

Lithex Resources Limited
ACN 140 316 463

**NOTICE OF ANNUAL GENERAL MEETING,
EXPLANATORY STATEMENT,
INDEPENDENT EXPERT'S REPORT AND
PROXY FORM**

**Annual General Meeting to be held at Level 1,
330 Churchill Avenue, Subiaco, Western
Australia on 25 November 2014 commencing
at 2:30pm (WST).**

The Independent Expert reporting on the Proposed Transaction concludes that the issue of Shares and Performance Shares pursuant to Resolution 4 is NOT FAIR, BUT REASONABLE to the non-associated Shareholders of the Company.

IMPORTANT NOTICE

Shareholders should read this Notice of Annual General Meeting and Explanatory Statement and the accompanying Independent Expert's Report in full and if they have any questions, obtain professional advice before making any decisions in relation to the Resolutions to be put to Shareholders at the Annual General Meeting.

This Notice of Annual General Meeting and Explanatory Statement includes information and statements that are both historical and forward-looking. To the extent that any statements relate to future matters, Shareholders should consider that they are subject to risks and uncertainties. Those risks and uncertainties include factors and risks specific to the initial commercialisation of intellectual property as well as matters such as general economic conditions. Actual events or results may differ materially. None of the Company, its Existing Directors, the Proposed Directors, Mpire or their advisors can assure Shareholders that forecasts or implied results will be achieved.

Shareholders should refer to the Independent Expert's Report contained inside this Notice.

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

As you would be aware, following an extended period of difficulty in generating value from our portfolio of exploration assets, we embarked upon a review of our mineral projects and future strategy at the beginning of 2014. This led to the decision to continue the rationalisation of our portfolio, and to seek other opportunities. The proposed acquisition of Livelynk Group Pty Ltd offers us the potential opportunity to realise future value upon the back of a growing business sector, ably led by professionals.

Contained within this document are the details of the Company's proposed acquisition of Livelynk Group Pty Ltd (**Livelynk**), the owner of the Mpire Media business. The Company is seeking your approval to, amongst other things, consolidate the Company's existing shares and options on issue on a 5 for 1 basis, acquire Livelynk through the issue of ordinary shares and performance shares, raise capital of up to \$10,000,000 through the issue of up to 50,000,000 ordinary shares, and change the Company's name to Tech Mpire Limited.

Mpire is an established business that provides online "performance-based marketing" technologies and services. Simply put, performance-based marketing offers advertisers the certainty of only paying for advertising that actually works.

Prior to the evolution of performance-based marketing, advertisers would pay to place advertisements online without being able to conclusively determine if these advertisements had led to any sales. With the introduction of performance-based marketing, advertisers can instead get access to real customers, who are genuinely interested in the advertisers' products, and only pay an advertising fee when there is a sale.

Mpire has the skills, experience and backing of a huge network of affiliates, which enables it to take an advertiser's product directly to the target audience and deliver results for the advertiser.

Mpire differentiates itself from other business in this space through its sales-tracking and attribution technology platform. This platform not only identifies which source generated a sale, it also provides return on investment focused real-time sales modeling to help advertisers optimise their sales flow and measure user retention.

Advertisers see huge commercial value in performance-based marketing given it reduces their media spend risk, which has led to performance-based marketing now representing 66% of total US online advertising spend.

The future for performance-based advertising businesses is strong, with the online advertising market predicted to grow from US\$110 billion in 2013 to US\$175 billion in 2017. This potential level of market growth, together with Mpire's intention to commercialise its custom built software and deliver it as a SaaS product (software as a service) is what attracted Lithex to Mpire.

I recommend all shareholders carefully read this notice of meeting, and I look forward to seeing you at the Annual General Meeting.

Yours faithfully



Jason Peterson
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of Shareholders of Lithex Resources Limited (**Company**) will be held at Level 1, 330 Churchill Avenue, Subiaco, Western Australia on 25 November 2014, commencing at 2:30pm (WST).

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting describes in more detail the matters to be considered.

Business

1. Resolution 1 – Repeal of existing Constitution and adoption of new Constitution for Lithex Resources Limited

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

“That, for the purposes of sections 136(1)(b) and 136(2) of the Corporations Act 2001 (Cth), and for all other purposes, the company repeal its current Constitution and the constitution comprising the document tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the constitution of the Company effective from the date of the meeting in substitution for and to the exclusion of the existing constitution which is repealed in its entirety.”

2. Resolution 2 – Capital Consolidation

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

“That, subject to Resolutions 3 to 11 (inclusive) being passed, in accordance with section 254H of the Corporations Act, and for all other purposes, approval be given for the Company to consolidate its existing securities on a 1 for 5 basis, with any fractional entitlements being rounded down, as set out in the Explanatory Statement.”

3. Resolution 3 – Change in nature and scale of activities of the Company

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

“That, subject to Resolutions 2 and 4 to 11 (inclusive) being passed, in accordance with Listing Rule 11.1.2, and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.”

4. Resolution 4 – Issue of Securities – Vendor Consideration and Participation in Capital Raising

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

“That, subject to Resolutions 1 to 3 (inclusive) and 5 to 11 (inclusive) being passed, in accordance with item 7 of section 611 and section 208 of the Corporations Act, and in accordance with Listing Rule 7.1 and for all other purposes, approval be given:

- (a) *for the issue of the following Consideration Shares to the Livelynk Vendor in consideration for all the shares in the capital of Livelynk pursuant to the Agreement:*
 - (i) *23,500,000 Shares at a deemed issue price of \$0.20 each;*
 - (ii) *23,100,000 Class A Performance Shares;*
 - (iii) *15,400,000 Class B Performance Shares;*
 - (iv) *up to 23,100,000 Shares upon the vesting of the Class A Performance Shares; and*
 - (v) *up to 15,400,000 Shares upon the vesting of the Class B Performance Shares;*
- (b) *for the issue of up to 2,501,558 Shares to the Livelynk Vendor as part of the Capital Raising for a deemed issue price of \$0.20 per Share as part repayment to the Livelynk Vendor of loans provided by the Livelynk Vendor to Mpire and for the further cash repayment by the Company to the Livelynk Vendor of the remainder of those loans up to a value of \$1,500,311.50,*

(all on a post-Capital Consolidation basis) including approval for the Livelynk Vendor, Mr Eugeni 'Zhenya' Tsvetnenko and their respective associates to acquire a Voting Power in the Company of up to 41.13% on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report prepared by Stantons for the purposes of Shareholder approval required under section 611 (item 7) of the Corporations Act for this Resolution. The Independent Expert's Report comments on the fairness and reasonableness of the issues under Resolution 4 to the non-associated Shareholders. The Independent Expert has determined that those issues are **not fair but reasonable** to the non-associated Shareholders.

5. Resolution 5 – Issue of Performance Shares to Proposed Directors - Mr Luke Taylor and Mr Jeff Botnick

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

"That, subject to Resolutions 1 to 4 (inclusive) and 6 to 11 (inclusive) being passed, subject to the completion of the Proposed Transaction in accordance with Listing Rule 7.1 and section 208 of the Corporations Act, and for all other purposes, approval be given:

- (a) *for the issue of 10,800,000 Class A Performance Shares and 7,200,000 Class B Performance Shares to Mr Luke Taylor (and/or his nominees), on the terms and conditions set out in the Explanatory Statement; and*
- (b) *for the issue of 5,400,000 Class A Performance Shares and 3,600,000 Class B Performance Shares to Mr Jeff Botnick, on the terms and conditions set out in the Explanatory Statement,*

(all on a post-Capital Consolidation basis)."

6. Resolution 6 – Issue of Performance Shares to Livelynk Employees

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

“That, subject to Resolutions 1 to 5 (inclusive) and 7 to 11 (inclusive) being passed, subject to the completion of the Proposed Transaction in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue of 945,000 Class A Performance Shares and 630,000 Class B Performance Shares to non-director employees of Livelynk on the terms and conditions set out in the Explanatory Statement (all on a post-Capital Consolidation basis).”

7. Resolution 7 – Issue of Shares pursuant to the Capital Raising

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

“That, subject to Resolutions 2 to 6 and 8 to 11 (inclusive) being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue (on a post-Capital Consolidation basis) of up to 50,000,000 Shares at an issue price of \$0.20 each to raise a minimum of \$7,000,000 and up to a maximum of \$10,000,000 under the Prospectus, on the terms and conditions set out in the Explanatory Statement.”

8. Resolution 8 – 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 Resolutions 2 to 7 and 9 to 11 (inclusive) being passed, in accordance with section 157(1) of the Corporations Act, and for all other purposes, the Company change its name from “Lithex Resources Limited” to “Tech Mpire Limited”. ”

9. Resolution 9 – Issue of New Options and Shares to Trident Capital for Introduction Fee

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

“That, subject to Resolutions 2 to 8 and 10 and 11 (inclusive) being passed, subject to the completion of the Proposed Transaction in accordance with Listing Rule 7.1, and for all other purposes, approval be given:

- (a) for the issue of up to 6,000,000 New Options to Trident Capital (and/or their nominees); and*
- (b) for the issue of up to 2,000,000 Shares to Trident Capital (and/or their nominees) at a deemed issue price of \$0.20 each,*

all on a post-Capital Consolidation basis, in payment of the introduction fee in connection with the Proposed Transaction, on the terms and conditions set out in the Explanatory Statement.”

10. Resolution 10 – Issue of Shares to Niche Export Agency for introduction fee

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

“That, subject to Resolutions 2 to 9 and 11 (inclusive) being passed, subject to the completion of the Proposed Transaction in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue (on a post-Capital Consolidation basis) of up to 625,000 Shares to Niche Export Agency (and/or their nominees) at a deemed issue price of \$0.20 each in payment of the introduction fee in connection with the Proposed Transaction, on the terms and conditions set out in the Explanatory Statement.”

11. Resolution 11 – Issue of Shares to CPS Capital for Introduction Fee

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

“That, subject to Resolutions 2 to 10 (inclusive) being passed, subject to the completion of the Proposed Transaction in accordance with Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, approval be given to the issue (on a post-Capital Consolidation basis) of 1,500,000 Shares at a deemed issue price of \$0.20 each to CPS Capital (and/or its nominees) in payment of the introduction fee in connection with the Proposed Transaction, on the terms and conditions set out in the Explanatory Statement.”

12. Resolution 12 – Non-Executive Directors’ Remuneration

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

“That, in accordance with Listing Rule 10.17 and Rule 6.5 of the Constitution, the maximum aggregate amount of remuneration that may be paid to the Company’s non-executive directors in any financial year be set at \$250,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement.”

13. Resolution 13 – Ratification and Approval of Past Placement to Sophisticated Investors

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

“That, in accordance with Listing Rule 7.4, and for all other purposes, the Shareholders hereby approve and ratify the issue of 14,152,950 Shares to sophisticated investors at an issue price of \$0.02 (2 cents) each on 17 July 2014 to raise a total of \$283,059.”

Annual Report for year ended 30 June 2014

To receive and consider the Annual Report of the Company for the year ended 30 June 2014 which includes the Financial Report of the Company, the declaration of the Directors, the Director’s Report, the Remuneration Report and the Auditor’s Report.

14. Resolution 14 – Adoption of Remuneration Report

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

“That, in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2014.”

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

15. Resolution 15 – Approval of Auditor Appointment

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

“That, in accordance with section 327B of the Corporations Act and for all other purposes, Ernst & Young having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with immediate effect.”

16. Resolution 16 – Spill Resolution

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

“That, in accordance with section 250V(1) of the Corporations Act and for all other purposes, approval is given for:

- (a) the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (Spill Meeting);*
- (b) all Vacating Directors to cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated pursuant to (b) to be put to vote at the Spill Meeting.”*

Note: If less than 25% of the votes cast on Resolution 14 are voted against the adoption of the Remuneration Report, the Chair will withdraw this Resolution 16.

17. Resolution 17 – Election of Mr Jack James 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 clause 6.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Jack James, who was appointed as a Director on 12 December 2013 and in accordance with the Constitution holds office until this Annual General Meeting and who is eligible and offers himself for re-election, be re-elected as a Director.”

18. Resolution 18 – Election of Mr Giuseppe Graziano 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 clause 6.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Giuseppe Graziano, who was appointed as a Director on 5 December 2013 and in accordance with the Constitution holds office until this Annual General Meeting and who is eligible and offers himself for re-election, be re-elected as a Director.”

19. Resolution 19 – Election of Mr Jason Peterson 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 clause 6.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Jason Peterson, who was appointed as a Director on 5 December 2013 and in accordance with the Constitution holds office until this Annual General Meeting and who is eligible and offers himself for re-election, be re-elected as a Director.”

Voting Exclusion Statement

The following voting exclusion statement applies to the Resolutions under the Listing Rules or where applicable, the provisions of the Corporations Act in relation to the following persons (**Excluded Persons**). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons:

No.	Title	Excluded Persons
3	Change in nature and scale of activities of the Company	Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
4	Issue of Securities – Vendor Consideration and Participation in Capital Raising	The Livelynk Vendor and its associates. Mr Eugeni ‘Zhenya’ Tsvetnenko and his associates.
5	Issue of Performance Shares to Mr Taylor and Mr Botnick	Mr Taylor and any of his nominees, and any of their associates. Mr Botnick and any of his associates.
6	Issue of Performance Shares to Livelynk Employees	The Livelynk Employees and any of their nominees, and any of their associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
7	Issue of Shares pursuant to the Capital Raising	Any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
9	Issue of New Options and Shares to Trident Capital for Introduction Fee	Trident Capital and/or any of its nominees, and any of their associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
10	Issue of Shares to Niche Export Agency for Introduction fee	Niche Export Agency and/or any of its nominees, and any of their associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
11	Issue of Shares to CPS Capital for introduction fee	CPS Capital Group and/or any of its nominees, and any of their associates. Mr Jason Peterson and/or his nominee, and

		any of their associates.
12	Non-Executive Directors' Remuneration	Any of the Directors and any of their associates.
13	Ratification and approval of past placement to sophisticated investors	Any person who participated in the issue and any associates of that person.
14	Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <p>(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or</p> <p>(b) a Closely Related Party of such a member.</p>
16	Spill Resolution	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <p>(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or</p> <p>(b) a Closely Related Party of such a member.</p>

Please note, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Also, a person (the **voter**) described above may cast a vote on Resolutions 14 and 16 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolutions 14 and 16; or
- (b) the voter is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on Resolutions 14 and 16; and
 - (ii) expressly authorises the Chairman to exercise the proxy even though Resolutions 14 and 16 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 5, 6, 11 or 12 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the relevant Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this relevant Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

Resolutions 2 to 11 (inclusive) are inter-conditional and accordingly, should be considered collectively as well as individually. Unless all Resolutions 2 to 11 (inclusive) are passed, it will be deemed that none of Resolutions 2 to 11 (inclusive) are passed.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Annual General Meeting and the Explanatory Statement.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders 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. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 4.00pm (WST) on 24 November 2014. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlement to attend and vote at the Annual General Meeting.

By order of the board of Directors



.....
Jason Peterson

Director

Lithex Resources Limited

6 October 2014

EXPLANATORY STATEMENT

Important

Shareholders should read this Explanatory Statement and the accompanying Independent Expert's Report in full and if they have any questions, obtain professional advice before making any decisions in relation to the Resolutions to be put to Shareholders at the Meeting.

This Explanatory Statement includes information and statements that are both historical and forward-looking. To the extent that any statements relate to future matters, Shareholders should consider that they are subject to risks and uncertainties. Those risks and uncertainties include factors and risks specific to the commercialisation of intellectual property as well as matters such as general economic conditions. Actual events or results may differ materially. None of the Company, its Existing Directors, the Proposed Directors or their advisers can assure Shareholders that forecasts or implied results will be achieved.

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Lithex Resources Limited in connection with Resolutions 1 to 19 to be considered at the Annual General Meeting to be held at Level 1, 330 Churchill Avenue, Subiaco, Western Australia on 25 November 2014 at 2:30pm (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting.

References to "\$", "AUD", "dollars" and "cents" in this Explanatory Statement are references to Australian currency unless otherwise stated.

References to "US\$", "USD" in this Explanatory Statement are references to the currency of the United States of America unless otherwise stated.

References to time in this Explanatory Statement relate to the time in Perth, Western Australia.

Capitalised terms which are not otherwise defined in this Explanatory Statement have the meanings given to those terms in the Glossary at section 5 of this Explanatory Statement.

2. PROPOSED TRANSACTION

2.1 Background

The Company is an Australian mining company targeting the identification, exploration and development of graphite-rich provinces in Australia.

In light of difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the commodities industry to take advantage of global market trends and maximise Shareholder value.

As announced to ASX on 10 July 2014, the Company entered into a binding heads of agreement with Livelynk and Zhenya Holdings, under which the Company proposes to acquire 100% of all rights and title in all the issued capital of Livelynk. Livelynk is the operator of Mpire Media Group, an established performance-based online and mobile marketing solutions provider – as summarised in section 2.2.

On 17 July 2014, the Company announced that it had completed a placement to sophisticated investors to raise \$283,059 by issuing Shares at \$0.02 each. These funds have been and continue to be applied towards the costs associated with completing the Proposed Transaction.

On 5 August 2014 the Company announced a fully underwritten non-renounceable rights issue involving the issue of 27,126,491 new Shares at \$0.02 to raise \$542,530. The offer was closed on 10 September 2014 with valid acceptances received for 9,826,426 new shares. The shortfall of 17,300,046 new Shares placed by the underwriter, pursuant to the underwriting agreement, were issued on 9 October 2014.

On 30 September 2014, the Company announced that it had entered into a Share Sale and Purchase Agreement with the Livelynk Vendor (**Share Sale and Purchase Agreement**) to purchase 100% of all rights and title in all issued capital of Livelynk (**Proposed Transaction**).

Under the Proposed Transaction, and subject to Shareholders approving Resolutions 2 to 11 (inclusive), the Company will, among other things set out in those Resolutions:

- consolidate its capital on a 1 for 5 basis;
- issue 23,500,000 Shares and 23,100,000 Class A Performance Shares and 15,400,000 Class B Performance Shares (all on a post-Capital Consolidation basis) to the Livelynk Vendor in consideration of 100% of the issued capital of Livelynk;
- undertake a capital raising seeking to raise not less than \$7,000,000 and up to \$10,000,000 under a Prospectus (see section 2.20 for the proposed use of these funds);
- change its name to “Tech Mpire Limited”; and
- restructure its Board, with Mr Peterson, Mr Graziano and Mr James stepping down as Directors, and Mr Taylor, Mr Botnick, Mr Tsvetnenko and Mr Belben to join the Board, following completion of the Proposed Transaction.

As a result of the Proposed Transaction, the Company will change its nature from a mining and mineral exploration company to an internet services company. In

addition, the scale of the Company's share capital base will significantly increase as a result of the Capital Raising and the issue of the Consideration Shares. Accordingly, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules in order to complete the Proposed Transaction.

2.2 Agreements relating to the Proposed Transaction

Set out below are summaries of the key agreements entered into by the Company or other parties, which relate to or affect the Proposed Transaction.

Heads of Agreement

The Company, Livelynk and the Livelynk Vendor entered into the binding Heads of Agreement on 9 July 2014.

The key terms of the Heads of Agreement include the following:

- (a) The total purchase price payable to the Livelynk Vendor is 23,500,000 Shares and 23,100,000 Class A Performance Shares and 15,400,000 Class B Performance Shares on a post-Capital Consolidation basis. The Consideration Shares will be subject to any escrow requirements of ASX.
- (b) Completion is subject to the following conditions precedent:
 - (i) both parties being satisfied with their due diligence investigations of the other;
 - (ii) the Company obtaining all necessary shareholder approvals under the Corporations Act and the ASX Listing Rules in relation to the Acquisition, including (but not limited to) approvals required for the following:
 - (A) re-compliance with the admission and quotation requirements of ASX and issue of shares under the Capital Raising;
 - (B) change to the Company's activities;
 - (C) a consolidation of the Company's existing capital and change of name;
 - (D) issue of the Consideration Shares to the Livelynk Vendor; and
 - (E) issue of the Performance Shares to the Livelynk Vendor and senior management;
 - (iii) the Company raising a minimum of \$3,500,000 and up to a maximum of \$5,000,000 at \$0.20 per share under a capital raising prospectus; and
 - (iv) the Company receiving conditional approval from ASX to have its securities re-instated to trading on the ASX on terms acceptable to both the Company and the Livelynk Vendor.

Share Sale and Purchase Agreement

The Company and the Livelynk Vendor entered into the Sale and Purchase Agreement on 30 September 2014. Subject to various conditions, the Company has

agreed to purchase 100% of the ordinary shares in Livelynk, and the Livelynk Vendor agreed to sell all of its ordinary shares in Livelynk to the Company.

