Lunalite Vendor is obtaining a shareholding interest in White Eagle of greater than 20% and thus we do not need to consider Premium for Control.
- 7.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company, and shareholding percentages.
- 7.4 Our preferred methodology is to value White Eagle and a White Eagle share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.5 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Transactions (Acquisition) control basis.
- 7.5 We set out below the comparison of the low, preferred and high values of a White Eagle share compared to the potential issue price for the ordinary Consideration Shares based on ASX share prices in June 2014.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a White Eagle ordinary Share	5.4.4	0.442	0.450	0.498
Issue price of the ordinary Consideration Shares		0.400	0.600	1.400
Excess/(shortfall) between Issue Price and fair value		(0.042)	0.150	0.902

- 7.6 We note that Lunalite does not have Board control of White Eagle before the Proposed Transactions pursuant to Resolutions 1 to 11. Post the Acquisition, Lunalite will appoint three persons to the Board of White Eagle (Messrs Hurley, Niutta and Toll) and thus have three Board members of the then four man expanded Board. It is noted that two of the current directors of White Eagle are shareholders of Lunalite (albeit minor shareholders), being the Related Parties noted above. Messrs Jeremy Bond and Benjamin Bussell will resign from the Board on Completion.

8. Value of Consideration

- 8.1 Based on the pre-announcement assessed fair value of an ordinary share in White Eagle (not ASX share prices), the ordinary share consideration range would be:

	Low	Preferred	High
1,050,000,000 pre-consolidated Consideration Shares	<u>\$4,641,000</u>	<u>\$4,725,000</u>	<u>\$5,229,000</u>
Assumed share issue price based On assessed fair values (paragraph 5.4.5)	<u>0.442 cents</u>	<u>0.450 cents</u>	<u>0.498 cents</u>

We have excluded the indirect costs and legal and other fees.

- 8.2 It is noted that at the time of negotiation of the Acquisition, the White Eagle directors considered that the fair market value of a White Eagle ordinary share may have been around the 0.5 cents (pre-consolidation) (thereby representing \$5,250,000 in consideration).
- 8.3 If we used the 0.7 cents to 1.8 cents ASX share price since the announcement of the proposed Acquisition as noted above, the amounts attributable to the ordinary Consideration Shares would lie in the range of \$7,350,000 to \$18,900,000. Based on the last sale price on 12 September 2014, the deemed accounting consideration (for the ordinary Consideration Shares only) may approximate \$15,750,000 (1.5 cents per share).
- 8.4 In addition to the 1,050,000,000 ordinary pre-consolidated Consideration Shares, (78,750,197 post consolidated) the Company is to issue the 4 tranches of Performance Shares. As stated elsewhere, we have treated the issue of the Performance Shares as part of the cost of Acquisition, notwithstanding that they are incentive based and noted in the EM as incentives.

The Tranche 1 Performance Shares convert to 60,000,000 pre-consolidated (4,500,012 post consolidated) ordinary shares in White Eagle on successful installation and first revenue to Lunalite from the Queensland Contract. The Queensland Contract relates to a contract for up to 7 years by QR, the operator of the Queensland rail network, to install and operate 15 screens across 5 stations. The 15 screens are expected to be installed, fully operational and generating revenue for Lunalite by May 2015. Management of Lunalite have ascribed a probability of 80% after having discussions with the Lunalite advisers and management we have accepted such a probability factor as being reasonable. However, unless there is a problem with completing the Queensland Contract, it is likely that the Milestone 1 will be met.

The Tranche 2 Performance Shares convert to ordinary shares in White Eagle on the agreed “security mobile application” being developed and either:

- Adopted by one rail operator; or
- Achieving a minimum of 200,000 subscribers.

60,000,000 pre-consolidated Performance Shares will then convert to 60,000,000 ordinary pre-consolidated (4,500,012 on a post consolidation basis) shares in White Eagle. The probability of this occurring cannot be reliably estimated but based on discussions with Lunalite advisers and management, a probability of 80% has been applied by Lunalite management and we have accepted such a probability factor as being reasonable.

The Tranche 3 Performance Shares convert to ordinary shares in White Eagle on Lunalite generating net revenue of at least \$5,000,000 in any one 12 month period. 60,000,000 pre-consolidated Performance Shares will then convert to 60,000,000 ordinary pre-consolidated shares (4,500,012 post consolidated shares) in White Eagle. The probability of this occurring cannot be reliably estimated but based on discussions with Lunalite advisers and

management, a probability of 75% has been applied by Lunalite management and we have accepted such a probability factor as being reasonable

The Tranche 4 Performance Shares convert to 200,000,000 ordinary shares in White Eagle on Lunalite being awarded an offshore XTD contract of at least 40 screens and that contract being fulfilled and generating revenue to Lunalite. 200,000,000 pre-consolidated Performance Shares will then convert to 200,000,000 ordinary pre-consolidated shares (15,000,038 post consolidated shares) in White Eagle. The probability of this occurring cannot be reliably estimated but based on discussions with Lunalite advisers and management, a probability of 60% has been applied by Lunalite management and we have accepted such a probability factor as being reasonable

- 8.5 Using the assessed fair value of an ordinary pre-consolidated share in White Eagle between 0.442 cents and 0.498 cents with a preferred fair value of 0.450 cents, results in a possible undiscounted for probability fair value attributable to the Performance Shares as follows:

	Low \$	Preferred \$	High \$
Tranche 1 Performance Shares	265,200	270,000	298,800
Tranche 2 Performance Shares	265,200	270,000	298,800
Tranche 3 Performance Shares	265,200	270,000	298,800
Tranche 4 Performance Shares	<u>884,000</u>	<u>900,000</u>	<u>996,000</u>
Total possible Consideration relating to the issue of Performance Shares	<u>1,679,600</u>	<u>1,710,000</u>	<u>1,892,400</u>

- 8.6 We are not sure as to what values the White Eagle Directors will finally ascribe to the four classes of Performance Shares for acquisition accounting purposes. The value may be as low as nil. It is noted that if the individual Milestones are met, the share prices of an ordinary share in White Eagle at the conversion dates may be higher than the ASX share prices of June 2014.

- 8.7 Using the assessed fair values attributable to the ordinary pre-consolidated ordinary Consideration Shares and the pre-consolidated Performance Shares, the possible deemed Consideration (prior to discounting for probabilities for meeting or not meeting the Milestones 1 to 4 conditions) may be in the range of:

	Low \$	Preferred \$	High \$
1,050,000,000 pre-consolidated Consideration Shares	4,641,000	4,725,000	5,229,000
380,000,000 Performance Shares	<u>1,679,600</u>	<u>1,710,000</u>	<u>1,892,400</u>
Possible deemed fair value of the Consideration	<u>6,320,600</u>	<u>6,435,000</u>	<u>7,121,400</u>

- 8.8 **If we used the discounts regarding probability of meeting the Milestones as noted in paragraph 8.4 above, the Performance Shares in total would have a fair value totalling \$1,174,500 (based on using the preferred fair value of a White Eagle share of 0.45 cents) (compared to an undiscounted value as noted above of \$1,710,000). Thus the total Consideration on a discounted preferred value basis may approximate \$5,899,500.**

9. Basis of Valuation of Lunalite

- 9.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

- 9.2 Lunalite is an unlisted private company and therefore valuing the shares on a takeover basis and on a market based approach are not relevant. There are no indications that other parties wished to acquire all of the shares in Lunalite other than White Eagle. The shareholders in Lunalite do not have an active market to trade their shares.
- 9.3 The audited adjusted consolidated balance sheet of Lunalite at 30 June 2014 is disclosed under paragraph 5.4.1 above. This consolidated balance sheet shows the Lunalite Group net assets carried at a book value of \$2,859,000 (unadjusted \$1,020,947) with capitalised intangibles (Contract Rights) carried at a book value of \$871,285.
- 9.4 Completion of the Acquisition is conditional on all necessary due diligence being undertaken on the ownership interests of Lunalite, Lunalite's shareholding and interests and ownership of the XTD Technology of Lunalite. We advise that we have not undertaken any further steps to ascertain ownership of Lunalite and its assets and liabilities and the XTD Technology.
- 9.5 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. To estimate the fair market value of the shares in Lunalite, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.

9.6 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings methods estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where the company's earnings are relatively stable. The most recent share trading history provides evidence on the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. Industry-specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors.

9.7 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

9.8 Asset-based methods

Asset-based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset-based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net asset on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter timeframe. Since winding up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis, estimates the market values of the net assets of the company but does not take account of realisation costs.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets. Asset-based methods are appropriate when companies are not profitable or a significant proportion of a company's assets are liquid.

9.9 Selection of Valuation Methodologies

All of the valuation methodologies considered above have significant limitations or restrictions in their application to Lunalite. However, based on cash flow models prepared by Lunalite and its corporate advisers, the net present value of future cash flows may have some relevance in valuing a Lunalite share.

Capitalisation of maintainable earnings is not appropriate because Lunalite is not presently profitable, although it is expected to be profitable in 2015/16 (refer comments on cash flows below).

Recent share trading is not applicable as it is an unlisted private company.

An asset-based method is limited by the fact that Lunalite primary asset has an interest in the XTD Technology that has yet to be fully commercially exploited (but has two contracts for supply and installation in place as noted above). The book values of Lunalite's assets and liabilities as at 30 June 2014, as adjusted is noted in paragraph 5.4.1 and net assets disclosed at approximately \$2,859,000.

9.10 In this section we consider the valuation of Lunalite. We have considered the valuation of Lunalite in assessing whether or not the proposals outlined in Resolutions 3 and 4 (and Resolution1) is fair and reasonable for White Eagle's non-associated shareholders. In forming our opinion on the value of Lunalite we have, inter-alia:

- Considered the stage of development of Lunalite and the prospective financial information available;
- Considered the appropriateness of the valuation methodologies available; and
- Considered the ability of Lunalite to continue as a going concern without funding.

9.11 Valuation of Lunalite

9.11.1 Lunalite, in conjunction with its corporate advisers have prepared profit and loss and cash flow forecasts based on expected revenue, cost of sales, capital costs and other costs (including taxes) in relation to the two existing Contracts (one in Melbourne and the other in Queensland as noted elsewhere in this report) and such forecasts are to April 2022 (October 2021 in relation to the Melbourne Contract). The discounted cash flow model excludes any potential revenue from other sources (not associated with the Melbourne and

Queensland Contracts). The net present value of the forecasted cash flows approximates \$12.1 million at a discount rate of 8%.

9.11.2 Key assumptions include:

- 32 screens in Melbourne and 15 screens in Queensland;
- 90% use of screens after November 2014 for the Melbourne Contract and 90% use after June 2015 for the Queensland Contract;
- Inflation rate of 2.5%;
- Capex costs of approximately \$5.2 million;
- Gross revenue of approximately \$85 million;
- Total earnings before interest, tax, depreciation and amortisation (“EBITDA”) of approximately \$30 million;
- Tax at 30% and estimated cash outlay of \$7.6 million;
- Operating costs (including costs of sales) of \$55 million;
- Net profit after tax of \$7.6 million; and
- Cash equity of \$6.5 million in 2014 (Lunalite raised a gross \$2.65 million in June/July 2014, will borrow \$0.9 million from White Eagle and a further capital raising of around \$3 million (gross) planned to be undertaken in the last quarter of 2014.

9.11.3 Overall there is no reason to believe that the assumptions made by the Lunalite management and its advisers in setting the cash flow forecasts are not unreasonable. However it cannot be guaranteed that forecasts will be met as forecasts are just that and cannot by definition be guaranteed to be accurate.

In view of the necessity to raise further funds and due to the fact that the building and commissioning of the screens via the Contracts are not complete, we are of the view that the discount rate on discounting forecasted future cash flows should reflect such increased risks and thus we have applied a discount rate of 20% (instead of 8%).

9.11.4 On such a basis, the net present value of the forecasted cash flows of the Lunalite Group equates to approximately \$7.1 million. We have taken this figure as a reasonable figure to apply as the existing fair value of Lunalite.

It should be noted that there are still risks associated with Lunalite and we cannot guarantee that the Lunalite Director cash flow and profit and loss forecasts will be achieved.

It is noted that the Lunalite Group has estimated cash reserves of \$2,582,000 but current liabilities totalling \$430,000 and all of these funds (and a loan from White Eagle and further capital raisings as noted in the assumptions listed above) will be used on the Melbourne Contract and the Queensland Contract. If the acquisition of the Lunalite Group by White Eagle is achieved, White Eagle will need to meet the liabilities of the Lunalite Group. Eagle does not have large cash reserves and is in the process of raising a gross \$3,000,000 and as noted elsewhere in this report the majority will be utilised by Lunalite for working capital.

10. Conclusion as to Fairness

10.1 The proposals pursuant to Resolutions 1, 3, 5 and 6 are believed fair to White Eagle’s non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in Lunalite (100%) to be acquired.

10.2 The valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation.

10.3 However, we have determined a fair value for Lunalite at around \$7.1 million. In arriving at our view, we have, inter-alia, referred to the following factors:

- The relative newness of and lack of a number of significant contracts relating to the XTD Technology (only the Melbourne and Queensland Contracts have been signed);
- The ability to produce positive cash flow and profits over a period of time is still somewhat uncertain but there is a clear expectation that revenues can be derived on completion and commissioning of the screens in Melbourne and Queensland;
- Lunalite needs to obtain sufficient working capital to meet its planned objectives;
- The lack of longer term cash flow models (current model only factors in cash flows from commercialisation of the screens to be constructed in Melbourne and Queensland under the two existing Contracts); and
- The risks associated with commercialisation of the XTD Technology.

10.4 The “cost” of the Acquisition based on our ascribed fair value of a White Eagle share as noted above under paragraph 8.8 is \$5,899,500 but could be as high as \$7,121,400.

The assessed fair value of the Lunalite Group as noted above is \$7,100,000.

Based on the above, we conclude that the proposed Acquisition of all of the shares in Lunalite is on balance fair. By implication, the proposals pursuant to Resolutions 3 and 4 are also fair at the date of this report.

It is noted that the post announcement (of the proposed Acquisition) share price is in the August/early September 2014 range of 1.3 cents to 1.7 cents and if these were used to ascribe an accounting cost to the 1,050,000,000 Consideration Shares, the cost would equate to between \$13,650,000 and \$17,850,000 and even without ascribing a value to the Performance Shares, the proposed Acquisition would not be fair.

11. Reasonableness of the Lunalite Acquisition

11.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition that we considered in arriving at our conclusion on the reasonableness of the Acquisition and in particular the proposals pursuant to Resolutions 5 and 6.

Advantages

11.2 The Company, in effect moves from a company with only one mineral asset (albeit some longer term potential) with some cash to a technology driven company in the digital outdoor media sector with some opportunities to move into the earning of profits and positive cash flows if the Lunalite business can be successfully commercialised.

11.3 The Company may be better placed to raise further funds by way of share equity as a result of acquiring all of the shares in Lunalite. It is noted that \$3,000,000 is being raised on the back of the proposed acquisition of Lunalite and if commercial success comes Lunalite’s way, White Eagle may be able to raise further funds for expansion of the Lunalite business.

11.4 There is an incentive to White Eagle and Lunalite to successfully exploit the XTD Technology as the Lunalite shareholders including the Related Parties will collectively have significant shareholding interests in White Eagle.