Completion of the sale and purchase of 100% of the ordinary shares in Livelynk pursuant to the Share Sale and Purchase Agreement is due to occur 5 business days following the satisfaction or waiver of the latest condition to be satisfied or waived or such other date as may be agreed between the Company and the Livelynk Vendor. The conditions to be satisfied or waived are:

- (a) The Company obtaining all required regulatory and Shareholder approvals.
- (b) The Company completing the capital raising to raise not less than \$7,000,000 and up to \$10,000,000 as contemplated by Resolution 7.
- (c) As the Company is required by ASX to re-comply with Chapters 1 and 2 of the Listing Rules, ASX providing the Company with a list of conditions reasonably acceptable to the Livelynk Vendor and the Company which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX.
- (d) The Company completing the Capital Consolidation as contemplated by Resolution 2.

The Company must use all reasonable endeavours to procure the satisfaction of the conditions (a), (b), (c) and (d) above. The Livelynk Vendor must use all reasonable endeavours to procure the satisfaction of condition (a) above.

The Share Sale and Purchase Agreement may be terminated in the following circumstances:

- (a) By any party upon 2 business days' notice where a condition has not been satisfied or waived, or where the other party has given notice that a condition cannot be satisfied, by 31 January 2015 (or such later date as agreed by the Livelynk Vendor and the Company) and the terminating party complied with its obligations to use all reasonable endeavours to procure the satisfaction of certain conditions (as specified above).
- (b) By any party prior to completion of the agreement, in circumstances where the other party fails to comply with its material obligations under the agreement, or commits a material breach of its warranties prior to completion under the agreement, and the breach is not remedied within 10 business days or the non-defaulting party's notice of the breach being given to the defaulting party.

At completion of the Share Sale and Purchase Agreement, the Company has agreed (subject to the passing of the Resolutions 2 to 11 (inclusive) by Shareholders) to issue Shares to the Livelynk Vendor, Trident Capital, Niche Export Agency and CPS Capital in accordance with Resolutions 4, 9, 10 and 11. The Company has also agreed (subject to the passing of the Resolutions by Shareholders) to issue Options to Trident Capital in accordance with Resolution 9 and Performance Shares to the Livelynk Vendor, Mr Taylor, Mr Botnick and Livelynk Employees in accordance with Resolutions 4, 5 and 6.

The Company and the Livelynk Vendor have agreed that at completion of the Proposed Transaction:

- (a) \$130,431.50 of a \$630,743 amount loaned by the Livelynk Vendor to Mpire prior to 31 May 2014 (**Historical Loan**) will be converted into Capital Raising Shares in the Company at a deemed issue price of \$0.20 each (on a post-

Capital Consolidation basis) with the balance of the Historical Loan being repayable in cash in the event the Company starts to generate positive cash flows from its operating and investing activities following its acquisition of Livelynk (although no representation or forecast is given as to whether that will ever occur);

- (b) a \$369,880 amount (**Investment Loan**) loaned by the Livelynk Vendor to Livelynk to enable Livelynk to purchase all of the shares of Maroon Tech Limited, which conducts part of the business which the Company proposes to acquire pursuant to the Proposed Transaction (**Maroon Tech**), will be converted into Capital Raising Shares in the Company at a deemed issue price of \$0.20 each (on a post-Capital Consolidation basis); and
- (c) an amount of up to \$1,000,000 loaned or to be loaned by the Livelynk Vendor to Mpire to provide working capital funding during the period from 1 June 2014 to completion of the Proposed Transaction (**Working Capital Loan**) will be repaid in full by the Company in cash from the Capital Raising,

which are all the subject of Resolution 4.

The Share Sale and Purchase Agreement contains additional provisions, including warranties and indemnities in respect of the status of Livelynk and Livelynk's existing wholly owned subsidiaries, Mpire Media, Mpire Network, Maroon Tech (the latter of which Livelynk will have acquired by completion of the Proposed Transaction, if that occurs) and the Company, which are considered standard for agreements of this kind.

Loan Agreement

On 9 July 2014 the Company and Livelynk entered into the Loan Agreement under which the Company agreed to make available up to \$1,200,000 to Livelynk under a loan facility.

The key terms of the agreement are as follows:

- (a) Advancement of the loan moneys to Livelynk are contingent upon:
 - (i) the Company registering its security interest over the assets of Livelynk;
 - (ii) the completion of a rights issue to the Company's Shareholders to raise up to approximately \$542,000 (before costs) at \$0.02 per share on a pre-consolidation basis (**Rights Issue**); and
 - (iii) the completion of a placement to new sophisticated investors to raise up to \$283,000 (before costs),

which conditions have all been satisfied.

- (b) The proceeds of the loan may only be applied to:
 - (i) meeting the ongoing working capital requirements of Livelynk; and
 - (ii) repaying any loan amounts received by Livelynk by any other lender in contemplation of the provision of the loan facility.
- (c) Interest is repayable on the loan at 7% per annum.

- (d) The loan must be repaid by the earlier of:
 - (i) 31 March 2015; and
 - (ii) in the event of a default under the Loan Agreement by Livelynk and at the subsequent direction of the Company.

The Loan Agreement is otherwise on standard terms.

Deed of Variation

On 5 August 2014, the Company agreed to partially waive the condition precedent requiring the successful completion of the Rights Issue and allow Livelynk to drawdown up to \$600,000 under the Loan Agreement.

Share Sale Agreement – Maroon Tech

Livelynk entered into a Share Sale Agreement with Alcubierre Holdings Pty Ltd (**Alcubierre**) on 15 September 2014 pursuant to which Livelynk has agreed to purchase and Alcubierre has agreed to sell the sole share on issue in Maroon Tech to Livelynk.

The consideration for that sale is \$369,880, which Livelynk borrowed from the Livelynk Vendor pursuant to the Investment Loan.

Mr Eugeni 'Zhenya' Tsvetnenko is the sole shareholder and sole director of the Livelynk Vendor, which is the sole shareholder of Livelynk and he controls Lydian Enterprises Pty Ltd which also ultimately owns and controls Alcubierre.

Completion of the sale and purchase of the sole ordinary share in Maroon Tech pursuant to the Share Sale Agreement is due to occur 5 business days following the satisfaction or waiver of the latest condition to be satisfied or such other date as may be agreed between Livelynk and Alcubierre. The last condition to be satisfied is the Share Sale and Purchase Agreement between the Company and the Livelynk Vendor, being declared free of all conditions either by the satisfaction or waiver of the conditions to the Share Sale and Purchase Agreement by no later than 5.00pm (WST) on 31 January 2015 or such later date as agreed by Livelynk and Alcubierre in writing.

Letter of Engagement – Lead Manager

The Company has appointed Shaw ICS Advisory Pty Ltd (**Shaw**), pursuant to a Letter of Engagement, as the Lead Manager (broker and bookrunner) to the Capital Raising. The Letter of Engagement is conditional on completion of the Proposed Transaction and Livelynk is also a party to the Letter of Engagement.

The Company agreed to pay the following fees to Shaw pursuant to the Letter of Engagement:

- (a) an offer management fee of 2% of the gross amount to be raised from any source under the Capital Raising; and
- (b) a selling fee of 3% of the gross amount to be raised from any source under the Capital Raising.

The Company also agreed to pay certain expenses of Shaw and provided warranties and indemnities in favour of Shaw, which also has the discretion to terminate the Letter of Engagement.

2.3 Existing activities

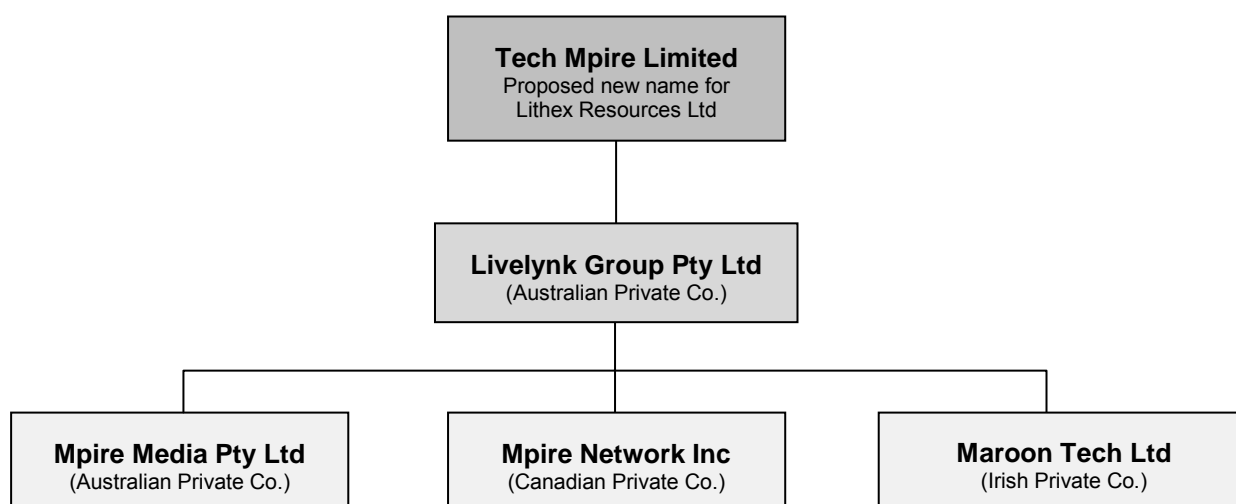
Following an extended period of difficulty in generating value from the Company's portfolio of exploration assets, the Board embarked upon a review of the Company's mineral projects and future strategy at the beginning of 2014. This led to the decision to continue the rationalisation of the Company's portfolio, and to seek other opportunities.

The Existing Directors and Proposed Directors have not made a decision as how the Company's remaining mineral exploration assets will be treated, in the event that Resolutions 2 to 11 (inclusive) are approved at the Annual General Meeting and if the events the subject of those Resolutions occur and the Proposed Transaction is completed (which may or may not occur).

The Company may seek to sell or otherwise dispose of the Company's remaining mineral exploration assets, but no decision has yet been made to that effect and no prospective buyer or terms of sale or other disposal have been ascertained.

2.4 Overview of Livelynk's group

Livelynk is the operator of the Mpire Media Group (**Mpire**). Mpire consists of Livelynk, Mpire Media and Mpire Network and upon completion of the Proposed Transaction (if that occurs) Mpire will also consist of Maroon Tech (refer to the summary of the Share Sale Agreement – Maroon Tech in section 2.2). Set out below is an overview of the corporate structure proposed upon completion of the Proposed Transaction:



2.5 Overview of Mpire

Mpire, with its head office based in Perth, Australia, is an established digital performance-based marketing group with a reach to over 180 countries.

Please refer to Annexure E for recent audited consolidated financial statements of Livelynk.

Mpire provides advertisers (its customers), with simple, effective and scalable performance-based marketing solutions, to reach consumers across multiple digital

channels. Mpire holds strong relationships with key affiliates that funnel consumers through its network. Mpire's affiliate partners benefit from a monetisation solution that meets both advertiser demand and the consumers "any device, anywhere, at any time" consumption.

Mpire typically charges a customer only when actual pre-defined results are achieved such as a service or product sale, software and mobile app installations, customer acquisitions, or other measurable goal. This performance-based business model reduces the media spend risk for Mpire's clients and enables them to gain consumer acquisitions on a true win-win basis.

Simply put, performance-based marketing gives advertisers the certainty of only paying for advertising that gets the desired results.

Mpire Media was born from the group of companies controlled by successful entrepreneur, Zhenya Tsvetnenko (**Zhenya Group**). Mpire Media's past performance, albeit as a bootstrapped service entity (providing services exclusively to the Zhenya Group), provides assurance that its performance-based business model has worked in the past.

Today, Mpire has more than 200 customers which it provides services to in more than 180 countries, an experienced team of approximately 20 employees worldwide, and offices in Australia (Perth), Ireland (Dublin) and Canada (Toronto).

Mpire Media was originally incorporated under the name Livelynk Pty Ltd in July 2007, later changing to Lavish Channel Pty Ltd in 2008, and finally to Mpire Media in 2009. It formed part of the Zhenya Group since incorporation and up until December 2009, it operated in the marketing industry as a digital out-of-home advertising operator, broadcasting a bespoke media channel to its national digital signage network.

Once rebranded as Mpire Media, the company's principal activity was providing online performance-based marketing services to the Zhenya Group which was heavily involved in selling mobile products and services, to Australia, New Zealand, the United Kingdom, Canada and the United States.

Starting with an advertising spend of only \$200 per month in 2006, Zhenya Tsvetnenko used performance-based marketing to grow his business to \$2 million monthly advertising spend and \$10 million monthly retail revenue within 18 months, with no external investment.

Mpire Media initially adopted the performance-based marketing model which had been successfully applied by Zhenya Tsvetnenko for a number of years. Under this performance-based model, the Zhenya Group had only paid for advertising that a consumer clicked on.

Mpire Media enhanced this business model in two critical areas:

- (a) it expanded the consumer reach of the Zhenya Group's products by growing a network of affiliate partners; and
- (b) it strengthened the performance targets so that advertising costs were only paid when a consumer subscribed to a product or service.

The introduction of these changes meant that the Zhenya Group's products reached a much wider consumer audience, and greatly reduced its media spend risk because it was only paying Mpire Media for advertising if an actual conversion or purchase

occurred, as opposed to paying simply for consumer interest that may not have resulted in a purchase.

Given that Mpire Media's revenue and cost of sales was dependent on the achievement of successful results, it was crucial for Mpire Media to be able to accurately track the outcomes associated with each advertising campaign, from both a revenue and a cost perspective. Mpire Media initially made use of tracking software developed by external software providers, but found that the software didn't provide the level of accuracy required or contain all the features it deemed necessary to accurately measure the return on its investment (i.e. the amount it paid to its affiliates). This led to the development of a proprietary attribution tracking software platform by Mpire Media's in-house software development team.

When the US premium messaging services market in which the Zhenya Group operated started to decline in the second half of the 2013 financial year, the Zhenya Group decided to enter the European market. Maroon Tech was incorporated in Ireland in January 2013 and by June 2013, had set up an office and established a small marketing team.

Maroon Tech has adopted the proven performance-based business model developed by Mpire Media and a revised and improved "network" focused attribution tracking platform, nxus, was developed specifically for this new business. During the 2014 financial year, the advertising services for the Zhenya Group moved from Mpire Media to Maroon Tech.

Towards the end of the 2014 financial year, on the back of positive growth by the Maroon Tech business, it was decided to pursue avenues which would allow for the spin out of Mpire from the Zhenya Group to enable it to capitalise on these additional commercial opportunities and to further grow its client base outside of the Zhenya Group.

In March 2014, Mpire Network was incorporated to strategically target the North American market. As with Maroon Tech, Mpire Network has adopted the performance-based marketing model developed by Mpire Media and also uses nxus to manage and optimise its customers digital marketing campaigns.

Mpire has spent the last 5 years building its own affiliate network, and has developed strong relationships with key affiliates across the many sectors in which it operates. Over the course of 2014, it has had over 300 active affiliate partners who have sent more than 200 million consumers through its network.

Through Maroon Tech, Mpire targets the high growth, mobile marketing channel, while Mpire Network targets other key sectors such as finance, insurance, health and wellness, retail and leisure and gaming.

Mpire provides simple, effective and scalable performance-based marketing solutions to more than 200 customers to enable them to reach consumers across multiple digital channels in over 180 countries.

2.6 Overview of Performance-Based Marketing

The future for performance-based advertising businesses is very strong, with the online advertising market predicted to grow from US\$110 billion in 2013 to US\$175 billion in 2017.

Digital performance-based marketing represents part but not all of the online advertising and commerce chain. It differs from the traditional online display

advertising, as the advertiser only incurs an advertising cost when a predefined “conversion” is achieved, such as a service or product sale, software and mobile app installations, customer acquisitions, or other measurable goal.

Simply put, in a performance-based marketing model, a customer is only charged an advertising fee when actual, pre-defined results are achieved.

"Performance" refers to the pricing model, which typically includes:

- cost-per-click (**CPC**) - only pay for clicks on a banner or text ad;
- cost-per-acquisition / action (**CPA**) - only pay for a "goal" typically a lead or a sale;
- cost-per-install (**CPI**) - only pay per install of a mobile application.
- cost-per-sale (**CPS**) - only pay for a sale as a percentage of the retail price;

This pricing model is in contrast to the traditional online advertising model of cost-per-mille (**CPM**), being the cost per 1000 views of the advert, which provides the lowest return on investment for the advertiser and typically only achieves consumer awareness. The advertiser will pay for the awareness regardless of the sales outcome.

A performance-based marketing model reduces the media spend risk being faced by merchants (advertisers) because they are only paying for results achieved. It delivers greater certainty that their advertising campaigns will be cost effective and ROI positive. These factors give advertisers greater control over their media budgets and the ability to scale their budgets with a higher degree of confidence.

Digital performance-based marketing produces the highest ROI of all marketing activity, online and offline.

Mpire reduces the media spend risk for its clients and ensures performance-based results with transparent cost predictability. Mpire's performance-based pricing model is in high demand with many top advertisers that recognise it as being highly effective for measurable returns on their marketing investment. This isn't only because the model yields positive returns on marketing investments, it is also because it is a flexible and creative space to work that touches consumers throughout the marketing funnel. Mpire offers a solution that not only aims to reduce the financial risk of its customers but also to significantly drive sales growth and market share in the rapidly expanding global market.

Mpire operates a centralised, cross device omni-channel approach that enables it to reach consumers on “any device, anywhere, at any time”. This approach provides better returns for both retailers and publishers requiring a cross device and omni-channel strategy so they can be everywhere in the consumer path to purchase. Mpire can track engagement and transactions across the different channels and analyse the data throughout the journey. Its attribution measurement provides transparency into what drives consumer sales and helps publishers and advertisers create engaging and relevant content for consumers.

Mpire manages and optimises its customers' digital marketing campaigns using its proprietary technology platform, nxus.

2.7 Overview of the Online Advertising Market

In 2013, the internet surpassed newspapers to become the world's second-largest advertising medium, behind television, according to ZenithOptimedia. The internet now captures one in five advertising dollars. The online advertising market is predicted to grow from US\$110 billion in 2013 to US\$175 billion in 2017.

Mobile advertising has now truly taken off and is growing six times faster than desktop internet. ZenithOptimedia forecasts mobile advertising to grow by an average of 50% per annum between 2013 and 2016, resulting in expenditure of US\$45.0 billion in 2016.

In 2016, ZenithOptimedia expects the internet to account for 26.6% of global spending (30.7% in the US).

Performance-based advertising comprised 66% of total US online advertising spend in 2012, according to the IAB.

The Proposed Directors consider that Mpire's performance-based model, charging on a results-only basis, is well positioned to take advantage of the opportunity to participate in the performance-based advertising market share and the potential online advertising growth (although no assurance or forecast can be given that those events will occur).

2.8 Overview of Affiliate Marketing and Affiliate Networks

One of the main digital performance marketing methodologies is affiliate marketing, in which a business rewards one or more affiliate partners for each visitor or customer brought by the affiliate's own marketing efforts.

The industry has three core players:

- the **Advertiser** - typically a merchant or brand owner who wants to acquire consumers as part of their sales activities;
- the **Network** - once seen as an intermediary with the task of merely tracking and ensuring affiliates are paid on time, the role of an affiliate network has evolved significantly and is now seen as key to this growing industry; and
- the **Affiliate** - essentially the online sales force of the advertiser who funnel consumers to relevant advertiser campaigns by way of the network.

Any advertiser intent on driving a high volume of consumer sales, as opposed to only raising awareness, can benefit from affiliate marketing. Through affiliate marketing not only does the advertiser have the ability to measure the connection between the advertising and the intended action, as well the ability to optimise the campaign on that basis, but they also have the option to pay only when that performance action occurs. Pay-For-Performance can reduce an advertiser's risk as it more closely aligns their desired outcome with the payment trigger.

Affiliate networks provide advertisers a continued recruitment of quality affiliates. While affiliates may appear to be similar on the surface, networks offer advertisers the added advantage of already having affiliates grouped by promotional category and providing insight into the different audiences and customers that they generate to achieve advertiser objectives.

An affiliate network will generally offer a faster route to market given that it has an active database of affiliates able to promote the offers that are suitable to them. This enables a faster turnaround for the advertiser to launch online media campaigns than they would likely be capable of otherwise.

Affiliates funnel consumers to the advertiser's products through a variety of methods including but are not limited to banner display (both on desktop and mobile), social media advertising (for example: Facebook), search engine marketing including both pay per click (PPC) and search engine optimization (SEO), pop up traffic and email marketing. Different types of products work better for different traffic sources. A network can provide relevant information in the form of aggregated statistics, which provide direction to the affiliate with regards to what traffic types work best on each particular campaign.