11.5 White Eagle currently has one mineral prospect of note, being the Pardoo Project in Western Australia. Should this project prove not to be commercially viable, diversification into the digital outdoor media sector by acquiring 100% of Lunalite may reduce the risk.

Currently capital raisings for small junior exploration companies are extremely difficult and by diversifying into other businesses, increases the scope for new capital raisings.

- 11.6 Existing shareholders may be given the opportunity to sell their shares in excess of the share prices existing prior to the Acquisition announcement. However, those shareholders who consider the risk of entering into a new business outside mineral exploration mineral to be too high may wish to sell their shareholdings in White Eagle. The market via an increased volume of trades in White Eagle shares (and an increased share price) subsequent to the announcement of the proposed Acquisition has indicated a positive response to the proposal.
- 11.7 The net book assets of White Eagle are estimated at \$783,000 whilst post the Acquisition, the net book assets of the White Eagle Group that will include the Lunalite Group is estimated to be an initial \$9,333,000 (although intangibles may amount to around \$3,912,000). The value attributable to the existing shareholders (excluding the Related Parties) approximates \$2,046,000 compared with a current shareholding interest of approximately \$706,000 (based on book values).

Disadvantages

- 11.8 Currently, the Lunalite shareholders collectively have a beneficial interest in 36,722,981 pre-consolidated shares in the Company (held by the Related Parties) and if Resolutions 1 to 11 are passed, the Lunalite shareholders will increase their collective shareholding interest in White Eagle to approximately 65.94% (assumes a Public Offer Raising of \$3,000,000). The existing shareholders (excluding the Related Parties) will be diluted from owning a current approximate 90.232% shareholding interest in White Eagle and its underlying assets to a smaller shareholding of approximately 21.927% post the Acquisition.
- 11.9 The XTD Technology owned by Lunalite may not turn out to be commercially viable and thus losses may be incurred. Loans will be made by White Eagle to Lunalite and these plus the investment cost may need to be impaired if Lunalite does not record in the future sufficient profits and positive cash flows.
- 11.10 The Lunalite Group has book cash reserves of \$2,582,000 but book current liabilities totalling \$430,000 (as at 30 June 2104 as adjusted). If the acquisition of the Lunalite Group by White Eagle is achieved, White Eagle will need to meet the liabilities (current and future) of the Lunalite Group that may be material in nature. New capital may need to be raised in 2015 and in future years.

Other Factors

- 11.11 It is noted that for accounting purposes in the books of White Eagle, the ordinary Consideration Shares will be booked at the market value of the ordinary shares in White Eagle at the date the ordinary Consideration Shares are issued to the Lunalite shareholders. White Eagle as the legal parent entity will account for the value of the ordinary Consideration Shares at the market value of the ordinary shares in White Eagle that may be considered to be around 1.5 cents per pre-consolidated share, being the last share price of a White Eagle share trading on ASX as at 12 September 2014. In this report, we have ascribed some value to the Performance Shares but there is some risk that the Milestones will not be met (in particular Milestones 2 to 4). The ultimate fair value of an investment in Lunalite is at this stage unknown and write downs in the investment may be required at a later stage (particularly if commercial success is not forthcoming).
- 11.12 The proposed Acquisition provides the Company with a clear strategic direction as compared with the existing position of shareholders owning shares in a near dormant company with minimal cash and no clear vision. The Company requires a business that will

provide it with the opportunity to sustain a viable business and allow the company to be a going concern.

- 11.13 The number of post consolidated fully paid ordinary shares on issue initially rises to 123,607,962. This represents a substantial increase in the ordinary shares of the Company based on the number of shares on issue at the time of the announcement of the Acquisition on 27 June 2014 (adjusted for the planed 1 for 13.3333 consolidation of capital). In addition, if all Milestones are met, the 380,000,000 pre-consolidated Performance Shares (4 Tranches) (28,500,074 post consolidated Performance Shares) would convert to ordinary shares in White Eagle further diluting the existing shareholders. However, if this was to occur, it would be expected that the share prices of a White Eagle share would be higher than June/July 2014 share prices (and prices in August 2014 and early September 2014) and thus the existing shareholders would benefit.
- 11.14 The proposed new board members, being Lunalite Directors brings further technical and business experience. Further detail on the proposed new director has been included in Section 12 of the EM.
- 11.15 The ultimate value ascribed to the Tranche 1 to 4 Performance Shares may be higher at the time of meeting the Milestone conditions than at the date of this report, based upon the share trading price of a White Eagle ordinary share.
- 11.16 It is the view of the Board of White Eagle that the investment in Lunalite is in the best interests of all shareholders.
- 11.17 The value of the ordinary share consideration being given to the Related Parties is the same value of the ordinary share consideration to be given to the other shareholders in Lunalite.

12. Conclusion as to Reasonableness

- 12.1 **After taking into account the factors referred to in 11 above and elsewhere in this report, we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed Acquisition may be considered, on balance, to be reasonable to the existing non-associated shareholders of White Eagle at the date of his report. By implication, the proposals pursuant to Resolutions 5 and 6 are also reasonable at the date of this report.**

13. Shareholder Decision

- 13.1 Stantons International Securities has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of 35,000,000 pre-consolidated Consideration Shares to the Related Parties is fair and reasonable and state reasons for that opinion. Stantons International Securities has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 5 and 6 (and Resolution 1) (but we have been requested to determine whether the proposals pursuant to Resolutions 5 and 6 are fair and/or reasonable to those shareholders not associated with the Related Parties). The responsibility for such a voting recommendation lies with the directors of White Eagle.
- 13.2 In any event, the decision whether to accept or reject Resolutions 5 and 6 (and Resolution 1) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposals under Resolutions 5 and 6 (and Resolution 1), shareholders should consult their own professional adviser.

- 13.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in White Eagle. This is an investment decision upon which Stantons International Securities does not offer an opinion and is independent on whether to accept the proposals under Resolutions 5 and 6 (and Resolutions 1 and 3). Shareholders should consult their own professional adviser in this regard.

14. Sources of Information

- 14.1 In making our assessment as to whether the proposed Acquisition as noted in paragraphs 1.1 and 1.2 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, Lunalite and the XTD Technology that is relevant to the current circumstances. In addition, we have held discussions with the management of White Eagle about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of White Eagle.

- 14.2 Information we have received includes, but is not limited to:

- a) Drafts of the Notice of White Eagle and EM to 15 September 2014;
- b) Discussions with management of White Eagle and Lunalite;
- c) Details of historical market trading of White Eagle ordinary fully paid shares recorded by ASX for the period 1 June 2013 to 12 September 2014;
- d) Shareholding details of White Eagle as supplied by the Company's share registry as at 3 September 2014;
- e) Audited balance sheet of White Eagle as at 30 June 2013 and audited balance sheet as at 30 June 2014;
- f) Reviewed balance sheet of White Eagle as at 31 December 2013;
- g) Announcements made by White Eagle to the ASX from 1 January 2012 to 12 September 2014;
- h) The audited financial statements of Lunalite for the year ended 30 June 2014;
- i) Cash flow forecasts of Lunalite for 2014/15 and to April 2021 and the key underlying assumptions used in forecasting the cash flows and profits;
- j) The independent Maynard Valuation Report of Al Maynard & Associates of July 2014;
- k) The Melbourne and Queensland Contracts information; and
- l) The Binding Term Sheet relating to the proposed Acquisition of Lunalite.