Affiliates benefit from networks as they can find a large range of appropriate campaigns in one location, and networks make it easy to access brand advertisers that would be difficult to otherwise engage as an individual or small company. Another major advantage for an affiliate with dealing with a network as opposed to an individual advertiser is payment expedition. Networks generally offer better payment terms to affiliates, which in turn allow them to reinvest into consumer acquisition, thus increasing the volume of sales they can generate, ultimately leading to higher revenue volumes and increased ROI for all parties.

Data has been a key focus for advertisers over the past few years and it is becoming increasingly important. Mpire, using its proprietary custom built software, nxus, analyses data from all transactions across its network giving valuable insights into each part of the user journey and purchase behaviour. The vast levels of data collected across the network provide advertisers with the opportunity to evaluate performance and gain insights into touch points and behaviours that ultimately lead to the final transaction. The uses of data collected from the affiliate network are almost endless and can benefit advertisers and affiliates alike when shared effectively.

2.9 Overview of Mpire's technology and products

nxus attribution tracking software – SaaS enterprise solution for performance marketing

nxus is a Software-as-a-Service (SaaS) product developed to help performance marketers manage their business through efficient, simple-to-use tools and real-time attribution tracking and analytics.

Mpire has developed nxus over the last 2 years due to the need for a scalable and comprehensive network platform to build revenues, measure conversions, optimise digital spend, and accurately manage customers' campaigns on a real time basis. nxus provides a suite of easy to use features, specialised tools and simplified workflows which allows Mpire to enhance the effectiveness and efficiency of performance marketing.

Mpire uses nxus to track engagement and transactions across multiple channels and analyse the data throughout the consumer life-cycle. nxus accurately records and analyses hundreds of millions of user events each month. Such data analysis enables Mpire to optimise and enhance the performance of its clients' campaigns and increase their revenues which ultimately delivers substantially improved ROI. nxus' attribution measurement features provide transparency into what drives consumer sales and helps publishers and advertisers create engaging and relevant content for consumers.

nexus has been proven to be an effective tool as it is currently used to manage the entire life-cycle of Mpire's affiliate networks, with approximately 40 million monthly clicks delivered in over 180 countries generating over 500,000 monthly attributions (sales).

A significant opportunity exists to deliver nexus as a SaaS product to third parties. It is Mpire's intention to commercialise nexus post completion of the Proposed Transaction, which if successful, will form a significant part of the growth potential of the business (although no forecast or assurance of growth is given).

2.10 Experienced Team

The proposed board and management team of Mpire collectively possess a wide range of experience and skill sets. It is proposed that the following key personnel will be appointed to the following positions in the Company upon completion of the Proposed Transaction.

Mr Luke Taylor

Proposed Managing Director/Chief Executive Officer of the Company

Diploma of Computer Animation & Graphics
Diploma of Screen (Digital Film)
Certificate III Multimedia Production

Mr Taylor is an analytical, innovative, and solution focused operational leader with a strong technology management background and over 12 years of experience that includes a successful international expansion. Mr Taylor utilises his expertise in digital marketing, internet and mobile technology to ensure effective project coordination. Mr Taylor has a proven ability to manage multifunctional teams both directly and remotely, and has a competitive attitude and a track record for successfully developing and deploying ROI driven strategies.

Mr Jeff Botnick

Proposed Executive Director/Chief Marketing Officer of the Company

Bachelor of Arts

Mr Botnick is a sales and marketing professional with over 12 years of experience across digital media, e-marketing and business development in the United States and Canada. Having managed and grown two of the largest performance based agencies in the USA, Mr Botnick has earned a strong reputation in performance marketing. Further, he has proven himself as an innovative and effective team builder capable of driving results in both start-up and mature businesses.

Mr Eugeni 'Zhenya' Tsvetnenko

Proposed Non-Executive Director of the Company

Mr Tsvetnenko has over 8 years' experience in the mobile premium messaging services including data, music, games, and news. He is a highly successful entrepreneur and is also the Executive Chairman of Digital CC Limited (ASX: DCC). Mr Tsvetnenko was awarded the prestigious Ernst & Young, Entrepreneur of the Year 2010 in the young category and the Western Australian Business News 40 under 40 awards 2011.

Mr Stephen Belben

Proposed Non-Executive Chairman of the Company

Chartered Accountant, BAcc, BCom (Hons)

Mr Belben has been an executive and non-executive director of a number of public and private companies over the past 18 years, prior to which he was a partner in the Perth Office of Ernst & Young for 9 years. Whilst at Ernst & Young he was appointed the national leader of that firm's Minerals and Energy Industry Group responsible for the development of a major client base in that sector.

He has an accounting background having qualified as a Chartered Accountant in both South Africa and Australia. He has worked extensively in Africa, the United Kingdom and Australia with practical experience from both an advisor's and management perspective in a variety of industries.

Mr Belben has completed a large number of transactions including a variety of IPOs, back door listings, capital and debt raisings and has acted in a number of executive and non-executive positions including chairman, director and company secretary, and has an extensive network of contacts in the capital markets and regulatory authorities.

Mrs Fiona Muir

Proposed Chief Financial Officer and Company Secretary of the Company

Chartered Accountant, BCom (Hons)

Mrs Muir is a Chartered Accountant with over 14 years' experience in both commerce and professional practice in South Africa, Australia and the United Kingdom. She has extensive experience in corporate transactions having worked as the Chief Financial Officer of ASX listed Cape Lambert Resources Limited and Xceed Resources Limited. Fiona has also acted as Company Secretary for a number of ASX listed entities including DMC Mining Limited, Corvette Resources Limited, Matrix Metals Limited and Xceed Resources Limited.

2.11 Overview of intellectual property

Mpire's primary asset is its intellectual property. Maroon Tech, which Livelynk proposes to acquire by completion of the Proposed Transaction, is the legal and beneficial owner of the key intellectual property assets of Mpire.

Registered Intellectual Property Rights of the Mpire Group**Business names:**

- Tech Mpire Limited
- Livelynk Group Pty Ltd
- Mpire Media Pty Ltd
- Mpire Network Inc
- Maroon Tech Limited
- Trade names:
- Mpire Media
- Mpire Network
- Maroon Tech
- nxus

Registered designs:

Nil.

Patents:**Granted:**

Nil.

Applications:

Nil.

Copyrights:

- nxus software copyright
- nxus trade mark
- Domain names (listed below)

Unregistered Intellectual Property Rights of the Mpire Group

- Mpire brand established by use
- Mpire Media brand established by use
- Mpire Network brand established by use
- Maroon Tech brand established by use
- nxus software copyright
- Trade secrets
- Confidentiality agreements

Domain Names

- digimpire.com
- getnxus.com
- getnxus.mobi
- inimagead.com
- intermingle.me
- intermingleme.com
- maroon.mobi
- maroontech.mobi
- maroontechnologies.com
- mn.gl
- mpire-media.com
- mpiread.com
- mpireads.com
- mpirecorporation.com
- mpiredigital.com.au
- mpirelabs.com
- mpiremedia.com
- mpiremedia.net
- mpiremobile.com
- mpirenet.com
- mpirenetwork.com
- mpirenetwork.com.au
- mpirenetworks.com
- mpiretech.com
- mpiretech.com.au
- mpiretechnologies.com
- nxus.io
- nxus.mobi
- techmpire.com
- techmpire.com.au
- tracknxus.com

- tracknxus.mobi

2.12 Independent Expert's Report

For the purposes of item 7 of section 611 of the Corporations Act and to assist Shareholders in considering Resolution 4 in this Notice of Meeting, the Company has commissioned an independent expert on the fairness and reasonableness of the proposed 100% acquisition of Livelynk and issues of securities in the Company pursuant to Resolution 4. The Independent Expert concludes the proposed 100% acquisition of Livelynk and proposed issues of securities in the Company pursuant to Resolution 4 are not fair but reasonable to non-associated Shareholders.

Shareholders are strongly urged to consider the Independent Expert's Report in detail. The Independent Expert's Report is appended as Annexure C to this Explanatory Statement.

2.13 Indicative timetable

Set out in the table below is the expected timing for completion of the Proposed Transaction and the matters contemplated by the Resolutions, subject to compliance with all regulatory requirements. These dates are indicative only and are subject to change. The Directors reserve the right to amend the timetable without notice.

Event	Anticipated Date
Notice of Meeting sent to Shareholders	27 October 2014
Lodgement of Prospectus with ASIC	30 October 2014
Prospectus offer opens	7 November 2014
Last day for lodgement of Proxy Form	21 November 2014
Suspension of the Company's securities from trading on ASX at the opening of trading Annual General Meeting to consider the Resolutions	25 November 2014
Capital Consolidation	December 2014 (refer to Section 3.4)
Prospectus offer closes	28 November 2014
Completion of the Proposed Transaction Issue of Consideration Shares Issue of Shares pursuant to the Capital Raising Issue of Performance Shares, Shares and New Options pursuant to Resolutions 5, 6, 9, 10 and 11	4 December 2014
Commencement of trading of Shares on ASX (subject to satisfaction of all conditions to re-compliance with Chapters 1 and 2 of the Listing Rules)	30 December 2014

2.14 Advantages of the Proposed Transaction

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 the Resolutions:

- (a) the Directors believe that an investment in Livelynk will add significant value to the Shares;
- (b) the Existing Shareholders can share in the expected future success of Livelynk;
- (c) the appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company;
- (d) the Company will receive a significant cash injection and will be in a position to continue trading;
- (e) a larger market capitalisation and enhanced Shareholder base resulting from the Proposed Transaction may provide a more liquid market for the Company's shares than what currently exists; and
- (f) the Independent Expert has concluded that the proposed 100% acquisition of Livelynk and issues of securities in the Company pursuant to Resolution 4 are not fair but reasonable to non-associated Shareholders (see Annexure C).

2.15 Disadvantages of the Proposed Transaction

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 on the Resolutions:

- (a) the Proposed Transaction and the passing of the Resolutions will result in the dilution of Existing Shareholders' interests in the Company;
- (b) the Company will be changing the nature and scale of its activities to a performance-based online and mobile marketing solutions provider which may not be consistent with the objectives of Existing Shareholders; and
- (c) the Company and its Shareholders will be exposed to risks in relation to Livelynk and its business including (but not limited to) those set out in section 2.16.

2.16 Key risks

Shareholders should be aware that if the Resolutions are approved, 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 will operate 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. Existing Shareholders should consider the risk factors described below, together with information contained elsewhere in this Notice of Meeting. The following is not intended to be an exhaustive list of the risk factors to which the Company will be exposed on the acquisition of Livelynk.

It is anticipated that the Company's Shares and listed Options will be suspended or placed into a trading halt prior to market open on the date of the Meeting. In the event that Resolutions 2 to 11 (inclusive) are approved at the Meeting, it is anticipated that the Company's securities will remain suspended until completion of the Proposed

Transaction, Capital Raising and Capital Consolidation, recompliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its listed Shares and Options may consequently remain suspended from quotation.

Based on the information available, the principal risks facing the Company concerning Mpire upon completion of the Proposed Transaction will be as set out below.

(a) Faults with products/service

Mpire operates in the internet services arena. Internet-based services frequently contain undetected errors when first introduced or when new versions or enhancements are released. Mpire has on occasion found defects in its service and new errors in its existing service may be detected in the future. If that occurs, Mpire could lose future sales or customers or incur consequential liabilities. Consequently, there is a risk that users of the services provided may identify errors or defects which could harm the Mpire's reputation and business.

(b) Protection of Intellectual Property Rights

If Mpire fails to protect its intellectual property rights adequately, competitors may gain access to its technology which would harm the business. Mpire currently has no issued patents or trademarks and may be unable to obtain patent protection in the future. If any patents are issued in the future, they may not provide Mpire with any competitive advantages, or may be challenged by third parties.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to Mpire in every country in which its service is available. Accordingly, despite its efforts, Mpire may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

The Company may be required to spend significant resources to monitor and protect the intellectual property rights acquired through the proposed acquisition of Livelynk. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel. In addition, unauthorised use of the "Mpire" brand in counterfeit products or services could not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(c) Regulatory environment

Mpire currently has offices in Canada, Ireland and Australia and is subject to the laws and regulations of those countries. In addition, Mpire provides performance-based online and mobile marketing solutions to advertisers and affiliates based in over 180 countries. Users, competitors, members of the general public or regulators could allege breaches of the legislation in the relevant jurisdictions. This could result in remedial action or litigation, which could potentially lead to Mpire being required to pay compensation or a fine.

Mpire's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon the Company's profitability. In addition, if regulators took the view that Mpire had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage and adversely impact upon the financial position and financial performance of the Company.

Mpire intends to offer its services throughout the world and has users of those services in most countries and jurisdictions of the world. Regulatory changes could see Mpire being required to hold a licence in some of these jurisdictions or otherwise comply with local regulations. This could preclude Mpire from offering certain services in these jurisdictions until such a licence has been obtained, or may require Mpire to comply with a range of regulatory requirements. Any such increase in the costs and resources associated with the regulatory compliance in these jurisdictions could adversely impact upon the financial position and financial performance of the Company.

(d) Competition and new technologies

The industry in which the Company will be involved, post its acquisition of Livelynk, is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of Mpire's projects and business. For instance, new technologies could overtake the advancements made by Mpire which could negatively impact on the financial position and financial performance of the Company.

(e) Dependence on the internet

Expansion in the sales of Mpire's services depends on the continued acceptance of the internet as a communications and commerce platform for individuals and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service.

The performance of the internet and its acceptance as a business tool has been harmed by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a widespread communications medium and commercial platform, the demand for Mpire's services would be significantly reduced, which would harm the Company.

(f) Hacker attacks

Mpire relies upon the availability of its web services to provide services to advertisers and affiliates and attract new advertisers and affiliates. Hackers could render the website unavailable through a disrupted denial of service or other disruptive attacks.

Although Mpire has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the website could lead to a loss of revenues whilst Mpire is unable to provide its services. Further, it could hinder Mpire's abilities to retain existing customers or attract new customers, which would have a material adverse impact on growth of the business.

(g) **Fraud**

Mpire makes use of inbuilt fraud identification and alert systems which minimises its risk of fraud. However, incidents of fraud and ineffective advertising reported in the online advertising market can undermine trust in the efficacy of online advertising, which may have a negative impact on Mpire's business.

The risk of fraud may drive increasing calls for regulation of the market in key high-value jurisdictions, which may result in Mpire incurring additional regulatory overhead or being required to develop or implement greater levels of controls within its advertising network.

(h) **Privacy concerns**

Regulations in various jurisdictions limit tracking and collection of personal identification and information. If Mpire breaches such regulations, the Company's business, reputation, financial position and financial performance may be detrimentally affected. External events may also cause regulators to amend regulations in respect of the collection and use of user information. Any amended regulations may introduce controls which make the operation of certain types of tracking technologies unusable which could damage the Company's financial position and financial performance by adding costs to Mpire through the requirement to develop and implement new technologies.

(i) **Limited trading history**

Mpire Media was incorporated in 2007 and formed part of a group of companies controlled by Zhenya Tsvetnenko (**Zhenya Group**). Prior to the incorporation of Mpire Network in March 2014, Mpire mainly provided online marketing services to the Zhenya Group. Subsequent to the incorporation of Mpire Network, Mpire has been building its third party customer base, which will continue to be its focus. Given the limited trading history under the revised business model, there is uncertainty in relation to Mpire's business, and investors should consider Mpire's prospects in light of its limited trading history under its revised business model. In addition, there is no guarantee that Mpire will be able to successfully commercialise and generate revenue from its SaaS (software as a service) products or its general business in the future. Consequently, there can be no forecast or confirmation as to the Company's future performance following completion of the Proposed Transaction.

(j) **Reliance on key personnel**

The recent developments of Mpire have been in large part due to the talent, effort and experience of its senior management team, in particular the leadership of Luke Taylor, Chief Executive Officer, and Jeff Botnick, Chief Marketing Officer. Although these individuals have entered into Executive Services Agreements with Mpire, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if these individuals no longer continue in their current roles, or if any Proposed

Director ceases to be a director of the Company after their appointment, a new Chief Executive Officer and Chief Marketing Officer will need to be employed and new directors would need to be appointed which may adversely affect the business.

Mpire is also substantially dependent on the continued service of its existing development personnel because of the complexity of its services and technologies. There is no assurance that Mpire will be able to retain the services of these persons.

(k) Domain Name Risk

Mpire's business depends on advertisers and affiliates being attracted to its web services. Mpire has registered domain names for the purposes of its websites. However, should these domain names not be renewed or control thereof be otherwise lost, it would lose all website traffic directed to that domain which would adversely affect Mpire's ability to generate revenue.

(l) Customer service risk

Advertisers may need to engage with Mpire's customer service personnel in certain circumstances, such as if they have a question about the services or if there is a dispute between an advertiser and Mpire. Mpire needs to recruit and retain staff with interpersonal skills sufficient to respond appropriately to customer services requests. Poor customer service experiences may result in the loss of advertisers. If Mpire loses key customer service personnel, fails to provide adequate training and resources for customer service personnel, or if the computer systems relied on by customer service personnel are disrupted by technological failures, this could lead to adverse publicity, litigation, regulatory inquiries and/or a decrease in advertisers, all of which may negatively impact on Mpire's revenue.

(m) Liquidity and dilution risk

Following the Capital Consolidation, there will be approximately 27,126,487 Shares (subject to rounding and before the issues the subject of the Resolutions) on issue with between approximately 39% and 47.7% of the total Shares on issue following re-compliance with Chapters 1 and 2 being offered to the public pursuant to this Prospectus (assuming no Performance Shares vest and no Options are exercised). Upon reinstatement of the Company's securities to quotation on the ASX, a significant portion of the Shares on issue will be subject to escrow restrictions imposed by the Listing Rules. Some investors may consider that there is an increased liquidity risk as a large portion of the issued capital may not be able to be traded freely for a period of up to 24 months.

(n) Future Capital Needs

Further funding of projects may be required by the Company to support the ongoing activities and operations of Mpire, including the need to develop new services or enhance its existing service, enhance its operating infrastructure and to acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and consequently its performance.

(o) **Foreign exchange risks**

Mpire provides performance-based online and mobile marketing solutions to advertisers and affiliates based in over 180 countries. Consequently, it generates revenue and incurs costs and expenses in more than one currency. Accordingly, the depreciation and/or the appreciation of the United States Dollar, for example, relative to the Australian Dollar would result in a foreign currency loss/gain. Any depreciation of the foreign currencies relative to the Australian Dollar may result in lower than anticipated revenue, profit and earnings. Mpire will be affected on an ongoing basis by foreign exchange risks and will have to monitor this risk on an ongoing basis.

(p) **Insurance coverage**

The Company faces various risks in connection with Mpire and may lack adequate insurance coverage or may not have the relevant insurance coverage. Mpire maintains insurance coverage for its employees, as well as professional indemnity, product liability and third party liability insurance, however it does not maintain business interruption insurance or insurance against claims for certain property damage. The Company will need to review its insurance requirements periodically. If Mpire incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

(q) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's and Mpire's business activities, financial position and financial performance, as well as on their ability to fund those activities.

2.17 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities.

2.18 Pro forma statement of financial position

The pro forma statement of financial position of the Company, assuming Resolutions 2 to 11 (inclusive) are passed and implemented, is set out in Annexure B.

2.19 Pro forma capital structure

The pro forma capital structure of the Company, assuming Resolutions 2 to 11 (inclusive) are passed and the Proposed Transaction, Consolidation and Capital Raising completes, is as follows:

Capital structure	Pre-Completion	Post-Completion Minimum Subscription for the Capital Raising (\$7,000,000) ¹	Post-Completion Maximum Subscription for the Capital Raising (\$10,000,000) ¹
Existing Shares	135,632,437	27,126,487	27,126,487
Consideration Shares (including Shares and Performance Shares pursuant to Resolution 4)		62,000,000	62,000,000
Capital Raising		35,000,000	50,000,000
New Shares to Advisers		4,125,000	4,125,000
New Performance Shares pursuant to Resolutions 5 and 6		28,575,000	28,575,000
Total Shares	135,632,437	156,826,487	171,826,487
Existing Options ³	60,412,754	12,082,551	12,082,551
New Options to Advisers ⁴		6,000,000	6,000,000
Fully diluted Share capital²	196,045,191	174,909,038	189,909,038

Notes:

- Assumes the following:
 - completion of the Capital Consolidation on a 1 for 5 basis. Please note that final figures are subject to rounding;
 - no additional Shares are issued between the date of this Notice and completion of the Proposed Transaction, including pursuant to an exercise of existing Options. See section 3.3 for further information; and
 - all Performance Shares vest into Shares (which may not occur, as it is dependent on the terms set out in Annexure H).
- Assumes the following:
 - completion of the Capital Consolidation on a 1 for 5 basis. Please note that final figures are subject to rounding;
 - no additional Shares are issued between the date of this Notice and completion of the Proposed Transaction, other than pursuant to the exercise of all existing Options which would result in the issue of an additional 18,082,551 Shares on a post-Capital Consolidation basis (subject to rounding). See section 3.3 for further information; and
 - all Performance Shares vest into Shares (which may not occur, as it is dependent on the terms set out in Annexure H).
- The Existing Options comprise of the following, on a pre-Capital Consolidation basis:
 - 36,882,754 listed Options exercisable at \$0.08 on or before 31 December 2015;
 - 1,000,000 unlisted Options exercisable at \$0.20 on or before 31 March 2015;
 - 3,500,000 unlisted Options exercisable at \$0.20 on or before 10 May 2016;
 - 7,130,000 unlisted Options exercisable at \$0.20 on or before 30 June 2015;

- 1,000,000 unlisted Options exercisable at \$0.30 on or before 30 June 2015;
 - 250,000 unlisted Options exercisable at \$0.25 on or before 12 June 2015;
 - 250,000 unlisted Options exercisable \$0.25 on or before 12 December 2015;
 - 400,000 unlisted Options exercisable at \$0.15 on or before 29 May 2015; and
 - 10,000,000 unlisted Options exercisable at \$0.16 on or before 31 December 2016.
4. As contemplated by the Share Sale and Purchase Agreement. See section 2.2 for further information.

2.20 Proposed use of funds

The Company intends to use the funds raised from Capital Raising, as follows:

Use of funds	Maximum Subscription \$	Minimum Subscription \$
Costs of the offer	(846,653)	(693,747)
Estimated repayment of Working Capital Loan to the Livelynk Vendor (subject to change)	(725,809)	(725,809)
Development costs: Mobile Affiliate Network	(443,821)	(520,593)
Expansion of sales and marketing team: Affiliate Network	(3,560,021)	(3,357,802)
Development costs: Affiliate Network Platform SaaS	(513,525)	(74,341)
Development costs: Performance Advertising Platform SaaS	(307,123)	-
Establishment of sales and marketing team: SaaS Products	(1,080,000)	-
Working capital	(2,022,736)	(1,127,396)
Total	(9,499,688)⁽¹⁾	(6,499,688)⁽²⁾

Notes:

1. Full subscription of 50,000,000 Shares at \$0.20 per Share (2,501,558 Shares of which will be issued pursuant to Resolution 4 as payment of debts owing from Mpire to the Livelynk Vendor to the value of \$500,311.50 at \$0.20 per Share, rather than for cash consideration).
2. Minimum subscription of 35,000,000 Shares at \$0.20 per Share (2,501,558 Shares of which will be issued pursuant to Resolution 4 as payment of debts owing from Mpire to the Livelynk Vendor to the value of \$500,311.50 at \$0.20 per Share, rather than for cash consideration).

The above table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

3. ANNUAL GENERAL MEETING

3.1 Action to be taken by the Existing Shareholders

In order to proceed with the Proposed Transaction, the Company must convene an Annual General Meeting of Existing Shareholders for the purposes of passing Resolutions 2 to 11 (inclusive) in compliance with the requirements of the Listing Rules and the Corporations Act.

The Notice of Meeting convening the Annual General Meeting is included at the front of this booklet. Existing Shareholders are encouraged to attend and vote in favour of each of Resolutions 2 to 11 (inclusive) to be put at the Annual General Meeting.

If an Existing Shareholder is not able to attend and vote at the Annual General Meeting, each Existing Shareholder is encouraged to complete the proxy form at the back of this booklet and return it to the Company at the address stated on the proxy form not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

3.2 Annual General Meeting Resolutions

Certain voting restrictions are imposed in relation to some of the Resolutions as detailed in the accompanying Notice of Meeting under the heading "Voting Exclusion Statement".

A brief explanation of each Resolution is set out below in this section 3.

3.3 Resolution 1: Repeal of existing Constitution and adoption of new Constitution for Lithex Resources Limited

Resolution 1 is a Special Resolution which seeks to repeal the existing Constitution and adopt a new Constitution. The Company's current constitution has not been renewed or amended since 12 January 2010. The Company wishes to issue Performance Shares as contemplated in Resolutions 4 to 6 (inclusive). The Company's existing constitution does not permit the issue of performance shares. Accordingly, the Company seeks to repeal the constitution and replace it with an updated constitution to facilitate the issue of the Performance Shares.

A copy of the proposed new constitution will be sent to any Shareholder on written request made to:

Mr Peter Webse
Company Secretary
Address: Level 2, 1 Walker Avenue, West Perth, WA, 6005
Postal Address: PO Box 271, West Perth, WA, 6872
Email: peter.webse@pcscorporate.com.au

A copy will also be available for inspection at the Meeting.

Resolution 1 is a **special resolution**. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote (in person or by proxy) at the meeting must be in favour of this resolution for it to be passed.

Summary of the Rights and Liabilities Attaching to Shares and Other Material Provisions of the Proposed New Constitution

The new Constitution is broadly consistent with the provisions of the existing Constitution with many of the changes minor or administrative in nature. The key differences between the existing Constitution and the proposed new Constitution are summarized below. This summary is not intended to be an exhaustive explanation of all changes effected by the adoption of the proposed new Constitution.

Shareholders are invited to contact the Company Secretary if they have any questions regarding the proposed new Constitution.

(a) Performance Shares

At present, the Company's only classes of securities on issue are Ordinary Shares and Options. The Company wishes to create new classes of securities with the introduction of Performance Shares Class A and Performance Shares Class B as contemplated by Resolutions 4 to 6 (inclusive). Clause 2.2 of the new Constitution provides for the issue of Performance Shares. A summary of the rights and liabilities attaching to Performance Shares Class A and Performance Shares Class B are set out in annexure H.

(b) Proportional Takeover Approval Provision

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's shares.

Pursuant to section 648G of the Corporations Act, schedule 5 of the Company's proposed new Constitution includes a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

Schedule 5 of the new Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

(i) Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(ii) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a

proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(iii) **Knowledge of any acquisition proposals**

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company other than as described in this Explanatory Statement, the Notice and the attached Annexures.

(iv) **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (A) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (B) assisting in preventing Shareholders from being locked in as a minority;
- (C) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (D) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (A) proportional takeover bids may be discouraged;
- (B) lost opportunity to sell a portion of their Shares at a premium; and
- (C) the likelihood of a proportional takeover bid succeeding may be reduced.

3.4 Resolution 2: Capital Consolidation

Subject to Resolutions 3 to 11 (inclusive) being passed, Resolution 2 is an ordinary resolution which proposes that the issued capital of the Company be altered by consolidating the existing securities on a 1 for 5 basis. The effective record date for determining the consolidation of the Company's capital will be 4 business days after the date of the Meeting. Any fractional entitlements as a result of holdings not being evenly divisible by 5 will be rounded down to the nearest whole number.

The estimated effect which the Capital Consolidation will have on the Company's capital structure is set out in the table in section 2.19 (which is subject to rounding).

Section 254H of the Corporations Act

Section 254H of the Corporations Act enables a company to convert all securities into a smaller number of securities by a resolution passed at a general meeting. The conversion proposed by Resolution 2 is permitted under section 254H of the Corporations Act.

The Capital Consolidation will only occur if the Board is reasonably satisfied that all of the conditions to completion of the Proposed Transaction (including all requirements for the Company to re-comply with Chapters 1 and 2 of the Listing Rules) have been, or are likely to be, satisfied or waived.

The consolidation will not result in any change to the substantive rights and obligations of existing security holders of the Company. The purpose of the consolidation of the existing issued capital of the Company is to reduce the number of existing securities on issue, which is considered to be a more appropriate capital structure for the Company going forward, and to enable the Company to satisfy Chapters 1 and 2 of the Listing Rules and obtain re-quotation of its securities on ASX. For example, a Shareholder currently holding 10,000 Shares, will as a result of the consolidation, hold 2,000 Shares. The Company's balance sheet and tax position will remain unaltered as a result of the consolidation.

Shares

At the date of this Notice, the Company has 135,632,437 Shares on issue. The consolidation on a 1 for 5 basis will reduce the number of Shares on issue to approximately 27,126,487 Shares (subject to rounding).

It is possible that the Options referred to below will be exercised prior to Capital Consolidation occurring. If all of these Options are exercised then there will be an additional 60,412,754 Shares on issue which would be consolidated into approximately 12,082,551 Shares (subject to rounding) under the Capital Consolidation. Aggregated with the number of Shares on issue at the date of this Notice, there would be approximately 39,209,043 Shares (subject to rounding) consolidated under the Capital Consolidation.

	Number of Shares Pre Consolidation	Number of Shares Post Consolidation
Balance at the date of this Notice of Meeting	135,632,437	27,126,487

Options

At the date of this Notice, the Company has 60,412,754 Options on issue. At the time the issued capital of the Company is consolidated, assuming they are not exercised, these Options will exist and therefore will be consolidated.

	Number of Options Pre-Capital Consolidation	Number of Options Post-Capital Consolidation
Balance at the date of this Notice of Meeting	60,412,754 ¹	12,082,551 ²
	60,412,754	12,082,551

Note:

1. Refer to Section 2.18 for the pre-Capital Consolidation Option classes.
2. The Options on a post-Capital Consolidation basis would comprise of the following (subject to rounding):
 - (a) 7,376,550 listed options exercisable at \$0.40 on or before 31 December 2015;
 - (b) 200,000 unlisted Options exercisable at \$1.00 on or before 31 March 2015;
 - (c) 700,000 unlisted Options exercisable at \$1.00 on or before 10 May 2016;
 - (d) 1,426,000 unlisted Options exercisable at \$1.00 on or before 30 June 2015;
 - (e) 200,000 unlisted Options exercisable at \$1.50 on or before 30 June 2015;
 - (f) 50,000 unlisted Options exercisable at \$1.25 on or before 12 June 2015;
 - (g) 50,000 unlisted Options exercisable at \$1.25 on or before 12 December 2015;
 - (h) 80,000 unlisted Options exercisable at \$0.75 on or before 29 May 2015; and
 - (i) 2,000,000 unlisted Options exercisable at \$0.80 on or before 31 December 2016.

Holding statements and Option Certificates

Following the Capital Consolidation, all holding statements for Existing Shares and quoted Options and Option certificates for unquoted Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares or Options (on a post-Capital Consolidation basis). After the Capital Consolidation becomes effective, the Company will arrange for new holding statements for Shares and quoted Options and certificates for unquoted Options to be issued to Shareholders or Option Holders as applicable.

Timetable for Capital Consolidation

If Resolution 2 and all other Ordinary Resolutions are passed, the Capital Consolidation will take effect in accordance with the timetable set out in paragraph 5 of Appendix 7A of the Listing Rules. The anticipated timetable for the Capital Consolidation is set out below:

Event	Anticipated Date
Company notifies ASX that Shareholders have approved the Capital Consolidation	25 November 2014
Last day to register transfers on a pre-Capital Consolidation basis (although the Company is anticipated to remain suspended at this stage)	26 November 2014
Trading would normally commence in the reorganised Shares and Options on a deferred settlement basis (as the Company's securities are anticipated to be suspended from trading, deferred settlement trading will not occur)	27 November 2014
Last day for the Company to register transfers on a pre-	1 December 2014

Capital Consolidation basis	
First day for the Company to send notice to each security holder of the change in their details of holdings First day for the Company to register securities on a post-Capital Consolidation basis First day for issue of new holding statements	2 December 2014
Issue date Last day for the Company to send notice to each security holder of the change in their details of holdings and to enter securities into the holders' security holdings Last day for issue of new holding statements or certificates for consolidated Shares and Options	8 December 2014

The above dates are indicative only and are subject to change.

3.5 Resolution 3: Change in nature and scale of activities of the Company

Subject to Resolutions 2 and 4 to 11 (inclusive) being passed, Resolution 3 is an ordinary resolution which proposes a change to the nature and scale of the Company's activities.

The proposed acquisition of Livelynk by the Company will result in the Company changing its nature from a mining and mineral exploration company to an internet services company. The Livelynk business and a non-exhaustive summary of the potential risks associated with it are detailed in section 2 of this Explanatory Statement. In addition, the scale of the Company's share capital will significantly increase as a result of the Capital Raising and the issue of the Consideration Shares and other issues of securities proposed by the Resolutions. Accordingly, Resolution 3 is an ordinary resolution which seeks approval for the change to the nature and scale of the Company's activities resulting from the Proposed Transaction.

Listing Rule 11.1

Under Listing Rule 11.1, if a company wishes to make a change to the nature or scale of its activities it must provide ASX with full details regarding the change and, if ASX requires, it must obtain shareholder approval to the proposed change.

The Company is seeking Shareholder approval to the Proposed Transaction under Listing Rule 11.1.2.

In addition, ASX has informed the Company that, as a result of the Proposed Transaction, Livelynk is effectively undertaking a "backdoor listing" on the ASX using the Company as a vehicle. Therefore, to complete the Proposed Transaction, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the ASX.

ASX may suspend quotation of the Shares until the Company has satisfied the requirements of Listing Rule 11.1. If Shareholders approve the Proposed Transaction by passing Resolutions 2 to 11 (inclusive), trading in the Company's securities will be suspended until the Company re-complies with the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. It is anticipated that re-

quotation of the Company's securities will occur on or about 30 December 2014, subject to ASX's discretion.

If Resolutions 2 to 11 (inclusive) are approved and implemented, re-quotation of the Company's securities will be subject to the Company meeting these requirements. The Company intends to meet these requirements as soon as practicable after the Meeting.

If Shareholders reject any of Resolutions 2 to 11 (inclusive), or completion of the Proposed Transaction does not occur (including as a result of ASX not approving the reinstatement of the Company's securities to quotation), the Company will not issue the securities contemplated in Resolutions 2 to 11 (inclusive).

Accordingly, Shareholders should carefully consider all of the information contained in this Explanatory Statement before making a decision as to whether to vote in favour of the change in the nature and scale of the Company's activities. In particular, Shareholders should carefully consider the advantages, disadvantages and risks of the Proposed Transaction set out in Section 2.

3.6 Resolution 4: Issue of Securities – Vendor Consideration and Participation in Capital Raising

Subject to Resolutions 1 to 3 (inclusive) and 5 to 11 (inclusive) being passed, Resolution 4 is an ordinary resolution which seeks approval be given:

- (a) in accordance with Listing Rule 7.1 and Sections 208 and 611 (item 7) of the Corporations Act for the issue of the following Shares and Performance Shares to the Livelynk Vendor in consideration for 100% of the securities of Livelynk (see section 2 for further information) pursuant to the Agreement:
 - (i) 23,500,000 Shares at a deemed issue price of \$0.20 each;
 - (ii) 23,100,000 Class A Performance Shares;
 - (iii) 15,400,000 Class B Performance Shares;
 - (iv) up to 23,100,000 Shares upon the vesting of the Class A Performance Shares; and
 - (v) up to 15,400,000 Shares upon the vesting of the Class B Performance Shares;
- (b) in accordance with Listing Rule 7.1 and Sections 208 and 611 (item 7) of the Corporations Act for the issue of up to 2,501,558 Shares to be issued to the Livelynk Vendor as part of the Capital Raising for a deemed issue price of \$0.20 per Share as part repayment to the Livelynk Vendor of loans provided by the Livelynk Vendor to Mpire and for the cash repayment by the Company of the remainder of those loans, as follows:
 - (i) \$130,431.50 of the \$630,743 owing to the Livelynk Vendor pursuant to the Historical Loan will be converted into 652,158 Capital Raising Shares in the Company at a deemed issue price of \$0.20 each (on a post-Capital Consolidation basis) with the balance of the Historical Loan being repayable in cash in the event the Company starts to generate positive cash flows from its operating and investing activities following its acquisition of Livelynk (although no representation or forecast is given as to whether that will ever occur);

- (ii) the \$369,880 owing to the Livelynk Vendor pursuant to the Investment Loan will be converted into 1,849,400 Capital Raising Shares in the Company at a deemed issue price of \$0.20 each (on a post-Capital Consolidation basis); and
- (iii) the amount of up to \$1,000,000 loaned or to be loaned by the Livelynk Vendor to Mpire pursuant to the Working Capital Loan to provide working capital funding during the period from 1 June 2014 to completion of the Proposed Transaction will be repaid in full in cash from the Capital Raising.

The Consideration Shares and the Capital Raising Shares will be allocated to the Livelynk Vendor on a post-Consolidation basis in accordance with Annexure A.

The Shares proposed to be issued to the Livelynk Vendor as conversion of the debt owed or to be owed to the Livelynk Vendor by the Company pursuant to Resolution 4, as described in section 3.6(b) above, will form part of, and are not additional to, the Shares proposed to be issued under the Capital Raising, the subject of Resolution 7.

Listing Rule 7.1

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, (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.

Listing Rule 10.12 (Exception 6) provides an exception to Listing Rule 10.11 where a person is a related party by reason only of the transaction which is the reason for the issue of the securities and the application to it of section 228(6) of the Corporations Act. As Mr Tsvetnenko and the Livelynk Vendor are only related parties by reason of the transaction, approval is being sought under Listing Rule 7.1 instead of under Listing Rule 10.11.

Given that none of the exceptions contained in Listing Rule 7.2 apply to the issue of the Consideration Shares and Capital Raising Shares the subject of Resolution 4, Shareholder approval is sought under Listing Rule 7.1 to approve the issue of those Consideration Shares and Capital Raising Shares to the Livelynk Vendor.

Listing Rule 7.2 (Exception 4) provides an exception to Listing Rule 7.1 where a person receives the securities on the conversion of the convertible securities, if at the time the convertible securities were issued, the entity complied with the Listing Rules. "Convertible securities" are defined in the Listing Rules as "securities which are convertible by the holder or otherwise by their terms of issue, into equity securities". If the issue of a convertible security has complied with Listing Rule 7.1 (or has been covered by an exception in Listing Rule 7.2), then the issue of securities upon conversion or exercise of the convertible security should not again be subject to the restrictions in Listing Rule 7.1. Otherwise, the rights attached to the convertible security may not be able to be effectively exercised by the related party if the listed entity were required to obtain security holder approval before issuing securities upon conversion or exercise. Accordingly, approval is only being sought for the issue of those convertible securities the subject of Resolution 4, as approval for issue of shares upon the vesting of the convertible securities is not required given Listing Rule 7.2 (Exception 4).

The effect of Resolution 4 will be to allow the Directors to issue the Consideration Shares and Capital Raising Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

The following information is provided in relation to Resolution 4 pursuant to and in accordance with Listing Rule 7.3:

(a) **Maximum number of securities to be issued**

Entity	Consideration Shares (excluding Performance Shares)	Capital Raising Shares	Consideration Shares (Performance Shares Class A)	Consideration Shares (Performance Shares Class B)	Total
Livelynk Vendor	23,500,000	2,501,558	23,100,000	15,400,000	64,501,558

(See Annexure A for further details)

(b) **Date by which the entity will issue the securities**

It is proposed that the Consideration Shares and Capital Raising Shares the subject of Resolution 4 will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 2.13. In any event, however, the Consideration Shares and Capital Raising Shares the subject of Resolution 4 will be issued no later than 3 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), save for the Shares to be issued upon vesting of the Performance Shares Class A and the Performance Shares Class B which Performance Shares will vest respectively into Shares upon the satisfaction of the relevant performance milestones set out in Annexure H.

(c) **Issue price of the securities**

No cash consideration is payable for the Consideration Shares as they are being issued in consideration of the Livelynk Vendor's securities in Livelynk. No cash consideration is payable for the Capital Raising Shares the subject of Resolution 4 as they are being issued as repayment of certain loan amounts owed by Mpire to the Livelynk Vendor as described above. The deemed issue price of the Shares comprised of the Consideration Shares and Capital Raising Shares is \$0.20 each.

The Class A and Class B Performance Shares are being issued for nil cash consideration, and the deemed issue price is \$0.00 per Performance Share.

- (d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified as selected.**

Zhenya Holdings (being the Livelynk Vendor).

- (e) **Terms of the Securities**

The Consideration Shares (excluding the Performances Shares Class A and Performances Shares Class B) and the Capital Raising Shares to be issued to the Livelynk Vendor will rank equally in all respects with Existing Shares on issue. The Share Sale and Purchase Agreement relating to the issue of the Consideration Shares is summarised in section 2.2.

Full terms of the Performance Shares are set out in Annexure H.