- 14.3 Our report includes Appendix A and Appendix B (the Maynard Valuation Report) and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 15 September 2014, relating to the issue of 35,000,000 pre-consolidated Consideration Shares to be issued to the Related Parties as part of the acquisition of Lunalite as outlined in Section 1 of the report and Resolutions 5 and 6 in the Notice of Meeting to Shareholders and the Explanatory Memorandum proposed to be distributed to the White Eagle shareholders in September 2014.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with White Eagle and Lunalite other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$25,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities does not hold any securities in White Eagle and Lunalite. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, and Mr Martin Michalik (ACA) the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of White Eagle in order to assist them to assess the merits of the proposed issue of 35,000,000 pre-consolidated Consideration Shares to the Related Parties as part of the Acquisition as outlined in Resolutions 5 and 6 the Explanatory Memorandum (to shareholders) to which this report relates. This report has been prepared for the benefit of White Eagle's shareholders and does not provide a general expression of Stantons

International Securities opinion as to the longer term value of White Eagle and the Lunalite Group and their assets, including the value of the XTD Technology. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of White Eagle and the Lunalite Group. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILIGENCE

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolutions 5 and 6 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 5 and 6.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by White Eagle and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), White Eagle has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which White Eagle may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by White Eagle; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from White Eagle or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of White Eagle or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd

A draft of this report was presented to White Eagle directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 15 September 2014**

1. Stantons International Securities ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone	08 9481 3188
Fax	08 9321 1204
Email	jvdieren@stantons.com.au

APPENDIX B

**VALUATION REPORT BY AL MAYNARD & ASSOCIATES ON WHITE EAGLE'S
MINERAL ASSETS**

AL MAYNARD & ASSOCIATES Pty Ltd
Consulting Geologists

www.geological.com.au

ABN 75 120 492 435

9/280 Hay Street,
SUBIACO, WA, 6008
Australia

Tel: (+618) 9388 1000
Fax: (+618) 9388 1768

Mob: 04 0304 9449
al@geological.com.au

Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT TECHNICAL VALUATION
OF THE
MINERAL ASSETS OF
WHITE EAGLE RESOURCES LIMITED

Author: Brian J Varndell BSc(SpecHonsGeol), FAusIMM
Company: Al Maynard & Associates Pty Ltd
Date: 30th July, 2014

EXECUTIVE SUMMARY

This Independent Technical Valuation Report has been prepared by Al Maynard & Associates (“AM&A”) at the request of Stantons International Securities (“SIS”) to prepare an independent expert’s report (“IER”) on whether it is fair and reasonable to the non-associated shareholders of White Eagle to issue shares to two of the Directors of White Eagle Resources Limited (“White Eagle” or the “Company”) as part consideration for White Eagle to acquire 100% of the issued capital of Lunalite International Pty Ltd (“Lunalite”) as announced to the market on 27 June 2014. White Eagle will, inter-alia, seek shareholder approval to change the name of the Company to XTD Limited, consolidate the Company’s shares, acquire Lunalite and appoint new Directors.

White Eagle has a 100% interest in the Pardoo Project that is 100 km ENE of Port Headland and 17 km NNW of Mt Goldsworthy in the Pilbara region of Western Australia (Fig 1). Early geophysical investigation identified ten geophysical anomalies over a 5 km strike length within the Supply Well prospect. These anomalies present drill targets for massive and disseminated sulphides.

The Supply Well prospect area has had limited exploration and contains some broad intersections of low grade disseminated nickel sulphide mineralisation containing narrow high grade nickel sulphides within discrete potentially remobilised zones. There is also potential for magnetite iron mineralisation which has been intersected within the project area.

This Report concludes that the current cash value of 100% of the Project is ascribed at A\$1.09 million from within the range of A\$0.98 million to A\$1.2 million.



Figure 1: White Eagle Pardoo Project Area in Western Australia.

TABLE OF CONTENTS

1.0 Introduction	1
1.1 Scope and Limitations.....	1
1.2 Statement of Competence	3
2.0 Valuation of the Mineral Assets – Methods and Guides	3
2.1 General Valuation Methods	4
2.2 Discounted Cash Flow/Net Present Value	4
2.3 Joint Venture Terms	4
2.4 Similar or Comparable Transactions.....	4
2.5 Multiple of Exploration Expenditure.....	4
2.6 Ratings System of Prospectivity (Kilburn)	5
2.7 Empirical Methods (Yardstick – Real Estate).....	5
2.8 General Comments.....	5
2.9 Environmental implications	5
2.10 Indigenous Title Claims	5
2.11 Commodities-Metal prices.....	5
2.12 Resource/Reserve Summary	6
2.13 Previous Valuations.....	6
2.14 Encumbrances/Royalty.....	6
3.0 Background Information	6
3.1 Introduction	6
3.2 Specific Valuation Methods.....	6
4.0 Pardoo Project	6
4.1 Introduction	6
4.1.1 Location and Access	7
4.1.2 Tenure	7
4.2 Geological Setting	7
4.2.1 Regional Geology	7
4.2.2 Project Geology	8
4.2.3 Local Geology and Mineralisation	9
4.3 Recent Exploration.....	10
4.4 Exploration Potential	11
5.0 Valuation of the Projects	12
5.1 Selection of Valuation Methods	12
5.2 Valuation Methods	12
5.3 Valuation Conclusions	13
6.0 References	13
7.0 Glossary of Technical Terms and Abbreviations	16

List of Figures

Figure 1: White Eagle Pardoo Project Area in Western Australia.	1
Figure 2: Geological Setting of the Supply Well Project.	8
Figure 3: Pardoo Local Geological Map with Project Outline.	9
Figure 4: MLTEM Survey at Supply Well.	11

List of Tables

Table 1: White Eagle Tenement Details.	7
Table 2: Summary Range of Current Values.	13

Appendices

Appendix 1: Valuation Estimate Workings.	15
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The Directors
Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue
West Perth,
WA, 6005.

30th July, 2014

Dear Directors,

INDEPENDENT VALUATION REPORT ON THE MINERAL ASSETS OF WHITE EAGLE RESOURCES LIMITED

1.0 Introduction

This Independent Technical Valuation Report ("Report") has been prepared by Al Maynard & Associates (AM&A) at the request of Stantons International Securities ("SIS") to prepare an independent expert's report ("IER") on whether it is fair and reasonable to the non-associated shareholders of White Eagle Resources Limited ("White Eagle" or the "Company") to issue shares to two of the Directors of White Eagle as part consideration for White Eagle to acquire 100% of the issued capital of Lunalite International Pty Ltd ("Lunalite") as announced to the ASX on 27th June, 2014.

White Eagle will, inter-alia, seek shareholder approval to change the name of the Company to XTD Limited, consolidate the Company's shares to acquire Lunalite and appoint new Directors. White Eagle is a company listed on the Official List of the Australian Securities Exchange Limited ("ASX"). Its principal business is involved in mineral exploration but, subject to shareholder approval will change to an investor in technology via the acquisition of Lunalite.

SIS will prepare an IER for inclusion in a Notice of Meeting to be issued by White Eagle in August 2014. The IER will address the issues of whether the proposal to issue White Eagle ordinary shares and Performance Shares to the Lunalite Vendors (including shares to Jeremy Bond and Stuart Richardson, Directors of White Eagle and shareholders of Lunalite) as consideration to acquire all of the share capital of Lunalite is fair and reasonable to the shareholders of White Eagle not associated with the Lunalite Vendors (including Jeremy Bond and Stuart Richardson).

AM&A has been requested to act as a specialist and prepare an independent valuation report on the Mining Assets for attachment to the IER.

The mineral assets of value held by White Eagle are its interests in the Pardoo project.

1.1 Scope and Limitations

This Report has been prepared in accordance with the requirements of the Valuation of Mineral Assets and Mineral Securities for Independent Expert's Reports (the 'Valmin Code') (2005) as adopted by the Australian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM').

This Report is valid as of 30th July, 2014 which is the date of the latest review of the data and technical information. The valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the mineral assets concerned or by other explorers on prospects in the near environs. The valuation could also be affected by the consideration of other exploration data, not in the public domain, relating to the mineral assets which have not been made available to the writer.