If the Board determines, in its sole discretion, that the performance conditions set out below have been satisfied prior to the relevant expiry date then that class of Performance Shares will vest and be converted into Shares on a one for one basis.

Class	Performance Condition	Expiry Date
Class A	Mpire achieving revenue of \$15,000,000 in the 18 month period commencing on the day the Company is re-admitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.	18 months from re-admission of the Company to the ASX
Class B	Mpire achieving revenue of \$25,000,000 in the 24 month period commencing on the day the Company is re-admitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.	24 months from re-admission of the Company to the ASX

- (f) **Intended use of the funds raised**

No funds will be raised from the issue of the Consideration Shares and the Capital Raising Shares as they are being issued respectively as consideration for the Livelynk Vendor's securities in Livelynk and as conversion of debts owed by Mpire to the Livelynk Vendor into Shares as repayment of those debts.

Section 208 of the Corporations Act

Mr Tsvetnenko owns 100% of the issued capital of the Livelynk Vendor and is a related party of the Livelynk Vendor by virtue of this relationship. Mr Tsvetnenko and the Livelynk Vendor are also related parties of the Company for the purposes of section 228(6) of the Corporations Act as described above.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 4:

- (a) **Related party to whom the financial benefit is to be given**

The Livelynk Vendor and Mr Tsvetnenko.

(b) **Nature of the financial benefit**

It is proposed that the Livelynk Vendor, being Zhenya Holdings will receive up to \$1,500,311.50 in cash as loan repayments pursuant to the Historical Loan and Working Capital Loan plus the Consideration Shares and the Capital Raising Shares described in Resolution 4 as per the table below:

Entity	Consideration Shares (excluding Performance Shares)	Capital Raising Shares	Consideration Shares (Performance Shares Class A)	Consideration Shares (Performance Shares Class B)	Total
Livelynk Vendor	23,500,000	2,501,558	23,100,000	15,400,000	64,501,558

(c) **Terms of the securities**

The terms of the Consideration Shares and Capital Raising Shares are described above (and at Annexure H for the Performance Shares).

(d) **Valuation of the financial benefits**

The deemed issue price of the Consideration Shares and the Capital Raising Shares (excluding the Performances Shares Class A and Performances Shares Class B) is \$0.20 each.

The value of the benefit of the Performance Shares is set out in Annexure G and their deemed issue price is \$0.00 per Performance Share.

The valuation of the funds to be paid by the Company to the Livelynk Vendor in cash as loan repayments pursuant to the Historical Loan and Working Capital Loan is up to \$1,500,311.50.

(e) **Current security interests**

At the date of this Notice, Zhenya Holdings and Mr Tsvetnenko and their associates do not have any Relevant Interests or Voting Power in the securities of the Company. If all Performance Shares vest and are converted into Shares and no other Shares are issued by the Company other than pursuant to the Resolutions, assuming the minimum Capital Raising of \$7 million is raised, Zhenya Holdings' and Mr Tsvetnenko's and their associates' aggregated Voting Power in the Company will be 41.13% as set out in Annexure A.

(f) **Dilution**

If all Shares are issued pursuant to the Resolutions in this Notice, all Performance Shares vest into Shares, the minimum raising of \$7 million is raised under the Capital Raising and no other Shares are issued by the Company (including pursuant to the conversion of any Options), then the issue of all of the Consideration Shares and the 2,501,558 Capital Raising Shares the subject of Resolution 4 would dilute Shareholders by approximately 41.13%.

(g) **Remuneration and emoluments**

The proposed remuneration and emoluments to be paid by the Company to Mr Tsvetnenko, in his capacity as a proposed Non-Executive Director of the Company are set out below (inclusive of superannuation), which may be subject to increases from time to time in compliance with applicable laws:

Related Party	Current Financial Year	Previous Financial Year
Mr Eugeni 'Zhenya' Tsvetnenko	\$52,560	Nil

The Livelynk Vendor is not proposed to receive remuneration or emoluments from the Company.

(h) **Share trading history**

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.049	11 July 2014
Lowest	\$0.014	26 June 2014
Last	\$0.028	2 October 2014

(i) **Opportunity costs to the Company**

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Consideration Shares or Capital Raising Shares to the Livelynk Vendor or in paying the amount of up to \$1,500,311.50 in cash loan repayments under Resolution 4.

(j) **Intended use of funds raised**

No funds will be raised from the issue of the Consideration Shares and the Capital Raising Shares or from the loan repayments under Resolution 4.

(k) **Directors' interests**

No Existing Director has a material personal interest in the outcome of Resolution 4.

(l) **Directors' recommendations**

Each of the Existing Directors recommends that Shareholders vote in favour of Resolution 4 on the basis that, in their opinion, the proposed issue of the Consideration Shares and the Capital Raising Shares the subject of Resolution 4 are fair and reasonable as consideration respectively for the Company acquiring 100% of the issued capital of Livelynk and as part conversion of debts owed by Mpire to the Livelynk Vendor into Shares in the Company and the repayment of cash advances made by the Livelynk Vendor is reasonable in the circumstances.

(m) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Existing Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 4.

Section 611 (item 7) of the Corporations Act

Resolution 4 seeks Shareholder approval under item 7 of section 611 of the Corporations Act to the acquisition by the Livelynk Vendor, Eugeni, 'Zhenya' Tsvetnenko and their associates of Voting Power of up to 41.13% in the Company, via their acquisition of a Relevant Interest in up to 64,501,558 Shares pursuant to Resolution 4 (including after vesting of all the Performance Shares) as shown in Annexure A.

Except as provided by Chapter 6 of the Corporations Act, section 606(1) of the Corporations Act prohibits a person from acquiring a Relevant Interest in voting shares in a company if, after the acquisition, that person or any other person would have a Voting Power in excess of 20% of the voting shares in that company.

Item 7 of section 611 of the Corporations Act provides that section 606(1) of the Corporations Act does not apply to an acquisition of a Relevant Interest in the voting shares in a company if the company has agreed to the acquisition by resolution passed at a general meeting at which no votes are cast in relation to the resolution by the person to whom the shares are to be issued or by an associate of that person.

Under section 610 of the Corporations Act, a person's Voting Power is determined by the percentage of the total voting shares in the Company held by the person and the person's associates.

The Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, following the time of issuing the Shares pursuant to Resolution 4 (assuming the Performance Shares vest into Shares but no further Shares are issued or Options exercised) the Livelynk Vendor, Mr Tsvetnenko and their associates are anticipated to hold Voting Power in the Company of approximately 41.13% if the minimum of \$7,000,000 is raised under the Capital Raising, and 37.54% if the maximum of \$10,000,000 is raised under the Capital Raising as set out in Annexure A.

The Livelynk Vendor, Mr Tsvetnenko and their associates are precluded from voting on Resolution 4.

Relevant Interests and Voting Power

This section sets out the effect of the issue of Shares pursuant to Resolution 4 on Relevant Interests and Voting Power of the Livelynk Vendor, Mr Tsvetnenko and their associates in relation to the Company.

(a) **Identity of persons who will receive Shares in the Company pursuant to Resolution 4 and their associates**

If Resolution 4 is passed, and all Shares are issued pursuant to that Resolution, the Livelynk Vendor will be issued with the numbers of Shares (and the Livelynk Vendor and Mr Tsvetnenko will thereby acquire a Relevant Interest in the number of Shares) set out in Annexure A.

If Resolutions 4 is passed and on completion of the Proposed Transaction and Capital Raising, the persons who will hold a Relevant Interest in the Shares, along with their associates, are the Livelynk Vendor and Eugeni 'Zhenya' Tsvetnenko (due to him controlling and being the sole director and shareholder of the Livelynk Vendor).

Mr Tsvetnenko is the sole director and sole shareholder of Zhenya Holdings, which is the sole Shareholder of Livelynk (as trustee for the Zhenya Holdings Trust, of which Mr Tsvetnenko and the children of Mr Tsvetnenko are the beneficiaries). Mr Tsvetnenko and the Livelynk Vendor are also associates of each other pursuant to the Corporations Act as they are acting in concert, in relation to the Company's affairs. Mr Tsvetnenko is also a director of Livelynk and is proposed to be a Non-Executive Director of the Company from completion of the Proposed Transaction.

The following parties are associates of the Livelynk Vendor and Mr Tsvetnenko (in addition to the entities comprising Mpire being associates of the Livelynk Vendor and Mr Tsvetnenko):

- Lydian Enterprises Pty Ltd ACN 139 802 921 as trustee for Lydian Trust: Mr Tsvetnenko controls Lydian Enterprises Pty Ltd which also ultimately controls Magna Fortis Pty Ltd ACN 149 529 902, Alcubierre Holdings Pty Ltd ACN 161 698 871, Tsvet Pty Ltd ACN 140 057 718 and House of Zhivago Pty Ltd ACN 150 075 255.
- The following entities are also ultimately controlled by Mr Tsvetnenko; Cellularis Pty Ltd ACN 132 124 942, Cellular Dreams (Canada) Pty Ltd ACN 121 698 182, Cellular Dreams (USA) Pty Ltd ACN 121 698 208, Cellular Dreams (NZ) Pty Ltd ACN 121 698 226, Interfun Pty Ltd ACN 132 960 742, Mobile Ecstasy Pty Ltd ACN 132 956 079, Mobilicious Pty Ltd ACN 132 104 922, Mpire Media Holdings Pty Ltd ACN 137 173 730, On the Dollar Pty Ltd ACN 132 556 408, Skycell International Pty Ltd ACN 120 509 426, Surreal Minds Pty Ltd ACN 132 956 088, Toy Investments Pty Ltd ACN 132 555 232, Trendy Investments Pty Ltd ACN 130 972 771, Zhenya Enterprises Pty Ltd ACN 120 137 804, Zhenya Publishing Pty Ltd ACN 132 576 295, and Zhenya Records Pty Ltd ACN 128 765 382.

(b) Impact of the Proposed Transaction and Capital Raising pursuant to Resolution 4 on the Voting Power of the Livelynk Vendor, Mr Tsvetnenko and their associates in the Company's Shares

Company's capital structure

As at the date of this Notice, the Company has 135,632,437 Shares on issue. Following the Capital Consolidation proposed in Resolution 2, the number of Shares will decrease to approximately 27,126,487 Shares (subject to rounding).¹

Assuming all Shares are issued pursuant to the Resolutions, the capital structure of the Company will consist of the following voting securities:

¹ As noted in section 2.19, there is a possibility that up to 18,082,551 Shares (on a post-Capital Consolidation basis) will be issued pursuant to the exercise of existing and proposed Options. Voting Power has been calculated on the basis that none of these Options will be exercised to ensure that the maximum Voting Power is determined.

- 89,751,492 Shares (assuming that \$7,000,000 (minimum subscription) is raised under the Capital Raising); or
- 104,751,492 Shares (assuming that \$10,000,000 (full subscription) is raised under the Capital Raising).

Current Voting Power of the Livelynk Vendor

The Livelynk Vendor, Eugeni 'Zhenya' Tsvetnenko and their associates do not have any existing Relevant Interest or Voting Power in any Shares.

Relevant Interests and maximum Voting Power of the Livelynk Vendor upon completion of the Proposed Transaction

Once all of the Shares and Performance Shares referred to in the Resolutions have been issued, the maximum number of Shares in which the Livelynk Vendor, Eugeni 'Zhenya' Tsvetnenko and their associates will have a Relevant Interest and their maximum Voting Power is set out in Annexure A.

The Relevant Interests and maximum Voting Power of the Livelynk Vendor, Eugeni 'Zhenya' Tsvetnenko and their associates in Annexure A are provided assuming no options are exercised and based on the Company raising:

- \$7,000,000 under the Capital Raising (the minimum raising); and
- \$10,000,000 under the Capital Raising (the proposed full subscription amount).

Based on the Company raising \$7,000,000 under the Capital Raising, the Livelynk Vendor and Eugeni 'Zhenya' Tsvetnenko would hold a Relevant Interest in up to 64,501,558 Shares and the Livelynk Vendor, Eugeni 'Zhenya' Tsvetnenko and their associates would hold Voting Power of 41.13% of the Shares in the Company, in each case upon the issue of all Shares pursuant to the Resolutions and assuming all Performance Shares vest into Shares but no Options are exercised. That Voting Power is also the maximum extent of the increase in the Voting Power in the Company of the Livelynk Vendor and Mr Tsvetnenko and their associates.

Based on the Company raising \$10,000,000 under the Capital Raising, the Livelynk Vendor and Eugeni 'Zhenya' Tsvetnenko would hold a Relevant Interest in up to 64,501,558 Shares, and the Livelynk Vendor, Eugeni 'Zhenya' Tsvetnenko and their associates would hold Voting Power of 37.54% of the Shares in the Company, in each case upon the issue of all Shares pursuant to the Resolutions and assuming all Performance Shares vest into Shares but no Options are exercised.

ASX escrow requirements

Subject to the re-quotation of the Shares and quoted Options on ASX, all or part of the Performance Shares, Shares and Options to be issued pursuant to the Resolutions may be classified by ASX as restricted securities, and, if so, would be required to be held in escrow for up to 24 months from the date of re-quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. As at the date of this Notice of Meeting, ASX has not made a determination in this regard.

Details of any agreement between the Livelynk Vendor and/or Mr Tsvetnenko and the Company (and/or any of their associates), that is conditional (directly or indirectly) on approval of the Proposed Transaction

The Company is not aware of any agreement between the Livelynk Vendor and/or Mr Tsvetnenko and the Company (and/or any of their associates) that is conditional on approval of the Proposed Transaction other than those set out in this Explanatory Statement.

Intentions as to the future of the Company

Other than as disclosed elsewhere in this Explanatory Statement and changes pursuant to the Proposed Transaction and the Resolutions, the Company understands that the Livelynk Vendor, Mr Tsvetnenko and their associates (and the Proposed Directors):

- (a) have no current intention of making any changes to the business of the Company following the acquisition of Livelynk other than those changes to the nature and scale of activities of the Company as referred to in this Explanatory Statement;
- (b) do not propose to inject further capital into the Company other than by way of the Capital Raising as referred to in this Explanatory Statement;
- (c) do not propose that any assets be transferred from the Company to the Livelynk Vendor, Mr Tsvetnenko or their associates;
- (d) have no intention of making changes regarding the future employment of the present employees of the Company, other than as set out in this Explanatory Statement;
- (e) have no intention to change the composition of the Board other than the proposal as described in this Explanatory Statement for the Proposed Directors to replace the Existing Directors on the Board; and
- (f) have no intention to otherwise redeploy the fixed assets of the Company.

Financial and dividend policies of the Company

There is no immediate intention of the Existing Directors, the Proposed Directors or the Livelynk Vendor to change the financial or dividend policies of the Company.

The identity, associations (with the Livelynk Vendor) and qualifications of any person who is intended to or will become a Director

It is proposed that Mr Tsvetnenko, Mr Taylor, Mr Botnick and Mr Belben will join the Board following completion of the Proposed Transaction. Following the appointment of the Proposed Directors, Mr Graziano, Mr James and Mr Peterson will resign as Directors.

Refer to Section 2.10 of this Explanatory Statement for the biographies of the Proposed Directors.

Proposal is not fair, but reasonable

The report of the Independent Expert concludes that the proposed issue of Shares pursuant to Resolution 4 and the Proposed Transaction described in this Explanatory

Statement, are **not fair but reasonable** to non-associated Shareholders. Shareholders are urged to consider the Independent Expert's Report in detail (see Annexure C).

3.7 Resolution 5: Issue of Performance Shares to Proposed Directors Mr Taylor and Mr Botnick

Subject to Resolutions 1 to 4 (inclusive) and 6 to 11 (inclusive) being passed, Resolution 5 is an ordinary resolution which seeks approval under Listing Rule 7.1 and section 208 of the Corporations Act to issue Performance Shares (in the amounts specified in the table at paragraph 3.7(b) below) to Mr Taylor (or his nominee) and Mr Botnick.

Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issues of performance shares) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

Mr Taylor and Mr Botnick are related parties of the Company under section 228(6) of the Corporations Act as it is proposed that they will be appointed as directors of the Company following completion of the Proposed Transaction. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Performance Shares under Resolution 5 to Mr Taylor and Mr Botnick.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 5:

(a) Related party to whom the financial benefit is to be given

Mr Taylor (or his nominee) and Mr Botnick.

(b) Nature of the financial benefit

It is proposed that Mr Taylor, Mr Botnick will be issued Performance Shares as per the table below:

Entity	Performance Shares Class A	Performance Shares Class B	Total
Mr Taylor	10,800,000	7,200,000	18,000,000
Mr Botnick	5,400,000	3,600,000	9,000,000
Total	16,200,000	10,800,000	27,000,000

(c) Terms of the securities

If the Board determines, in its sole discretion, that the performance conditions set out below have been satisfied prior to the relevant expiry date then that class of Performance Shares will vest and be converted into Shares on a one for one basis.

Class	Performance Condition	Expiry Date
Class A	Mpire achieving revenue of \$15,000,000 in the 18 month period commencing on the day the Company is re-admitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.	18 months from re-admission of the Company to the ASX
Class B	Mpire achieving revenue of \$25,000,000 in the 24 month period commencing on the day the Company is re-admitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.	24 months from re-admission of the Company to the ASX

Full terms of the Performance Shares are set out in Annexure H.

(d) **Valuation of the financial benefits**

The value of the financial benefit of the Performance Shares is set out in Annexure G.

(e) **Current security interests**

Mr Taylor and Mr Botnick are to receive the Performance Shares the subject of Resolution 5.

At the date of this Notice, Mr Taylor and Mr Botnick do not have any Relevant Interests in the securities of the Company. If all Performance Shares vest and are converted into Shares and no other Shares are issued by the Company other than those contemplated by the Resolutions and assuming no Options are exercised, Mr Taylor's and Mr Botnick's Voting Power in the Company will be in accordance with table below:

Entity	Existing Shares ¹	Consideration Shares	Performance Shares Class A	Performance Shares Class B	Total Shares upon vesting of Performance Shares ²	Voting Power ²
Mr Taylor and his associates	Nil	Nil	10,800,000	7,200,000	18,000,000	11.48%
Mr Botnick and his associates	Nil	Nil	5,400,000	3,600,000	9,000,000	5.74%

Notes:

- The Existing Shares are set out on a post-Capital Consolidation basis and are subject to rounding.
- Assumes that Mr Taylor and Mr Botnick do not apply for Shares under the Capital Raising.
The total numbers of Shares on issue upon which these Voting Power percentages are calculated:
 - are subject to the rounding effects of the Capital Consolidation;
 - assume that no Shares are issued from the date of this Notice until completion of the Proposed Transaction (including pursuant to the exercise of existing Options) other than those Shares proposed to be issued pursuant to the Resolutions in this Notice of Meeting;

- assume that the Performance Shares vest into Shares; and
- assume that the minimum Capital Raising of \$7 million is raised.

(f) **Dilution**

If all Shares are issued pursuant to the Resolutions in this Notice (assuming the minimum raising of \$7,000,000 is raised pursuant to the Capital Raising) and no other Shares are issued by the Company (including pursuant to the conversion of any Options), then the issue of the Shares upon vesting of the Performance Shares the subject of Resolution 5 would dilute Shareholders by approximately 17.22%.

(g) **Remuneration and emoluments**

The proposed remuneration and emoluments to be paid by the Company to Mr Taylor, in his capacity as Proposed Managing Director/Chief Executive Officer of the Company, and to Mr Botnick, in his capacity as Proposed Executive Director/Chief Marketing Officer of the Company, are set out below (inclusive of superannuation and equivalent foreign payments), which may be subject to increases from time to time in compliance with applicable laws:

Related Party	Current Financial Year	Previous Financial Year
Mr Luke Taylor	Proposed remuneration with the Company to be agreed but current Mpire salary includes \$219,000 salary per annum plus 1% of any net profit of certain Mpire entities above targeted net profit (if any)	Nil
Mr Jeff Botnick	Proposed remuneration with the Company to be agreed but current Mpire salary includes US\$265,000 salary per annum plus 7.5% of any gross profits (after actual media costs) of certain Mpire entities plus benefits to the value of approximately \$6,000 per annum	Nil

No representation or forecast is made as to whether Mpire or the Company will generate any revenues or profits in the future.

(h) **Opportunity costs to the Company**

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Shares to Mr Taylor and Mr Botnick under Resolution 5.

(i) **Intended use of funds raised**

No funds will be raised from the issue of the Performance Shares or on vesting of the Performance Shares into Shares. The consideration for issues of the Performance Shares pursuant to Resolution 5 is performance based remuneration for Messrs Taylor and Botnick. The deemed issue price per Performance Share is \$0.00.

(j) **Directors' interests**

No Existing Director has a material personal interest in the outcome of Resolution 5.

(k) **Directors' recommendations**

Each of the Existing Directors recommends that Shareholders vote in favour of Resolution 5 on the basis that, in their opinion, the proposed issue of Performance Shares is fair and reasonable.

(l) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Existing Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 5.

Listing Rule 7.1

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, (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 that none of the exceptions contained in Listing Rule 7.2 apply to the Performance Shares the subject of Resolution 5, Shareholder approval is sought under Listing Rule 7.1 to approve the issue of those Performance Shares.

The effect of Resolution 5 will be to allow the Directors to issue the Performance Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

Listing Rule 10.12 (Exception 6) provides an exception to Listing Rule 10.11 where a person is a related party by reason only of the transaction which is the reason for the issue of the securities and the application to it of section 228(6) of the Corporations Act. As Mr Taylor and Mr Botnick are only related parties by reason of the transaction, approval is being sought under Listing Rule 7.1 instead of Listing Rule 10.11.

The following information is provided in relation to Resolution 5 pursuant to and in accordance with Listing Rule 7.3:

(a) **Maximum number of securities to be issued**

Entity	Performance Shares Class A	Performance Shares Class B	Total Performance Shares
Mr Luke Taylor (or his nominee described at paragraph (d) below)	10,800,000	7,200,000	18,000,000
Mr Jeff Botnick	5,400,000	3,600,000	9,000,000

(b) **Date by which the entity will issue the securities**

It is proposed that the Performance Shares the subject of Resolution 5 will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 2.13. In any event, however, those Performance Shares will be issued no later than 3 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), save for the Shares to be issued upon vesting of the Performance Shares Class A and the Performance Shares Class B which Performance Shares will vest respectively into Shares upon the satisfaction of the relevant performance milestones set out in Annexure H. It is anticipated, but not guaranteed, that the Performance Shares will be issued on one date.

(c) **Issue price of the securities**

No cash consideration is payable for the Performance Shares the subject of Resolution 5 as they are being issued as performance based remuneration for Messrs Taylor and Botnick.

The Class A and Class B Performance Shares are being issued for nil cash consideration, and their deemed issue price is \$0.00 per Performance Share.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified as selected**

Mr Luke Taylor in his own capacity or as trustee for the Taylor Family Trust and Mr Jeff Botnick.

(e) **Terms of the issue**

Refer to the disclosures above in this Section 3.7.

(f) **Intended use of the funds raised**

Refer to the disclosures above in this Section 3.7.

3.8 Resolution 6: Issue of Performance Shares to Livelynk Employees

Subject to Resolutions 1 to 5 (inclusive) and 7 to 11 (inclusive) being passed, Resolution 6 is an ordinary resolution which seeks approval under Listing Rule 7.1 to issue Performance Shares (in the amounts specified in the table at paragraph 3.8(a) below) to the Livelynk Employees (listed in Annexure J).

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, (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 that none of the exceptions contained in Listing Rule 7.2 apply to the Performance Shares the subject of Resolution 6, Shareholder approval is sought under Listing Rule 7.1 to approve the issue of those Performance Shares.

The effect of Resolution 6 will be to allow the Directors to issue the Performance Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

The following information is provided in relation to Resolution 6 pursuant to and in accordance with Listing Rule 7.3:

(a) **Maximum number of securities**

Entity	Performance Shares Class A	Performance Shares Class B	Total
Livelynk Employees	945,000	630,000	1,575,000

(b) **Date by which the entity will issue the securities**

It is proposed that the Performance Shares will be issued in accordance with the timetable set out in section 2.13. In any event, however, the Performance Shares will be issued no later than 3 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 anticipated, but not guaranteed, that the Performance Shares will be issued on one date.

(c) **Issue price of the securities**

The Performance Shares will be issued for nil cash consideration as they are being issued as a performance incentive to the Livelynk Employees. The Performance

Shares will be issued at a deemed issue price of \$0.00 per Performance Share. Accordingly, no funds will be raised from the issue of the Shares.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified as selected**

As set out in Annexure J.

(e) **Terms of the Securities**

If the Board determines, in its sole discretion, that the performance conditions set out below have been satisfied prior to the relevant expiry date then that class of Performance Shares will vest and be converted into Shares on a one for one basis.

Class	Performance Condition	Expiry Date
Class A	Mpire achieving revenue of \$15,000,000 in the 18 month period commencing on the day the Company is re-admitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.	18 months from re-admission of the Company to the ASX
Class B	Mpire achieving revenue of \$25,000,000 in the 24 month period commencing on the day the Company is re-admitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.	24 months from re-admission of the Company to the ASX

Full terms of the Performance Shares are set out in Annexure H.

(f) **Intended use of funds raised**

No funds will be raised from the issue of the Performance Shares to the Livelynk Employees or from the conversion of the Performance Shares into Shares.

3.9 Resolution 7: Issue of Shares pursuant to the Capital Raising

Subject to Resolutions 2 to 6 and 8 to 11 (inclusive) being passed, Resolution 7 is an ordinary resolution which seeks approval for the issue of up to 50,000,000 Shares at an issue price of \$0.20 each to raise a minimum of \$7,000,000 and up to \$10,000,000. The issue will be made by way of a public offer under a prospectus to be issued pursuant to section 710 of the Corporations Act.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous 12 months (without approval and which were not subject to an exception), exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Resolution 7 seeks the approval of the issue of up to 50,000,000 Shares under the Prospectus for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 7 is approved, the Shares issued under the Prospectus will not reduce in the Company's 15% placement capacity for the purposes of Listing Rule 7.1.

As required by Listing Rule 7.3, the following information is provided in relation to Resolution 7:

(a) **Maximum number of securities the entity is to issue**

50,000,000 Shares, on a post-Capital Consolidation basis.

(b) **Date by which the entity will issue the securities**

It is proposed that the Shares will be issued pursuant to the Capital Raising in accordance with the timetable set out in section 2.13. In any event, however, the Shares will be issued no later than 3 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 anticipated, but not guaranteed, that the Shares proposed to be issued pursuant to the Capital Raising will be issued on one date.

(c) **Issue price of the securities**

\$0.20 each.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares are proposed to be issued to applicants who apply for Shares under the Prospectus.

(e) **Terms of the securities**

The Shares will rank equally in all respects with the Existing Shares, however they will be issued after the Capital Consolidation. Full terms and conditions of the Capital Raising will be set out in the Prospectus.

(f) **Intended use of the funds raised**

Funds raised by the issue of the Shares under the Capital Raising are intended to be used in accordance with the table set out in section 2.20.

3.10 Resolution 8: Change of Company name

Subject to Resolutions 2 to 7 and 9 to 11 (inclusive) being passed, Resolution 8 is a special resolution which seeks approval to change the name of the Company.

Consistent with the new focus and direction of the Company, upon completion of the Proposed Transaction the Company proposes to change its name from “Lithex Resources Limited” to “Tech Mpire Limited”. This change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

Shareholder approval is required for Resolution 8 by special resolution under section 157(1)(a) of the Corporations Act.

Mpire has reserved the name “Tech Mpire Limited” with ASIC. On or about the date of completion of the Proposed Transaction, the Company will make an application to ASIC for the change of its name to “Tech Mpire Limited”. The new name will take effect upon a new certificate of registration being issued by ASIC. The Company will not change its name if completion of the Proposed Transaction does not occur.

3.11 Resolution 9: Issue of New Options and Shares to Trident Capital

Subject to Resolutions 2 to 8 and 10 and 11 (inclusive) being passed, Resolution 9 is an ordinary resolution which seeks approval for the issue of 6,000,000 New Options and 2,000,000 Shares to Trident Capital on a post-Capital Consolidation basis. The New Options will have an exercise price of \$0.25 and will expire on 30 June 2017. No cash consideration is payable for the New Options and Shares. The New Options and Shares are primarily being issued to Trident Capital in consideration for introducing Livelynk as an acquisition target to the Company.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous 12 months (without approval and which were not subject to an exception), exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 9 seeks the approval of the issue of 6,000,000 New Options and 2,000,000 Shares to Trident Capital for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 9 is approved, the New Options and Shares issued to Trident Capital will not reduce the Company's 15% placement capacity for the purposes of Listing Rule 7.1.

As required by Listing Rule 7.3, the following information is provided in relation to Resolution 9:

(a) **Maximum number of securities the entity is to issue**

6,000,000 New Options and 2,000,000 Shares on a post-Capital Consolidation basis in accordance with the following table:

Entity	New Options	Shares	Total
Trident Capital (or its nominee)	6,000,000	2,000,000	8,000,000

(b) **Date by which the entity will issue the securities**

It is proposed that the New Options and Shares will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 2.13. In any event, however, the New Options and Shares will be issued no later than 3 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 anticipated, but not guaranteed, that the Shares and New Options proposed to be issued pursuant to Resolution 9 will be issued on one date.

(c) **Issue price of the securities**

No cash consideration will be received by the Company for the New Options and Shares as they are being issued to Trident Capital in payment of its introduction fee for introducing Livelynk as an acquisition target to the

Company. The Shares will be issued at a deemed issue price of \$0.20 per Share. The Options will be free issued.

(d) Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected

The New Options and Shares to be issued under Resolution 9 will be issued to, Trident Capital (and/or its nominees). No New Options or Shares will be issued under Resolution 9 to related parties of the Company.

(e) Terms of the securities

Each New Option will have an exercise price of \$0.25, an expiry date of 30 June 2017, and will otherwise be issued on the terms set out in Annexure D. Shares issued upon any exercise of the New Options will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis). The Shares will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

ASX escrow requirements

Subject to the re-quotation of the Shares on ASX, all or part of the Shares and New Options issued pursuant to Resolution 9 may be classified by ASX as restricted securities, and, if so, would be required to be held in escrow for up to 24 months from the date of re-quotation. During the period in which these Shares and Options are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. As at the date of this Notice of Meeting, ASX has not made a determination in this regard.

3.12 Resolution 10: Issue of Shares to Niche Export Agency

Subject to Resolutions 2 to 9 and 11 (inclusive) being passed, Resolution 10 is an ordinary resolution which seeks approval for the issue of 625,000 Shares to Niche Export Agency for no cash consideration in payment of its fee for introducing Livelynk as an acquisition target to the Company.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous 12 months (without approval and which were not subject to an exception), exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 10 seeks the approval of the issue of 625,000 Shares to Niche Export Agency for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 10 is approved, the Shares issued to Niche Export Agency will not reduce the Company's 15% placement capacity for the purposes of Listing Rule 7.1.

As required by Listing Rule 7.3, the following information is provided in relation to Resolution 10:

(a) **Maximum number of securities the entity is to issue**

625,000 Shares, on a post-Capital Consolidation basis, in accordance with the following table:

Entity	Number of Shares
Niche Export Agency (and/or its nominees)	625,000

(b) **Date by which the entity will issue the securities**

It is proposed that the Shares will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 2.13. In any event, however, the Shares will be issued no later than 3 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 anticipated, but not guaranteed, that the Shares proposed to be issued pursuant to Resolution 10 will be issued on one date.

(c) **Issue price of the securities**

No cash consideration will be received by the Company for the Shares as they are being issued to Niche Export Agency in payment of its introduction fee for introducing Livelynk as an acquisition target to the Company. The Shares will be issued at a deemed issue price of \$0.20 per Share.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares to be issued under Resolution 10 will be issued to Niche Export Agency (and/or its nominees). No Shares will be issued under Resolution 10 to related parties of the Company.

(e) **Terms of the securities**

The Shares will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

(f) **ASX escrow requirements**

Subject to the re-quotation of the Shares on ASX, all or part of the Shares issued may be classified by ASX as restricted securities, and, if so, would be required to be held in escrow for up to 24 months from the date of re-quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. As at the date of this Notice of Meeting, ASX has not made a determination in this regard.

3.13 Resolution 11: Issue of Shares to CPS Capital

Subject to Resolutions 2 to 10 (inclusive) being passed, Resolution 11 is an ordinary resolution which seeks approval for the issue of 1,500,000 Shares to CPS Capital for no cash consideration in payment of its introduction fee for introducing Livelynk as an acquisition target to the Company.

Section 208 of the Corporations Act

Mr Jason Peterson is an Existing Director of the Company and a director of CPS Capital. Mr Peterson is a shareholder of the Company and owns 26% of the issued capital in CPS Capital. Mr Peterson is a related party of the Company for the purposes of section 228(2)(a) and CPS Capital is a related party of the Company for the purposes of section 228(4). The Company is seeking the approval of Shareholders to Resolution 11 in accordance with section 208(1) of the Corporations Act and Listing Rule 10.11.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 11:

(a) **Related party to whom the financial benefit is to be given**

CPS Capital (and/or its nominees) and Mr Peterson (and/or his nominees).

(b) **Nature of the financial benefit**

It is proposed that CPS Capital (and/or its nominees) will be issued 1,500,000 Shares on a post-Capital Consolidation basis, in accordance with the following table:

Entity	Number of Shares
CPS Capital (and/or its nominee(s))	1,500,000

(c) **Terms of the securities**

The Shares will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

(d) **Valuation of the financial benefits**

The deemed issue price of the Shares is \$0.20 each.

(e) **Current security interests**

At the date of this Notice, Mr Peterson and CPS Capital have the following interests in the securities of the Company as set out in the following table:

Entity	Existing Shares ¹	Shares pursuant to Resolution 11	Total Shares ²	Voting Power ²	Voting Power ³
CPS Capital	Nil	1,500,000	1,500,000	1.67%	1.43%
Mr Peterson	2,045,173	-	2,045,173	2.28%	1.95%
TOTAL	2,045,173	1,500,000	3,545,173	3.95%	3.38%

Notes:

1. The Existing Shares are set out on a post-Capital Consolidation basis and are subject to rounding.
2. Assumes that Mr Peterson and CPS Capital do not apply for Shares under the Capital Raising.
The total numbers of Shares on issue upon which these Voting Power percentages are calculated:
 - are subject to the rounding effects of the Capital Consolidation;
 - assume that no Shares are issued from the date of this Notice until completion of the Proposed Transaction (including pursuant to the exercise of existing Options) other than those Shares proposed to be issued pursuant to the Resolutions in this Notice of Meeting;
 - assume the Performance Shares do not vest into Shares; and
 - assume the minimum raising of \$7 million is raised pursuant to the Capital Raising and that no Performance Shares are vested.
3. Assumes that Mr Peterson and CPS Capital do not apply for Shares under the Capital Raising.
The total numbers of Shares on issue upon which these Voting Power percentages are calculated:
 - are subject to the rounding effects of the Capital Consolidation;
 - assume that no Shares are issued from the date of this Notice until completion of the Proposed Transaction (including pursuant to the exercise of existing Options) other than those Shares proposed to be issued pursuant to the Resolutions in this Notice of Meeting;
 - assume the Performance Shares do not vest into Shares; and
 - assume the maximum raising of \$10 million is raised pursuant to the Capital Raising and that no Performance Shares are vested.

(f) Dilution

If all Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company (including pursuant to the conversion of any Options or vesting of Performance Shares), then the issue of the Shares to CPS Capital as contemplated by Resolution 11 would dilute Shareholders by approximately 1.67% assuming the minimum of \$7 million is raised pursuant to the Capital Raising and 1.43% assuming the maximum of \$10 million is raised pursuant to the Capital Raising.

(g) Remuneration and emoluments

The remuneration and emoluments from the Company to Mr Jason Peterson and CPS Capital for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr Jason Peterson	\$20,000	\$23,333
CPS Capital	\$32,551.79	-

(h) Opportunity costs to the Company

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the Shares to CPS Capital under Resolution 11.

(i) **Intended use of funds raised**

No funds will be raised from the issue of the Shares to CPS Capital.

(j) **Directors' interests**

Mr Peterson has a material personal interest in Resolution 11 by virtue of his shareholding in CPS Capital as set out above. Accordingly, Mr Peterson (and/or his nominee) and any of his associates will be excluded from voting on Resolution 11 as set out in the Voting Exclusion Statement. No Existing Director, save for Jason Peterson, has a material personal interest in the outcome of Resolution 11.

(k) **Directors' recommendations**

Each of the Existing Directors (other than Jason Petersen) recommends that Shareholders vote in favour of Resolution 11 on the basis that, in their opinion, the proposed issue of the Shares to CPS Capital is fair and reasonable compensation for the introduction fee in connection with the Proposed Transaction.

(l) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Existing Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 11.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a "related party" without the approval of holders of ordinary securities. Further, Listing Rule 7.2 (Exception 14) states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

Shareholder approval is being sought under Listing Rule 10.11 to permit the issue of Shares under Resolution 11 to CPS Capital and consequently Shareholder approval is not required under Listing Rule 7.1.

The issue of Shares under Resolution 11 will not reduce the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1.

As required by Listing Rule 10.13, the following information is provided in relation to Resolution 11:

(a) **Maximum number of securities to be issued**

1,500,000 Shares, on a post-Capital Consolidation basis, in accordance with the following table:

Entity	Number of Shares
CPS Capital (and/or its nominees)	1,500,000

(b) Date by which the entity will issue the securities

It is proposed that the Shares will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 2.13. In any event, however, the Shares will be issued no later than 3 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) Relationship that requires Shareholder approval

Mr Peterson is a director of the Company and a director and shareholder of CPS Capital. Mr Peterson is a related party of the Company under section 228(2)(a) of the Corporations Act. CPS Capital is a related party of the Company under section 228(4) of the Corporations Act.

(d) Issue price of the securities

No cash consideration will be received by the Company for the Shares as they are being issued to CPS Capital in payment of its introduction fee for introducing Livelynk as an acquisition target to the Company. The Shares will be issued at a deemed issue price of \$0.20 per Share.

(e) Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected

The Shares to be issued under Resolution 11 will be issued to CPS Capital.

(f) Terms of the securities

The Shares will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

CPS Capital and its associates are precluded from voting on Resolution 11 (inclusive of Mr Peterson and his associates).

ASX escrow requirements

Subject to the re-quotation of the Shares on ASX, all or part of the Shares issued may be classified by ASX as restricted securities, and, if so, would be required to be held in escrow for up to 24 months from the date of re-quotation. During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. As at the date of this Notice of Meeting, ASX has not made a determination in this regard.

3.14 Resolution 12: Non-Executive Directors' Remuneration

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 6.5 of the Constitution requires that the total aggregate fixed sum per annum to be paid to the Non-Executive Directors will not exceed the sum determined by the Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the Company's Non-Executive Directors is currently set at \$200,000. It is proposed that the fee pool for Non-Executive Directors be set at \$250,000 per annum (an increase of \$50,000):

- (a) to provide sufficient scope for possible Board expansion and ongoing flexibility over the next two years;
- (b) to accommodate any expansion of the Company's operations domestically and internationally which may impose additional governance obligations on the Company (although no forecast or assurance is given of whether such expansion will occur); and
- (c) to allow for the Board to set fees in light of the future workload of Non-Executive Directors.

The fee pool is inclusive of statutory entitlements (including superannuation) and any fees which a Non-Executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a Non-Executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

In the past 3 years, the Company has issued Non-Executive Directors an aggregate of 4,500,000 Shares and no Options with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14.

Given the interest of the Company's Non-Executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

3.15 Resolution 13: Ratification and approval of past placement to sophisticated investors

On 17 July 2014 the Company announced that it had completed a capital raising by way of the Placement of 14,152,950 Shares at a price of \$0.02 per Share to sophisticated investors to raise a total of \$283,059.

Description of Cash Outflows	
1. Cost of Offer	\$18,682
2. Working Capital	\$264,377
Total funds raised under the Offer	\$283,059

The Company is seeking the approval of Shareholders to ratify the issue already made to sophisticated investors under the Placement pursuant to Resolution 13.

Accordingly, the Company seeks to obtain Shareholder approval for the purposes of Listing Rule 7.4 to ratify the issue of the above mentioned Shares to sophisticated investors as part of the Placement.

Listing Rule 7.1 prohibits a company, except in certain cases and subject to Listing Rules 7.1A and 7.4, from issuing new Shares equivalent in number to more than 15% of its ordinary Share capital in any 12 month period without the prior approval of its shareholders.

Listing Rule 7.4 provides that an issue of Shares made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if Shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

If Resolution 13 is approved it will have the effect of refreshing the Company's ability to issue further Shares without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act).

For the purposes of Listing Rule 7.5 the Company provides the following information:

(a) Number of Securities issued

14,152,950 Shares were issued on 17 July 2014.

(b) Issue price of the Securities issued

The Shares were issued at a price of \$0.02 per Share.

(c) Terms of the issued Securities

The Shares issued under the Placement are fully paid ordinary shares and rank equally with other Shares on issue.