In order to form an opinion as to the value of any mineral asset, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likely exploration success. The writer has taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writers' technical training and experience in the mining industry. Whilst the opinions expressed represent the writer's fair and reasonable professional opinion at the time of this Report, these opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral asset.

The valuation methodology of mineral assets is subjective. The values obtained are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arms' length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. This is the required basis for the estimation to be in accordance with the provisions of the Valmin Code. There are a number of generally accepted procedures for establishing the value of mineral assets with the method employed depending upon the circumstances of the mineral asset. When relevant, AM&A uses the appropriate methods to enable a balanced analysis. Values are presented as a range and the preferred value is identified. The readers should therefore form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved.

The information presented in this Report is based solely on technical reports provided by White Eagle supplemented by our own inquiries. At the request of AM&A, copies of relevant technical reports and agreements were readily made available. Some information is available in the public domain and relevant references are listed in Sect. 6.0 –References.

White Eagle will be invoiced and expected to pay a fee for the preparation of this Report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent on the results of this report or the passing of the relevant resolution the subject of the IER under the Notice of Meeting. Except for these fees, neither the writer nor any associates have any interest, nor the rights to any interest, in White Eagle nor the mineral assets reported upon. White Eagle has confirmed in writing that all technical data known to the public domain is available to the writers.

The valuation presented in this Report is restricted to a statement of the fair value of the mineral asset package. The Valmin Code defines fair value as "The estimated amount of money, or the cash equivalent of some other

consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation date between a willing buyer and a willing seller in an arms' length transaction, wherein each party had acted knowledgeably, prudently and without compulsion".

It should be noted that in all cases, the fair valuation of the mineral assets presented is analogous with the concept of "valuation in use" commonly applied to other commercial valuations. This concept holds that the assets have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where, there is not a willing seller. Disposal values for mineral assets may be a small fraction of going concern values.

In accordance with the Valmin Code, we have prepared the "Range of Values" as shown in Table 2, section 5.3. Regarding the Project it is considered that more than sufficient geotechnical data has been provided from the reports covering the previous exploration of the relevant area to enable an understanding of the geology. This provides adequate information to form an informed opinion as to the current value of the mineral assets. A site visit was not undertaken since the authors are familiar with the terrain that forms the subject of this report.

1.2 Statement of Competence

This Report has been prepared by Allen J. Maynard and Brian J. Varndell. Allen J. Maynard is the Principal of AM&A, a qualified geologist, a Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and a Member of the Australian Institute of Geoscientists ("AIG"). He has had 35 years' experience in mineral exploration and evaluation and more than 30 years' experience in mineral asset valuation. Brian J. Varndell BSc(SpecHonsGeol), FAusIMM, a geologist with over 40 years in the industry and 35 years in mineral asset valuation. The writers hold the appropriate qualifications, experience and independence to qualify as an independent "Expert" under the definitions of the Valmin Code.

2.0 Valuation of the Mineral Assets – Methods and Guides

With due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17 February 1995 – the Valmin Code (updated 1999 & 2005) – we have derived the estimates listed below using the appropriate method for the current technical value of the mineral assets as described.

The ASIC publications "Regulatory Guidelines "111 & 112" have also been duly referred to and considered in relation to the valuation procedure. The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a "fair value". This is a value that an informed, willing, but not anxious, arms' length purchaser will pay for a mineral (or other similar) asset in a transaction devoid of "forced sale" circumstances.

2.1 General Valuation Methods

The Valmin Code identifies various methods of valuing mineral assets, including:-

- Discounted cash flow;
- Joint Venture and farm-in terms for arms' length transactions;
- Precedents from similar asset sales/valuations;
- Multiples of exploration expenditure;
- Ratings systems related to perceived prospectivity;
- Real estate value; and
- Rule of thumb or yardstick approach.

2.2 Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a mineral asset with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project.

Net present value ('NPV') is determined from discounted cash flow ('DCF') analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3 Joint Venture Terms

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or the whole of the mineral asset. This pre-supposes some form of subjectivity on the part of the incoming party when grass roots mineral assets are involved.

2.4 Similar or Comparable Transactions

When commercial transactions concerning mineral assets in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the mineral asset under consideration.

2.5 Multiple of Exploration Expenditure

The multiple of exploration expenditure method ('MEE') is used whereby a subjective factor (also called the prospectivity enhancement multiplier or 'PEM') is based on previous expenditure on a mineral asset with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that take into account the valuer's judgment of the prospectivity of the mineral asset and the value of the database. PEMs can typically range between 0 to 3.0 and occasionally up to 5.0 where very favourable exploration results have been achieved, applied to previous exploration expenditure to derive a dollar value.

2.6 Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ('BAC') of the mineral asset that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the mineral asset. The factors are then applied serially to the BAC of each mineral asset in order to derive a value for the mineral asset. The factors used are; off-property attributes on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7 Empirical Methods (Yardstick – Real Estate)

The market value determinations may be made according to the independent expert's knowledge of the particular mineral asset. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration mineral asset based on current market prices for equivalent assets, existing or previous joint venture and sale agreements, the geological potential of the mineral assets, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

2.8 General Comments

The aims of the various methods are to provide an independent opinion of a "fair value" for the mineral asset under consideration and to provide as much detail as possible of the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the mineral asset valuer in addition to all other commercial considerations. Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where a known resource exists and are not applicable to mineral assets without an identified resource or reserve.

The values derived for this Report have been concluded after taking into account the general geological environment of the mineral asset under consideration with respect to the exploration potential.

2.9 Environmental implications

Information to date is that there are no identified existing material environmental liabilities on the mineral assets. Accordingly, no adjustment was made during this Report for environmental implications.

2.10 Indigenous Title Claims

The Company is not aware of any such claims within the mineral assets.

2.11 Commodities-Metal prices

Metal prices are considered in assessing in situ values and are sourced from

www.Kitco.com where applicable.

2.12 Resource/Reserve Summary

No JORC compliant resource or reserve estimates have been undertaken yet for the project.

2.13 Previous Valuations

No previous valuations have been declared within the last two years.

2.14 Encumbrances/Royalty

The Project may be subject to state royalties as stipulated by the respective Governments from time to time but none are currently applicable.

3.0 Background Information

3.1 Introduction

This valuation has been provided by way of a detailed study of information provided by White Eagle and other independent consultants for the mineral assets. Refer to Sect 4.0.

The area under review comprises a project that may host primarily nickel, copper or zinc mineralisation. Both licences are in good standing (subject to periodic renewals).

3.2 Specific Valuation Methods

There are several methods available for the valuation of a mineral prospect ranging from the most favoured DCF analysis of identified Proved & Probable Reserves to the more subjective rule-of-thumb assessment when no Reserves have yet been calculated but Resources may exist. These are discussed above in Section 2.0.

For the Pardoo project the MEE Method has been applied to determine a current value range.

4.0 Pardoo Project

4.1 Introduction

Advisors to White Eagle, RSC Mining and Mineral Exploration ("RSC"), which have extensive experience in exploration and mining in a wide variety of commodities and geological settings, have reviewed the data package. Their experience includes resource definition, due diligence work, geostatistical reviews, database management, prospectivity modelling, geological field studies, exploration strategies and project implementation, historic data compilations in addition to surface and underground sampling programs.

Despite the levels of previous exploration at Pardoo, the veneer of transported cover over the area has frustrated previous exploration efforts and the Project therefore remains relatively underexplored. Innovative new surface geochemical techniques are contemplated which can be applied to existing targets defined by previous work programs. The MMI Technology technique of soil sampling was

proved to be applicable over the nearby Sherlock Bay nickel deposit and may find application at Supply Well.