(d) Recipients of the issued Securities

The Placement Shares were issued to sophisticated investors that are not related to the Company.

(e) Use of funds

The funds raised from the issue of the Placement Shares will be used for the purposes set out above.

The Directors recommend that you vote in favour of Resolution 13.

3.16 Annual Report for the year ended 30 June 2014

The Corporations Act requires the Annual Report of the Company for the year ended 30 June 2014, which includes the Financial Report of the Company, the Directors' Report, the declaration of the Directors, the Remuneration Report and the Auditor's Report, to be laid before the Annual General Meeting. The financial statements and reports are contained in the Annual Report. Shareholders who have elected to receive the Annual Report have been provided with a copy. The Annual Report is also available on ASX's website.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

3.17 Resolution 14: Adoption of Remuneration Report

Resolution 14 is an ordinary resolution that seeks Shareholder approval to adopt the directors' remuneration report for the year ending 30 June 2014.

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders.

However, such a resolution is advisory only and does not bind the directors or the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the Company for the financial year.

The chair of the meeting must allow a reasonable opportunity for the Company's Shareholders to ask questions or make comments on the remuneration report at the annual general meeting.

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were more than 25%. Accordingly, the Spill Resolution will be relevant for this Annual General Meeting if at least 25% of the votes cast on the Remuneration Report resolution (Resolution 14) are voted against the adoption of the Remuneration Report. Refer to Resolution 16 for further information.

Shareholders appointing a proxy for this Resolution should note the following:

- (a) If you appoint a member of the Key Management Personnel as your proxy (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy you must direct the proxy how they are to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
- (b) If you appoint the Chair as your proxy (where he is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member) you do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his discretion in

exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

- (c) If you appoint any other person as your proxy you do not need to direct your proxy how to vote, and you do not need to tick any further acknowledgement on the proxy form.

3.18 Resolution 15: Approval of Auditor Appointment

Resolution 15 is an ordinary resolution that seeks Shareholder approval to the appointment of Ernst & Young as the Company's auditor.

In accordance with section 327B of the Corporations Act, Rothsays resigned as Auditors of the Company on 23 September 2014. A nomination from a Shareholder for Ernst & Young to be appointed was received. Ernst & Young have consented to their appointment as Auditor of the Company. Shareholder approval of the appointment of Ernst & Young as the new auditor of the Company is sought pursuant to Resolution 15. In accordance with the Corporations Act, a copy of the notice of nomination of Ernst & Young received by the Company is attached as Annexure I.

The Corporations Act requires that Shareholders approve the appointment of a new auditor.

Ernst & Young has given written consent to act as the Company's auditor.

If Resolution 15 is passed, Ernst & Young's role as the Company's auditor will continue in effect.

The Directors recommend the approval of the change of auditors.

3.19 Resolution 16: Spill Resolution

The Corporations Act requirements for this Resolution to be put to a vote are set out in section 3.17.

The effect of this Resolution being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (Spill Meeting) and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

Shareholders appointing a proxy for this Resolution should note the voting restrictions set out in section 3.17 of this Explanatory Statement apply in the same manner to this Resolution.

3.20 Resolutions 17, 18 and 19: Election of Jack James, Giuseppe Graziano and Jason Peterson as Directors

Resolutions 17, 18 and 19 are Ordinary Resolutions that seek Shareholder approval to re-elect each of the Directors.

Clause 6.2 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors,

but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution of ten.

Pursuant to ASX Listing Rule 14.4, any Director so appointed holds office only until the following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Jack James, having been appointed as a Non-Executive Director on 12 December 2013 will retire from the Company's Board in accordance with clauses 6.2 and 6.3 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders as contemplated by Resolution 17.

Mr Giuseppe Graziano, having been appointed as a Non-Executive Director on 5 December 2013 will retire from the Company's Board in accordance with clauses 6.2 and 6.3 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders as contemplated by Resolution 18.

Mr Jason Peterson, having been appointed as the Company's Non-Executive Chairman on 5 December 2013 will retire from the Company's Board in accordance with clauses 6.2 and 6.3 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders as contemplated by Resolution 19.

Further information in relation to the Directors is set out at section 4.2.

4. OTHER INFORMATION

4.1 Scope of disclosure

The law requires that this Explanatory Statement sets out all other information that is reasonably required by the Existing Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than as is disclosed in this Explanatory Statement or previously disclosed to Existing Shareholders by the Company by notification to the ASX.

4.2 Existing Directors' profiles

Mr Jason Peterson

Mr Peterson has 19 years' experience in the financial advisory sector, which he obtained whilst working in both local and international stock broking companies. Mr Peterson holds a bachelor of commerce degree and a graduate diploma of finance. Mr Peterson specialises in corporate structuring, capital raisings and providing strategic advice to small and medium size companies. Mr Peterson is a director of the stockbroking and corporate advisory business, CPS Capital.

Mr Giuseppe (Joe) Graziano

Mr Graziano has 25 years' experience providing a wide range of business, financial and taxation advice to ASX listed companies with a focus on mining services, banking and logistics. Mr Graziano is a chartered accountant with experience in capital raisings and ASX compliance.

Mr Jack James

Mr James is a chartered accountant with over 15 years' experience. Mr James has experience in restructuring, insolvency and business strategy. Mr James has been a director of an Australian top-tier accounting firm. Mr James founded the professional services firm, Palisade Business Consulting.

4.3 Voting intentions and interests of Existing Directors

The Existing Directors of the Company are set out in the table below. As at the date of this Explanatory Statement, the Existing Directors intend to vote in favour of the Resolutions, other than those Resolutions in which they have a material personal interest in or are otherwise excluded from voting on.

Except as otherwise disclosed in this Notice of Annual General Meeting and Explanatory Statement, the Existing Directors have no interest in the outcome of the Resolutions except as Existing Shareholders of the Company. In this regard, the table below sets out the details of the Existing Shares held (directly or indirectly) by the Existing Directors and their associates and the percentage ownership in the Existing Shares of the Company.

Name of Existing Director	No. of Existing Shares held²	No. of Options held	Percentage interest in Existing Shares¹	Voting Power
Joe Graziano	1,500,000	-	1.11%	1.11%
Jack James	1,500,000	-	1.11%	1.11%
Jason Peterson	10,225,869	9,087,080	7.53%	7.53%
TOTAL	13,225,869	9,087,080	9.75%	9.75%

Notes:

1. Based on the total number of 135,632,437 Shares of the Company as at the date of this Notice.
2. Held directly or indirectly by the Director or a related party of the Director.

4.4 Taxation

The Proposed Transaction and/or the passing of the Resolutions (including the Capital Consolidation) may give rise to income tax implications for the Company and Existing Shareholders.

Existing Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal position and neither the Company, nor any Existing Director or advisor to the Company accepts any responsibility for any individual Existing Shareholder's taxation consequences on any aspect of the Proposed Transaction or the Resolutions.

4.5 ASIC and ASX's Role

The fact that the Notice of Meeting, Explanatory Statement and other relevant documentation has been received by ASX and ASIC is not to be taken as an indication of the merits of the Resolutions or the Company. ASIC, ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

5. GLOSSARY

In this Notice of Meeting and Explanatory Statement, the following terms have the following meanings:

Advisers	collectively, Trident Capital, CPS Capital and Niche Export Agency.
Annexure	an annexure to this Explanatory Statement.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691).
Board	the board of Directors.
Capital Consolidation	the consolidation of the Existing Shares and Options of the Company on the basis of 1 for 5, as proposed under Resolution 2 and detailed in section 3.4.
Capital Raising	the proposed issue of a minimum of 35,000,000 or up to 50,000,000 Shares under the Prospectus at an offer price of \$0.20, as referred to in section 3.9.
Capital Raising Shares	the 2,501,558 Shares to be issued to the Livelynk Vendor under the Capital Raising in connection with the Proposed Transaction.
Closely Related Party	<p>of a member of the Key Management Personnel means:</p> <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of the member's spouse;(c) a dependent of the member or the member's spouse;(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;(e) a company the member controls; or(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.
Chairman	the Chairman of the Company.
Company	Lithex Resources Limited (ACN 140 316 463).
Consideration Shares	the 23,500,000 Shares and 23,100,000 Class A Performance Shares and 15,400,000 Class B Performance Shares to be issued to the Livelynk Vendor under the Proposed Transaction.
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
CPS Capital	CPS Capital Group Pty Ltd (ACN 088 055 636) AFSL 294848.
Director	a director of the Company.
Ernst & Young	means Ernst & Young Global Limited.

Existing Directors	Mr Giuseppe (Joe) Graziano, Mr Jack James and Mr Jason Peterson.
Existing Shares	the 135,632,437 issued ordinary fully paid Shares in the capital of the Company.
Existing Shareholder	a holder of an Existing Share.
Explanatory Statement	this explanatory statement incorporated in the Notice of Meeting.
Heads of Agreement	means the heads of agreement between the Company, Livelynk and the Livelynk Vendor dated 9 July 2014.
Historical Loan	has the meaning given to that term in Section 2.2.
Independent Expert	John Van Dieren of Stantons International (Perth).
Independent Expert's Report	the report of the Independent Expert attached to Annexure C to and forming part of the Explanatory Statement.
Investment Loan	has the meaning given to that term in Section 2.2.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Listing Rules	the official Listing Rules of ASX.
Livelynk	Livelynk Group Pty Limited (ACN 134 429 637).
Livelynk Employees	means the persons set out in Annexure J.
Livelynk Vendor	Zhenya Holdings.
Managing Director	the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.
Maroon Tech	Maroon Tech Ltd (Company No. 522300) (a company incorporated in Ireland).
Meeting or Annual General Meeting	the annual general meeting of the Company to be held on 25 November 2014 at 2:30pm (WST).
Mpire	collectively Livelynk, Mpire Media, Maroon Tech and Mpire Network.
Mpire Media	Mpire Media Pty Ltd (ACN 126 813 214).
Mpire Network	Mpire Network Inc (Ontario Corp No. 002411178) (a company incorporated in Canada).
New Option	an Option on the terms set out in Annexure D.
Niche Export Agency	Niche Export Agency Pty Ltd (ACN 104 662 900) as trustee for the Nitsche Family Trust.

Notice or Notice of Meeting	the notice of meeting incorporating this Explanatory Statement.
Option	an option to acquire a Share.
Ordinary Resolutions	Resolutions 2 to 7 (inclusive) and 9 to 19 (inclusive).
Performance Share	collectively, Performance Share Class A and Performance Share Class B in the Company, on the terms set out in Annexure H
Placement	the placement of 14,152,950 Shares at a price of \$0.02 per Share to sophisticated investors to raise a total of \$283,059 as announced to ASX on 17 July 2014.
Proposed Directors	Mr Luke Taylor, Mr Eugeni 'Zhenya' Tsvetnenko, Mr Jeff Botnick and Mr Stephen Belben, further details of whom are provided at section 2.10.
Proposed Transaction	the proposed acquisition by the Company of all of the securities in Livelynk.
Prospectus	the prospectus to be issued by the Company for the purposes of the Capital Raising as referred to in section 3.9.
Relevant Interest	has the meaning given to that term in the Corporations Act.
Remuneration Report	means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.
Resolution	a resolution set out in the Notice.
Rights Issue	a non-renounceable rights issue of 27,126,491 new shares at \$0.02 a share to raise \$542,530 announced by the Company on 5 August 2014.
ROI	means return on investment.
Share	fully paid ordinary share in the capital of the Company.
Share Sale and Purchase Agreement	means the Share Sale and Purchase Agreement between the Company and Zhenya Holdings dated 30 September 2014 for the sale of 100% of Zhenya Holdings' rights and title in the issued capital Livelynk.
Shareholder	a shareholder of the Company.
Special Resolution	Resolutions 1 and 8.
Stantons	Stantons International (Perth).
Trident Capital	Trident Capital Group Pty Limited (ACN 100 561 733) AFSL 292674.
Vacating Directors	the Directors who were directors of the Company when the resolution to make the Directors' Report considered at the last annual general meeting of the Company was passed, other than the Managing Director of the Company at that time.
Voting Power	has the meaning given to that term in the Corporations Act.

Working Capital Loan

has the meaning given to that term in Section 2.2.

WST

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

Zhenya Holdings

Zhenya Holdings Pty Limited (ACN 121 173 073) as trustee for the Zhenya Holdings Trust.

ANNEXURE A – LIVELYNK VENDOR AND EUGENI ‘ZHENYA’ TSVETNENKO – RELEVANT INTERESTS AND VOTING POWER

Entity	Relevant Interests in Existing Shares ¹	Relevant Interests in Consideration Shares (excluding Performance Shares)	Relevant Interests in Capital Raising Shares	Relevant Interests in Performance Shares (Class A) (assuming vesting)	Relevant Interests in Performance Shares (Class B) (assuming vesting)	Voting Power (minimum Capital Raising of \$7 million) ²	Voting Power (maximum Capital Raising of \$10 million) ²
Zhenya Holdings Pty Ltd (ACN 121 173 073) as trustee for the Zhenya Holdings Trust and Eugeni ‘Zhenya’ Tsvetnenko	Nil	23,500,000	2,501,558	23,100,000	15,400,000	41.13%	37.54%

Notes:

- The Existing Shares are set out on a post-Capital Consolidation basis and are subject to rounding.
- Reflects the Voting Power of the Livelynk Vendor, Mr Eugeni ‘Zhenya’ Tsvetnenko and their associates.
Assumes that Zhenya Holdings and Mr Tsvetnenko (personally) do not apply for Shares under the Capital Raising other than as set out in the table.

The total numbers of Shares on issue upon which these Voting Power percentages are calculated:

- are subject to the rounding effects of the Capital Consolidation;
- assume that no Shares are issued from the date of this Notice until completion of the Proposed Transaction (including pursuant to the exercise of existing Options) other than those Shares proposed to be issued pursuant to the Resolutions in this Notice of Meeting; and
- assume all the Performance Shares vest into Shares.

ANNEXURE B – PRO FORMA STATEMENT OF FINANCIAL POSITION

This section contains the Pro Forma Statement of Financial Position for the Company as a merged group with Mpire (**Merged Group**), reflecting the combined business of the Company and Mpire. The Pro Forma Statement of Financial Position is presented to provide Shareholders with an indication of the Merged Group's consolidated financial position as if the Proposed Transaction had been implemented as at 31 October 2014.

As the Proposed Transaction, if implemented, will be effected at a future date, the actual financial position of the Merged Group post implementation of the Proposed Transaction will differ from that presented below.

The Company has not yet received a completed review report by a registered company auditor or independent accountant of the pro forma statements of financial position, but that report is proposed to be included in the Prospectus.

	Pro forma Livelynk 31 Oct 2014 AUD	Pro forma Company 31 Oct 2014 AUD	Pro forma Consolidated Minimum ¹ 31 Oct 2014 AUD	Pro forma Consolidated Maximum ² 31 Oct 2014 AUD
Current assets				
Cash and cash equivalents	271,666	371,630	6,449,237	9,296,331
Trade and other receivables	1,596,406	2,344	1,598,750	1,598,750
Loan to Livelynk Group Pty Ltd	-	1,200,000	-	-
Prepayments	16,720	10,232	26,952	26,952
Deferred tax assets	57,491	-	57,491	57,491
	<u>1,942,283</u>	<u>1,584,206</u>	<u>8,132,430</u>	<u>10,979,524</u>
Non current assets				
Intangible assets	494,908	-	494,908	494,908
Property, plant and equipment	105,475	3,274	108,749	108,749
	<u>600,383</u>	<u>3,274</u>	<u>603,657</u>	<u>603,657</u>
Total assets	2,542,666	1,587,480	8,736,087	11,583,181
Current liabilities				
Trade and other payables	418,992	41,728	460,720	460,720
Borrowings: Zhenya Holdings Pty Ltd	1,726,481	-	1,226,170	1,226,170
Borrowings: Lithex Resources Ltd	1,200,000	-	-	-
Provision for employee entitlements	125,204	-	125,203	125,203
Provision for income tax	962,430	-	962,430	962,430
	<u>4,433,107</u>	<u>41,728</u>	<u>2,774,523</u>	<u>2,774,523</u>
Total liabilities	4,433,107	41,728	2,774,523	2,774,523
Net assets / (liabilities)	<u>(1,890,441)</u>	<u>1,545,752</u>	<u>5,961,564</u>	<u>8,808,658</u>
Equity				
Contributed equity	100	9,481,195	12,694,901	15,541,995
Accumulated losses	(1,894,134)	(8,020,458)	(7,235,942)	(7,235,942)
Foreign Currency Translation Reserve	3,593	-	3,593	3,593
Share Based Payments Reserve	-	85,015	499,013	499,013
	<u>(1,890,441)</u>	<u>1,545,752</u>	<u>5,961,564</u>	<u>8,808,658</u>

Notes and assumptions:

The audited financial statements of Livelynk and the Company for the year ended 30 June 2014 have been adjusted for the following to arrive at a pro-forma consolidated balance sheet post completion of the acquisition of Livelynk by the Company:

1. Completion of a 1 for 5 consolidation of capital.
2. Completion of:
 - the maximum Capital Raising of \$10,000,000, incurring capital raising costs of \$846,653 of which \$138,250 is expensed and \$708,403 is charged directly to equity; and
 - the minimum Capital Raising of \$7,000,000, incurring capital raising costs of \$693,747 of which \$138,250 is expensed and \$555,497 is charged directly to equity.
3. Of the total Capital Raising amount, \$500,312 (2,501,558 Shares) is not received in cash, but rather offset against a loan from the Livelynk Vendor.
4. Completion of the acquisition of Livelynk by way of an issue of 23,500,000 Shares at a deemed issue price of \$0.20 per Share (\$4,700,000) and the issue of 38,500,000 Performance Shares at a deemed issue price of \$0.00 per Performance Share.
5. The issue of 28,575,000 Performance Shares to Livelynk management and staff at a deemed value of \$0.00 per Performance Share.
6. The issue of the following Shares on a post Capital Consolidation basis at a deemed issue price of \$0.20 per Share as consideration for the introduction of Livelynk as an acquisition target of the Company:
 - 1,500,000 Shares issued to CPS Capital (deemed value of \$300,000);
 - 625,000 Shares issued to Niche Export Agency (deemed value of \$125,000); and
 - 2,000,000 Shares issued to Trident Capital (deemed value of \$400,000).
7. The issue of 6,000,000 Options to Trident Capital as consideration for the introduction of Livelynk as an acquisition target of the Company. The Options are exercisable at \$0.25 each on or before 30 June 2017 and have been valued using the Black-Scholes option valuation methodology at \$372,787.
8. Completion of Livelynk's acquisition of Maroon Tech.
9. Livelynk operating costs of approximately \$1,473,000 for the period 1 July to 31 October 2014 having obtained funding from the Company of \$1,200,000.
10. Company operating costs of approximately \$533,000 for the period 1 July to 31 October 2014.
11. The principles of reverse acquisition accounting have been applied and all intercompany balances have been eliminated.

ANNEXURE C – INDEPENDENT EXPERT’S REPORT

1 October 2014

The Directors
Lithex Resources Limited
22 Lindsay Street
PERTH WA 6000

The Independent Expert has concluded that the transaction related to the issue of a total of 23,500,000 ordinary shares and 38,500,000 Performance Shares in Lithex (as consideration for the Acquisition of Livelynk) to Zhenya, the subject of Resolution 4 outlined in this Notice of General Meeting is not fair but reasonable to Shareholders of the Company (not associated with Zhenya) as at the date of this report.

Dear Sirs

Re: LITHEX RESOURCES LIMITED (ABN 97 140 316 463) ON THE PROPOSAL TO ISSUE A TOTAL OF 23,500,000 ORDINARY SHARES AND 38,500,000 PERFORMANCE SHARES TO ZHENYA HOLDINGS PTY LIMITED AS TRUSTEE FOR THE ZHENYA HOLDING TRUST ("ZHENYA") AS PART CONSIDERATION TO ACQUIRE 100% OF LIVELYNK GROUP PTY LIMITED ("LIVELYNK"). SHAREHOLDERS MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA")

1. Introduction

- 1.1 We have been requested by the Directors of Lithex Resources Limited ("Lithex" or "the Company") to prepare an Independent Expert's Report to determine the fairness and reasonableness as noted in Resolution 4 (the issue of a total of 23,500,000 ordinary shares and a total of 38,500,000 Performance Shares to Zhenya as noted below) and as referred to in the Notice of Meeting of Shareholders ("Notice") and Section 3.6 of the Explanatory Statement ("ES") attached to the Notice to be forwarded to shareholders in October 2014.
- 1.2 It is proposed that Lithex will acquire 100% of the issued capital of Livelynk as announced to the market on 10 July 2014.
- 1.3 It is proposed that the name of the Company will be changed to Tech Mpire Limited ("Tech Mpire") as set out in Resolution 8 of the Notice.
- 1.4 The proposal to acquire 100% of the shares in Livelynk is known in this report as the Acquisition. Livelynk is incorporated in Australia as a non-listed private company. Livelynk via its wholly owned subsidiaries Mpire Media Pty Ltd and Mpire Network Inc operates as an internet service company in the on-line performance-based advertising sector. At Completion, Maroon Tech Limited ("Maroon Tech") that owns the Intellectual Property relating to Livelynk's internet service business, will be a wholly owned subsidiary of Livelynk. Maroon Tech is incorporated in the Irish Republic. Mpire Network Inc is incorporated in Canada and operates in the North American performance-based advertising market.