4.1.1 Location and Access

The Pardoo Project is 100km ENE of Port Headland and 17 km NNW of Mt Goldsworthy in the Pilbara region of Western Australia (Fig 1). The project area is 15 km from the coast and is close to power, rail and port facilities. Port Headland is serviced by regular flight from Perth. Access to the project area is via the Great Northern Highway and then by station and exploration tracks. The Pardoo Roadhouse and the Pardoo Homestead are the only inhabited settlements in the region.

The project area lies within the coastal sand plain, sparsely vegetated with mainly spinifex grass and scattered acacia bushes. This coastal area has an arid to semi-arid climate. The average rainfall is approximately 250 mm, with most rainfall related to tropical cyclones and thunderstorms occurring in the summer months between December and March. Rainfall during the remainder of the year is light and irregular. Drainage in the region forms a north to northwesterly network flowing towards the Indian Ocean.

4.1.2 Tenure

Details of the White Eagle tenement portfolio are summarised in Table 1.

ID	Holder	Project	Blocks	Granted	Expiry	Rent \$	Annual Commitment \$
E45/2146	White Eagle	Pardoo	10	5 October 2004	4 October 2014	4879	70,000
E45/3464	White Eagle	Pardoo	5	14 April 2010	13 April 2015	1288	20,000

Table 1: White Eagle Tenement Details.

4.2 Geological Setting

4.2.1 Regional Geology

The Supply Well Prospect lies on the Port Hedland (SF 50-4) 1:250,000 and the Pardoo 1:100,000 scale geological mapping sheets. Exposure throughout this area is primarily limited to a few regions where ranges rise abruptly out of the typically flat Quaternary aged floodplain and minor areas of low-lying granite hills.

The Pilbara Craton consists of two different tectonic components with an older underlying Archaean granite-greenstone basement that was formed between 3.6 -2.8 Ga years ago. A younger, unconformably, overlying Archaean-Proterozoic aged volcano-sedimentary sequence, called the Mt Bruce Supergroup, occupies part of the Hamersley Basin that is interpreted to have been deposited between 2.77- 2.4Ga.

Basement Archaean granite-greenstones are exposed in the Pilbara Craton and have been divided into five separate and distinct litho-tectonic units.

The Supply Well Prospect is located on the northern edge of the largest of these units called the East Pilbara Granite-Greenstone Terrain. This northern portion of the Pilbara block incorporates the southern preserved margin of thin, on lapping Mesozoic aged Lambert Shelf and younger sediments of the Northern Carnarvon Basin. Historical geophysical work has confirmed these on lapping sediments and aeolian sands cover the basement Palaeo-archaeon to Meso-archaeon (c.3.5-2.93Ga) aged East Pilbara Granite-Greenstone Terrain in the Supply Well mineralisation.

The De Grey Structural Zone is a large, regionally pervasive structure, trending ENE that becomes the Tabba Tabba Shear Zone further to the SE. It is believed that the De Grey Structural Zone is integral to the mineralisation at Supply Well.

4.2.2 Project Geology

Locally the project area lies on the northern limb of the Goldsworthy Syncline within the Goldsworthy Greenstone Belt along the Pardoo Fault (Fig 2).

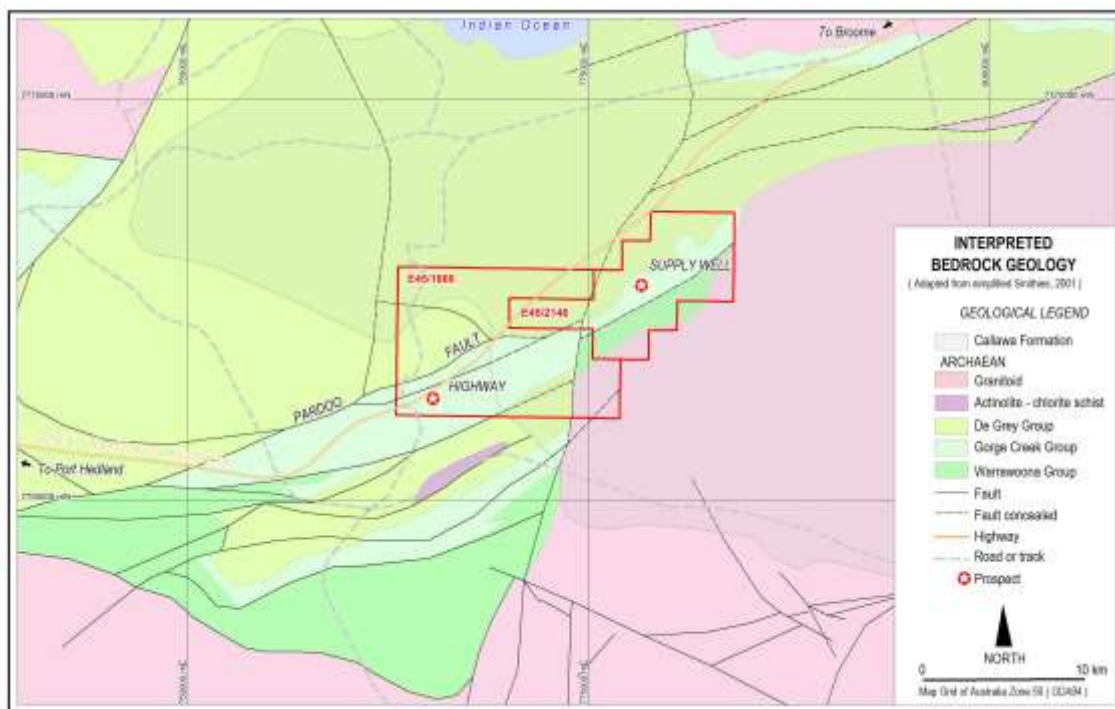


Figure 2: Geological Setting of the Supply Well Prospect.

The oldest rocks at the base of the Goldsworthy Syncline are volcano-clastic sandstones and cherts of the Warrawoona Group. Above these are the rocks of the Gorge Creek Group. These comprise sequences of fine to coarse grained clastic metasedimentary rocks of the basal Corboy Formation and fine grained and clastic sediments of the overlying Nimingarra Iron Formation. Ultramafic schists are known to occur at the base of the Gorge Creek Group elsewhere throughout the region. The De Grey Group overlies the Gorge Creek Group and is comprised of medium to coarse grained metasediments with minor quantities of volcanic and volcanoclastic rocks.

Overlying the Archaean rocks of the greenstone belt are the Mesozoic aged sediments of the Lambert Shelf. Within the project area these sediments are

generally 40 m thick, tending to thicken northward to maybe as much as 90 m in some places.

Mineralisation in the Supply Well prospect is within schists and cherts of the Gorge Creek Group. Intense metamorphism and alteration affects most rock types often making identification of primary lithologies very difficult.

4.2.3 Local Geology and Mineralisation

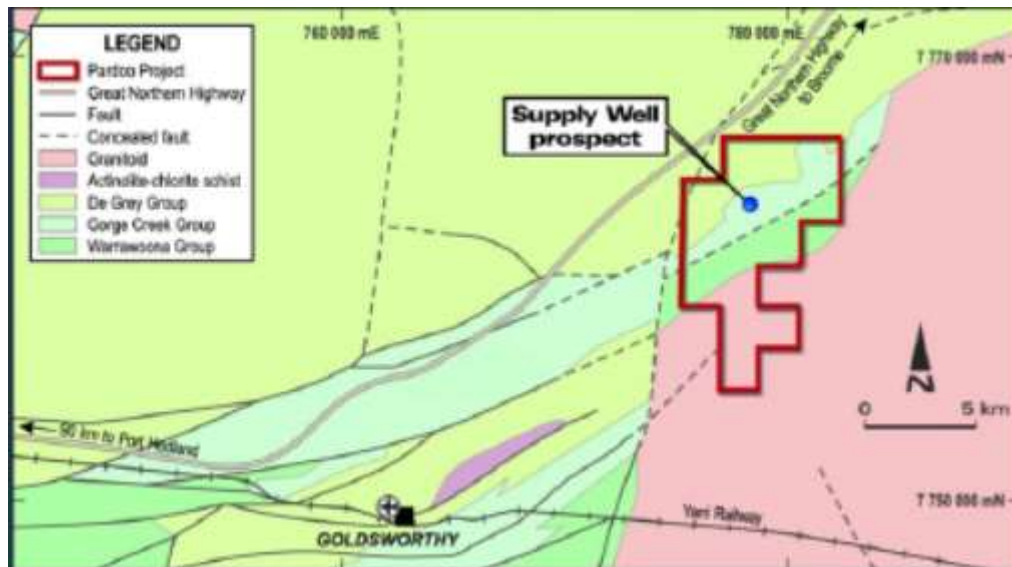


Figure 3: Pardoo Local Geological Map with Project Outline.

Previous historical drilling at both Supply Well and the nearby Highway (15km SW) prospects has identified quite an unusual style of disseminated and semi-massive nickel-copper sulphide mineralization that appears stratabound and discordant within meta-sediments, ultramafics and cherts.

Drilling at Highway has outlined an 800 m long by 50-75 m wide, disseminated and semi-massive nickel copper sulphide system containing 5-30% sulphide minerals, dipping 70° to the north. The mineralized zone is stratabound and discordant to the lithology which dips 70-85° to the north, suggesting it is influenced by faulting or shearing. The stratigraphic sequence consists of an integrated package of highly altered schists and multiple chert horizons. It has been suggested that the schists represent fine grained quartz feldspar chlorite sediments however evidence does not always appear conclusive. Grey, white or translucent chert lithologies that are sometimes heavily brecciated occur above and below the main host schist unit. The hangingwall and the footwall chert merge along strike to become a single unit whereas the host schist pinches out.

The main sulphide minerals are pyrite and pyrrhotite. Variable quantities of chalcopyrite are visible in the drill core whereas pentlandite has only been noted in petrological work with violarite and covellite in minor amounts probably representing localised enrichment. Observations of existing diamond core samples confirm the presence of remobilized sulphides associated with major faulting and deformation. Sulphide minerals form clots to wispy bands usually

parallel with cleavage. Where chert bands occur within the host schist, the mineralisation is dominantly vein-type, usually at irregular orientations.

At the nearby Highway Deposit (not a White Eagle asset) an Inferred Resource has been estimated which is open along strike and at depth, of 37Mt with 0.31%Ni and 0.12% Cu using a 0.1% Ni cut-off. A higher grade core of 5Mt grading better than 0.50% Ni and 0.13% Cu has also been delineated to 200 m vertical depth on 100 m and 200 m spaced sections. Best intercepts from multiple intersections into the Highway mineralised zone include 34 m at 0.54% Ni (including 3 m grading 1.10% Ni), 13 m at 0.66% Ni (including 2m grading 1.17% Ni), 12m at 0.61% Ni (including 2 m grading 1.13% Ni), 67 m at 0.43% Ni, 17 m at 0.38% Cu (including 2 m grading 1.87% Cu) and 1 m at 1.24 g/t Pd.

Work at Supply Well suggests a similar magmatic and shear hosted base metal mineralisation setting and sparse drilling has intersected broad widths of sulphide with low grade nickel, copper and zinc values in Nimingarra Iron Formation cherts of the Gorge Creek Group. Main sulphides observed are pyrite and pyrrhotite with minor chalcopyrite.

4.3 Recent Exploration

Previous exploration on the Project as a whole has not been extensive mainly due to the lack of outcrop. The region is largely covered by sediments and windblown sands and was not generally recognised as a prospective Archaean greenstone belt until the late 1980s. Some early exploration for iron ore was undertaken by Sentil Mining Company in the 1960s. Base metal mineralisation has been identified within the Pardoo Fault zone at the Supply Well prospect. The Project area contains approximately 5 km of effective strike of this structural zone and has potential to host additional areas of gold, nickel, copper and zinc mineralisation and may have potential to host platinum group element mineralisation. A number of EM anomalies along the Supply Well trend remain to be tested.

Ten historical geophysical anomalies over a 5 km strike length within the Supply Well prospect area have been delineated. These anomalies present drill targets for massive and disseminated sulphides. The Supply Well prospect area has had limited exploration and contains some broad intersections of low grade disseminated nickel sulphide mineralisation containing narrow high grade nickel sulphides within discrete potentially remobilised zones. A narrow zone of high grade zinc has been intersected by drilling in the western area of the prospect.

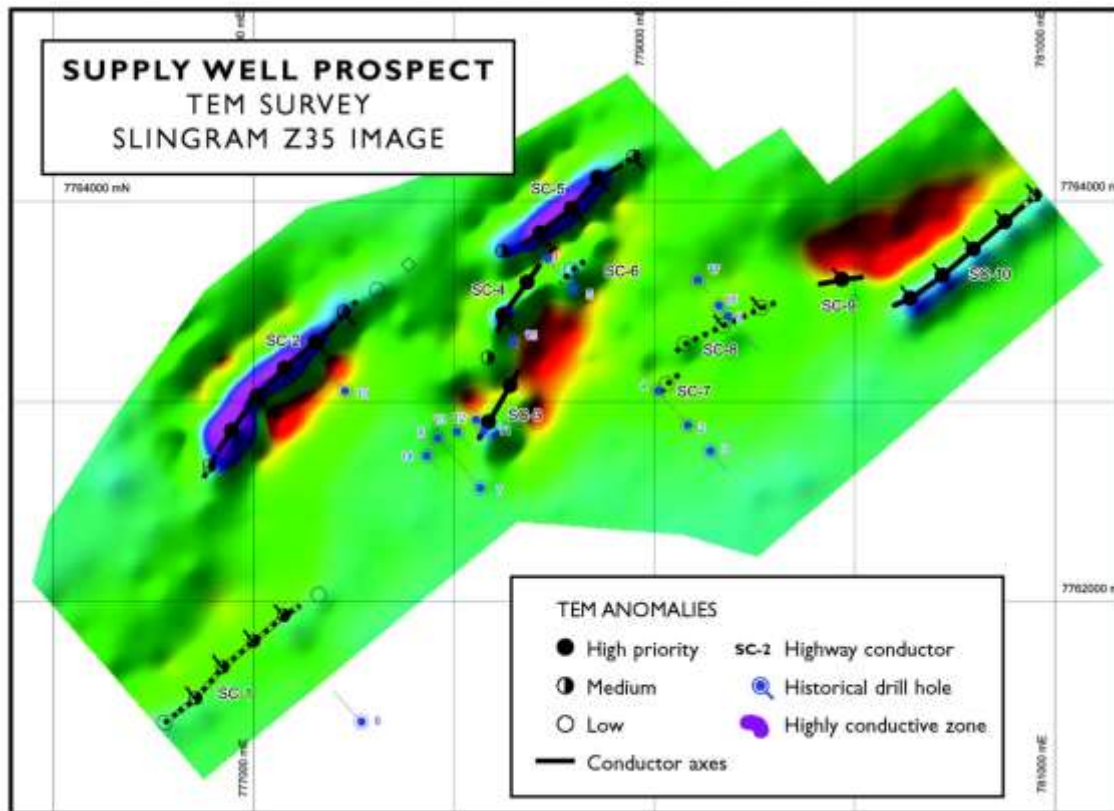


Figure 4: MLTEM Survey at Supply Well.

4.4 Exploration Potential

The principal exploration target has previously been nickel-zinc sulphide mineralisation associated with the regional ENE trending Pardoo Fault Zone. The Supply Well prospect is located within this structural zone and previous drilling has intersected significant widths of low-grade nickel and zinc mineralisation. The tenements contain approximately 5 km of effective strike over this structural zone and have the potential to host additional areas of nickel, copper and zinc mineralisation and may have potential to host platinum group element mineralisation.

Exploration targets have been identified from a number of electromagnetic anomalies along this structural zone but remain to be tested. In addition, there is potential for magnetite iron mineralisation which has been intersected at the Supply Well prospect.

Predictive modelling for base metal mineralisation carried out by Optiro Capital included a review of major faults, areas of high fault density, magnetic highs, favourable lithology (greenstones), geochemical anomalies and Tem and VTEM targets. The predictive modelling identified:

- An area of moderate to high prospectivity that remains relatively untested immediately to the southwest of the Supply Well prospect; and
- Areas in the central and northern part of the project area (to the west of the Supply Well Prospect) identified as low prospectivity targets; these targets are coincident with the edge of a gravity-high and with a regional magnetic response.

5.0 Valuation of the Projects

When valuing any mineral asset/project it is important to consider as many factors as possible that may either assist or impinge upon the cash value estimates of the mineral asset/project under consideration.

In this Report AM&A considers the primary features to be taken into account are the Mineral Licence Security; Mineral Resource/Ore Reserve Estimates; Sovereign Risk; Available Infrastructure; Relevant Expenditure and the general geological setting.

Basically, these “Boxes are Ticked” as described above with regards to mineral licence security, convenient infrastructure, previous exploration and favourable geological environment.

5.1 Selection of Valuation Methods

The following valuation methods, as described in section 2, are not considered applicable for the respective reasons provided:

- The Discounted Cash Flow method cannot be used for the Project as the lack of resource estimates will not sustain a DCF;
- The Kilburn ‘prospectivity’ method - as the range of values generated is typically too wide to be realistic;
- Joint Venture Terms - as there are no external joint ventures in place; and
- Comparable transactions - as no relevant transactions could be located.

Accordingly the MEE method has been accepted for the exploration potential at the tenements.

5.2 Valuation Methods

The MEE Method was selected as the basis for the valuation. Exploration expenditures were subjected to inflation factors quoted on the Reserve Bank inflation calculator website. MEE factors were then applied with 1.25 allocated to E45/2146 with its more prevalent geophysical targets and a factor of 1.0 applied to E45/3464.

Finally a range of values was achieved by applying low to high values as a $\pm 10\%$ range. The results of this derivation are summarised in the Appendix.

5.3 Valuation Conclusions

This Report concludes that the current cash value of 100% of the Project is ascribed at A\$1.09 million from within the range of A\$0.98 million to A\$1.2 million.

White Eagle	A\$M		
Project	Low	High	Preferred
Pardoo	0.98	1.20	1.09

Table 2: Summary Range of Current Values.

Yours faithfully,



Allen J. Maynard

BAppSc(Geol), MAIG, MAusIMM.

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Appendix 1: Valuation Estimate Workings.

White Eagle Resources Valuation Worksheet						
Used previous year for CPI adjustment factor to cover mid-year situation if required.						
Pardoo WA Tenements Acquisition Exploration Expenditure Cumulative Total						
E45/2146	Date	Raw \$	CPI Adjusted \$	RBA CPI Factor	MEE Factor	Value
2005	5/10/2004	141,268	176,213	1.247		
2006		38,562	46,449	1.205		
2007		248,971	293,074	1.177		
2008		100,463	113,329	1.128		
2009		45,992	50,979	1.108		
2010		38,468	41,430	1.077		
2011		12,976	13,528	1.043		
2012		13,638	13,962	1.024		
2013		71,692	71,692	1.000		
2014	30/06/2014	18,836	18,836	1.000		
		\$730,866	\$839,492		1.25	\$1,049,365
Exploration Assets Value and Expenditure on Acquisition 20/06/2011						
E45/3464		Raw	CPI Adjusted	RBA CPI Factor		
2010-11		2407	2592	1.077		
2011-12		3856	4020	1.043		
2012-13		16039	16420	1.024		
2013-14		20203	20203	1.000		
2014	30/06/2014	27	27	1.000		
		\$42,532	\$43,262		1.00	\$43,262
			TOTAL VALUATION	\$1,092,627	\$983,365	\$1,201,890
				Preferred	Low	High
			Rounded	1.09	0.98	1.20

7.0 Glossary of Technical Terms and Abbreviations

Aeromagnetic Survey	A survey made from the air for the purpose of recording magnetic characteristics of rocks.
Alluvial	Transported and deposited by water.
Complex together.	An assemblage of rocks or minerals intricately mixed or folded together.
Conformable	Beds deposited upon one another in uninterrupted sequence.
Conglomerate	Sedimentary rock formed by the cementing together of rounded water- worn pebbles, distinct from breccia.
Diamond drill	Rotary drilling using diamond impregnated bits, to produce a solid continuous core sample of the rock.
Dip	The angle at which a rock layer, fault or any other planar structure is inclined from the horizontal.
Dyke	A tabular intrusive body of igneous rock that cuts across bedding at a high angle.
Fault	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.
Felsic	Descriptive of an igneous rock which is predominantly of light coloured minerals (antonym: of mafic).
Footwall	Rocks underlying mineralisation .
Granite	A coarse grained igneous rock consisting essentially of quartz and more alkali feldspar than plagioclase.
Intercept	The length of rock or mineralisation traversed by a drillhole.
JORC	Joint Ore Reserves Committee- Australasian Code for Reporting of Identified Resources and Ore Reserves.
Magnetic Survey	Systematic collection of readings of the earth's magnetic field.
Mineralisation	In economic geology, the introduction of valuable elements into a rock body.
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
Outcrop	The surface expression of a rock layer (verb: to crop out).
Palaeochannel	A drainage channel of the geological past which may be buried.
Palaeozoic	A time period from approximately 590 to 225 million years ago.
Porphyry	A rock with conspicuous crystals in a fine-grained ground mass.
Primary	Mineralisation which has not been affected by near surface mineralisation oxidising process.
Proterozoic	The geological age after Archaean, approximately 570 to 2400 million years ago.
Quartz	A very common mineral composed of silicon dioxide-SiO ₂ .
Quaternary	A division of geological time ranging between 1.8 million years and the present.
RAB	Rotary Air Blast (as related to drilling)—A drilling technique in which the sample is returned to the surface outside the rod string by compressed air.
RC which	Reverse Circulation (as relating to drilling)—A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Recent	Geological age from about 20,000 years ago to present (synonym: Holocene).
Reconnaissance	A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey.

Remote Sensing Imagery	Geophysical data obtained by satellites processed and presented as photographic images in real or false colour combinations.
Reserve	In-situ mineral occurrence which has had mining parameters applied to it, from which valuable or useful minerals may be recovered.
Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements.
Sandstone	A cemented or otherwise compacted detrital sediment composed predominantly of quartz grains.
Shear (zone)	A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.
Stratigraphy	The succession of superimposition of rock strata. Composition, sequence and correlation of stratified rock in the earth's crust.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
Subcrop	The surface expression of a mostly concealed rock layer.
Syncline	A fold where the rock strata dip inwards towards the axis (antonym: anticline).
Ultramafic	Synonymous with ultrabasic.
Unconformable	Descriptive of rocks on either side of an unconformity.
Unconformity	Lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation.
Volcanic	Relating to the eruption of a volcano.
Volcaniclastic	Describes clastic fragments of volcanic origin.

CHEMICAL SYMBOLS

Ag	Silver	As	Arsenic
Au	Gold	Cu	Copper
Ni	Nickel	Pb	Lead
Pd	Palladium	Zn	Zinc

ABBREVIATIONS

B	billion	cm	centimetre
ha	hectare	km	kilometre
km ²	square kilometre	m	metre
m ²	square metre	m ³	cubic metre
mm	millimetre	M	million
t	tonne	tpa	tonnes per annum

UNITS OF CONCENTRATION

ppb	parts per billion	ppm	parts per million
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