1.5 The Consideration for the Acquisition is as follows:

- 23,500,000 post consolidated ordinary shares ("Consideration Shares") and 38,000,000 Performance Shares are to be issued to the shareholder of Livelynk, Zhenya Holdings Pty Limited ATF the Zhenya Holdings Trust ("Zhenya") that is part of the group of companies controlled by Zhenya Tsvetnenko.

1.6 In addition, 28,575,000 Performance Shares will be issued to senior management and staff of Livelynk.

1.7 The Performance Shares will convert to fully paid post consolidated ordinary shares in Tech Mpire upon the achievement of Performances 1 and 2 as noted below.

- Performance 1 – Livelynk generating gross revenue of \$15,000,000 in the 18 month period commencing on the day Tech Mpire is readmitted to quotation on ASX after re-compliance with Chapters 1 and 2 of the Listing Rules.

40,245,000 Class A Performance Shares will then convert to 40,245,000 ordinary post consolidated shares in the Company. Zhenya will be issued 23,100,000 Class A Performance Shares, Luke Taylor (Proposed Managing Director and Chief Executive Officer of Tech Mpire) will be issued 10,800,000 Class A Performance Shares, Jeff Botnick (Proposed Executive Director and Chief Marketing Office of Tech Mpire) will receive 5,400,000 Class A Performance Shares and various staff members of Livelynk will receive a total of 945,000 Class A Performance Shares;

Performance 2 – Livelynk generating net revenue of at least \$25,000,000 in the 24 month period commencing on the day Tech Mpire is readmitted to quotation on ASX after re-compliance with Chapters 1 and 2 of the Listing Rules.

26,830,000 Class B Performance Shares will then convert to 26,830,000 ordinary post consolidated shares in the Company. Zhenya will be issued 15,400,000 Class B Performance Shares, Luke Taylor will be issued 7,200,000 Class B Performance Shares, Jeff Botnick will receive 3,600,000 Class B Performance Shares and various staff members of Livelynk will receive a total of 630,000 Class B Performance Shares;

1.8 Associated with the Acquisition, the Company has agreed, pursuant to a Loan Agreement, to loan up to \$1,200,000 to Livelynk to assist Livelynk with funding initial growth. As at the date of this report, the Company has advanced \$600,000 to Livelynk. The remaining \$600,000 will be advanced once the shortfall under the Company's recent rights issue has been allocated and the shares attributable to the shortfall have been issued (expected around 8 October 2014).

1.9 The conditions precedent to the Acquisition includes, inter-alia:

- Both parties being satisfied with their due diligence investigations of the other;
- Completion of a capital raising by the Company of at least \$7,000,000 and up to a maximum of \$10,000,000;
- Completion of a 1 for 5 consolidation of capital;
- The Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and ASX providing conditional approval to the re-instatement of the Company to trading on ASX following Completion of the Acquisition;
- The Company obtaining shareholder and all other regulatory and third party approvals required; and
- Livelynk providing audited accounts for the past 3 financial years (or such other period as required by ASIC) for the purpose of the Company obtaining the relevant approvals.

The Company plans to raise a maximum of \$10,000,000 (before costs) through the issue of up to 50,000,000 post-consolidated shares at 20 cents per post-consolidated share, of which Zhenya will subscribe for 2,501,558 shares. Thus, in this report, we have assumed a Capital Raising of a gross \$10,000,000 but \$500,312 (2,501,558 shares) not paid in cash by Zhenya being offset against a loan due by Livelynk to Zhenya.

The minimum Capital Raising is \$7,000,000 (before costs) and if this is the amount raised, the Company will issue 35,000,000 post consolidated shares at 20 cents per post-consolidated share, of which Zhenya will subscribe for 2,501,558 shares.

- 1.10 In addition, 1,500,000 post consolidated shares will be issued to CPS Capital Group Pty Ltd ("CPS") at a deemed value of 20 cents each in consideration for CPS introducing Livelynk as an acquisition target to the Company (deemed value of \$300,000), 625,000 post consolidated shares will be issued to Niche Export Agency Pty Ltd (Niche) at a deemed value of 20 cents each in consideration for Niche introducing Livelynk as an acquisition target to the Company (deemed value of \$125,000) and 2,000,000 post consolidated shares will be issued to Trident Capital Group Pty Ltd ("Trident") at a deemed value of 20 cents each in consideration for Trident introducing Livelynk as an acquisition target to the Company (deemed value of \$400,000). Trident will also receive 6,000,000 post consolidated share options ("Facilitator Options") in the Company, exercisable at 25 cents each, on or before 30 June 2017.
- 1.11 Post issue of all post consolidation shares as noted above and assuming the maximum capital raising of \$10,000,000 is achieved, there will be 104,751,492 post-consolidated ordinary shares on issue and 67,075,000 Performance Shares on issue. Zhenya will own a total of 26,001,558 shares (23,500,000 Consideration Shares and 2,501,558 Capital Raising Shares) of such shares that would represent approximately 24.82% of the ordinary shares on issue (28.97% if \$7,000,000 is raised under the Capital Raising).
- 1.12 In the event that the 23,100,000 Class A Performance Shares issued to Zhenya are converted to ordinary shares, then Zhenya would own 49,101,558 ordinary shares in Tech Mpire that would represent an approximate 33.86% interest in the ordinary shares on issue (144,996,492 ordinary shares would be on issue as all 40,245,000 Class A Performance Shares would convert to ordinary shares in Tech Mpire). If the minimum Capital Raising of \$7,000,000 is undertaken, Zhenya's shareholding would approximate 37.77%. Zhenya and the other parties receiving Class A Performance Shares would own approximately 45.69% of the ordinary shares on issue (approximately 50.96% under the minimum Capital Raising).
- 1.13 In the event that the 15,400,000 Class B Performance Shares issued to Zhenya are converted to ordinary shares, then Zhenya would own 64,501,558 ordinary shares in Tech Mpire that would represent an approximate 37.54% interest in the ordinary shares on issue (171,826,492 ordinary shares would be on issue as all 26,830,000 Class B Performance Shares would convert to ordinary shares in Tech Mpire). If the minimum Capital Raising of \$7,000,000 is undertaken, Zhenya's shareholding would approximate 41.12%. Zhenya and the other parties receiving Class A and Class B Performance Shares would own approximately 54.17% of the ordinary shares on issue (approximately 59.35% under the minimum Capital Raising).
- 1.14 There are 19 resolutions being put to the shareholders. Resolution 1 relates to the repeal of the current Constitution and adopting a new Constitution, Resolution 2 refers to the proposed 1 for 5 consolidation of capital; Resolution 3 relates to the approval to make a significant change in the nature and scale of activities; Resolution 4 relates to the Acquisition of Livelynk and the issue of the Consideration Shares and Performance Shares

to the Vendor (Zhenya) and allowing Zhenya to participate in the Capital Raising; Resolution 5 relates to the proposal to the issue of Performance Shares to the proposed Directors, Like Taylor and Jeff Botnik; Resolution 6 relates to the issue of Performance Shares to Livelynk employees; Resolution 7 relates to the issue of up to 50,000,000 post consolidated shares to raise up to a gross \$10,000,000 (and a minimum of \$7,000,000) as part of the Capital Raising; Resolution 8 relates to the proposal to change the name of the Company to Mpire Tech Limited; Resolution 9 relates to the issue of 2,000,000 shares and 6,000,000 share options to Trident as an introduction fee, Resolution relates to the issue of 625,000 shares to Niche Export Agency as an introductory fee, Resolution 11 relates to the issue of 1,500,000 shares to CPS as an introductory fee, Resolution 12 relates to setting the Non-Executive Directors Remuneration, Resolution 13 relates to the ratification of the issue of 14,152,950 shares, Resolution 14 relates to the adoption of the Remuneration Report for the year ended 30 June 2014, Resolution 15 relates to the proposed appointment of Ernst & Young as the auditors of the Company, Resolution 16 relates to a Spill Resolution, Resolution 17 relates to the re-election of Jack James as a Director of the Company, Resolution 18 relates to the re-election of Giuseppe Graziano as a director of the Company, and Resolution 19 relates to the re-election of Jason Peterson as a director of the Company.

We are not reporting on the merits or otherwise of Resolutions 1 to 3 and 5 to 19.

1.15 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Lithex and Livelynk
- Future direction of Lithex
- Basis of valuation of Lithex shares
- Value of consideration
- Basis of valuation of Livelynk
- 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

1.16 In determining the fairness and reasonableness of the acquisition of 100% of the shares of Livelynk, 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 Livelynk is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness.

1.17 In our opinion, the proposal as outlined in paragraph 1.1 and Resolution 4 may, on balance, taking into account the factors referred to in 11 below and elsewhere in this report, be considered to be not fair but reasonable to the shareholders of Lithex (not associated with Zhenya) as at the date of this report.

1.18 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

2.1 Following the issue of 14,152,950 shares at 2 cents each on 17 July 2014 to raise \$283,059, as at 15 September 2014, there were 108,505,967 ordinary fully paid pre-consolidated shares on issue in Lithex. On 16 September 2014, the Company issued 9,826,426 Rights Issue Shares as part of the Rights Issue and the remaining Rights Issue Shares are planned to be issued on or around 8 October 2014 to the underwriter of the Rights Issue. The top 20 shareholders list as at 8 August 2014 discloses the following:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Andrew Peter Spinks (AS Gold Account)	4,975,000	4.59
Strategic Resources Management Pty Ltd	4,325,000	3.99
Clemenza Pty Ltd	3,690,381	3.40
King Fame Group Pty Ltd	2,939,200	2.71
	<u>15,929,581</u>	<u>14.69</u>

2.2 The top 20 shareholders as per the top 20 shareholders list at 8 August 2014 owned approximately 43.50% (47,200,065 shares) of the ordinary issued capital of the Company.

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

	Maximum Number	Minimum Number
Shares on issue at 15 September 2014	108,505,967	108,505,967
Issue of Rights Issue Shares (expected to be Completed by 8 October 2014)	<u>27,126,491</u>	<u>27,126,491</u>
Pre the Acquisition and consolidation of capital	<u>135,632,458</u>	<u>135,632,458</u>
1 for 5 consolidation of capital		
Post consolidated ordinary shares on issue	27,126,492	27,126,492
Capital Raising Shares	50,000,000	35,000,000
Consideration Shares	23,500,000	23,500,000
Promoter Shares	<u>4,125,000</u>	<u>4,125,000</u>
Ordinary shares on Issue post Acquisition	104,751,492	89,751,491
Potential issue of further shares		
Conversion of Class A Performance Shares	<u>40,245,000</u>	<u>40,245,000</u>
Sub total	144,996,492	129,996,492
Conversion of Class B Performance Shares	<u>26,830,000</u>	<u>26,830,000</u>
Shares on issue after all Performance Shares convert to ordinary shares	171,826,492	156,826,492
Exercise of Facilitator Options	6,000,000	6,000,000
Sub Total	177,826,492	162,826,492
Exercise of all other share options at various prices	<u>12,082,551</u>	<u>12,082,551</u>
Potential shares on issue	<u>189,909,042</u>	<u>179,909,043</u>

- 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 Joe Graziano, Jack James and Jason Peterson. The Company Secretary is Peter Webse. Messrs Luke Taylor, Zhenya Tsvetnenko, Jeff Botnick and Stephen Belben will become new directors of the Company from Completion (as defined) of the Acquisition. The existing Directors will resign following completion of the Acquisition. Ms Fiona Muir will become the Company Secretary and CFO.
- 2.5 Livelynk (and its subsidiaries) will become legally wholly owned subsidiaries of the Company.
- 2.6 In the event that the Consideration Shares are issued to the Livelynk shareholder, the Livelynk shareholder would own approximately between 33.96% and 36.88% of the expanded issued ordinary capital of the Company.
- 2.7 We have been advised that the Rights Issue undertaken by the Company to raise a gross amount of \$542,530 is expected to be fully completed and all remaining shares issued by 1 October 2014 (9,826,426 issued on 16 September 2014). The Rights Issue Shares were issued at 2.0 cents each on a pre-consolidation basis.

In addition, on a post consolidated basis, the Company proposes to raise a minimum of \$7,000,000 (35,000,000 post consolidated shares) and a maximum of \$10,000,000 (50,000,000 post consolidated shares) at 20 cents each. As noted, Zhenya is to subscribe for 2,501,558 Capital Raising Shares but will pay for such shares by offsetting \$500,312 of an amount due by Liveynk to Zhenya.

Lithex as agreed to lend up to \$1,200,000 to Livelynk on a secured loan basis (to 1 October 2014, \$600,000 has been advanced). Assuming that the Acquisition proceeds, the majority of the funds raised pursuant to the Capital Raising will primarily be used by Livelynk to develop and progress its business () and partly to provide working capital to the Company.

- 2.8 As noted in paragraph 1.7, the Company will issue 67,075,000 Performance Shares to Zhenya and others. The Performance Shares will convert to fully paid post consolidated ordinary shares in Lithex upon the achievement of Performances 1 and 2 as noted below.

- Performance 1 – Livelynk generating gross revenue of \$15,000,000 in the 18 month period commencing on the day Tech Mpire is readmitted to quotation on ASX after re-compliance with Chapters 1 and 2 of the Listing Rules.

40,245,000 Class A Performance Shares will then convert to 40,245,000 ordinary post consolidated shares in the Company. Zhenya will be issued 23,100,000 Class A Performance Shares, Luke Taylor (Proposed Managing Director and Chief Executive Officer of Tech Mpire) will be issued 10,800,000 Class A Performance Shares, Jeff Botnick (Proposed Executive Director and Chief Marketing Officer of Tech Mpire) will receive 5,400,000 Class A Performance Shares and various Livelynk staff members will receive a total of 945,000 Class A Performance Shares;

Performance 2 – Livelynk generating net revenue of at least \$25,000,000 in the 24 month commencing on the day Tech Mpire is readmitted to quotation on ASX after re-compliance with Chapters 1 and 2 of the Listing Rules.

26,830,000 Class B Performance Shares will then convert to 26,830,000 ordinary post consolidated shares in the Company. Zhenya will be issued 15,400,000 Class B Performance Shares, Luke Taylor will be issued 7,200,000 Class B Performance Shares, Jeff Botnick will receive 3,600,000 Class B Performance Shares and various Livelynk staff members will receive a total of 630,000 Class B Performance Shares.

- 2.9 In the event that the Performance Shares convert to ordinary shares in Tech Mpire, (each Performance Condition needs to be met) the percentage interest of the Vendor, (Zhenya) and in the absence of any other share issues will be as follows:

After conversion of Class A Performance Shares - approximately between 33.86% and 37.77%

After conversion of Class B Performance Shares – approximately between 37.54% and 41.13%

The shareholding interests of Luke Taylor and Jeff Botnick, if all Performance Shares are issued may fall as follows:

Luke Taylor approximately between 10.48% and 11.48%

Jeff Botnick approximately between 5.24% and 5.74%

- 2.10 Share Options (on a post consolidated basis) outstanding will be as follows:

- 7,376,550 listed share options, exercisable at 40 cents each, on or before 31 December 2015;
- 200,000 unlisted share options, exercisable at \$1.00 each, on or before 31 December 2015;
- 80,000 unlisted share options, exercisable at 75 cents each, on or before 29 May 2015;
- 50,000 unlisted share options, exercisable at \$1.25 each, on or before 30 June 2015;
- 1,426,000 unlisted share options, exercisable at \$1.00 each, on or before 30 June 2015;
- 200,000 unlisted share options, exercisable at \$1.50 each, on or before 30 June 2015;
- 50,000 unlisted share options, exercisable at \$1.25 each, on or before 12 December 2015;
- 700,000 unlisted share options, exercisable at \$1.00 each, on or before 10 May 2016; and
- 2,000,000 unlisted share options, exercisable at 80 cents each, on or before 31 December 2016.

3. Corporate History and Nature of Businesses

Lithex

3.1 Principal Activities and Significant Assets

Lithex is an ASX listed mineral exploration and evaluation company having achieved an ASX listing in May 2011. The Company divested itself of the majority of its mineral interests in 2014. Mineral interests sold in 2014 include the Pilgangoora Rights for \$15,000 (settled in July 2014), Shaw River tenements for \$67,500 (settled in June 2014) and the Munglinup and Plumbago tenements for \$100,000 (\$10,000 deposit received and balance settled in July 2014).

An internal assessment of value of the remaining tenement interests (minor in nature and if not sold will be surrendered) has been assessed with a preferred fair value of \$25,000 (based on a potential offer to acquire the remaining tenement interests). No formal valuations by an independent third party have been obtained for the remaining tenement interests. It is not believed necessary in these circumstances. The carrying value at 30 June 2014 was \$nil. The Company has noted that no funds were spent on exploration in the quarter to 30 September 2014.

The main asset of the Lithex Group as at 30 June 2014 was cash at bank of \$1,164,000 however this has largely been depleted as set out below.

Livelynk

- 3.2 Livelynk is incorporated in Australia as a non-listed private company. Livelynk is the operator of the Mpire Media Group ("Mpire"). Mpire consists of Livelynk, Mpire Media and Mpire Network and upon completion of the Acquisition (if that occurs) Mpire will also consist of Maroon Tech.

Mpire is an established, digital performance-based marketing group with a reach to over 180 countries. It has an experienced team of approximately 20 employees worldwide, with its head office in Australia (Perth) and offices in Ireland (Dublin) and Canada (Toronto).

Through Maroon Tech, Mpire targets the high growth, mobile marketing channel, while Mpire Network targets other key sectors such as finance, insurance, health and wellness, retail and leisure and gaming.

Digital performance-based marketing represents part but not all of the online advertising and commerce chain. It differs from the traditional online display advertising, as the advertiser only incurs an advertising cost when a predefined "conversion" is achieved, such as a service or product sale, software and mobile app installations, customer acquisitions, or other measurable goal.

Mpire provides advertisers (its customers), with simple, effective and scalable performance-based marketing solutions, to reach consumers across multiple digital channels.

Mpire has spent the last 5 years building its own affiliate network, and has developed strong relationships with key affiliates across the many sectors in which it operates. As Mpire's affiliate partners funnel consumers through Mpire's network they benefit from a monetisation solution that meets both advertiser demand and the consumers "any device, anywhere, at any time" consumption.

Mpire has developed nexus, a Software-as-a-Service (SaaS) product, over the last 2 years due to the need for a scalable and comprehensive network platform to build revenues, measure conversions, optimise digital spend, and accurately manage customers' campaigns on a real time basis. nexus provides a suite of easy to use features, specialised tools and simplified workflows which allows Mpire to enhance the effectiveness and efficiency of the performance marketing services it provides.

It is Mpire's intention to commercialise nexus post completion of the Acquisition and deliver it as a SaaS product to third parties, which, if successful, is expected to have a positive impact on the growth potential of the business.

Further details are outlined in the ES attached to the Notice and announcements made by Lithex in July to 28 September 2014. All shareholders should read the ES and in particular Section 2 to gain a fuller picture of the Mpire business before voting on Resolution 4.

- 3.3 A summary audited consolidated balance sheet (consolidated statement of financial position) of the Livelynk Group as at 30 June 2014 (after adjusting for the acquisition of Maroon Tech and other events as described) is noted elsewhere in this report.

4. Future Directions of Lithex

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

- There are no proposals currently contemplated either whereby Lithex will acquire any further assets from Livelynk's shareholder (however Lithex will issue ordinary and Performance shares to the Livelynk shareholder as outlined above in relation to the Acquisition) or where Lithex will transfer any of its property or assets to Livelynk's shareholder;
- The composition of the Board will change in the short term as noted above;
- The Company will undertake a 1 for 5 consolidation of capital;
- The Company is to shortly raise between \$7,000,000 and \$10,000,000 via a Capital Raising with such funds being primarily used to develop and progress Livelynk's business;
- The Company will complete its fully underwritten Rights Issue to raise a gross \$542,530 and advance a further \$600,000 to Livelynk pursuant to the terms of the Loan Agreement entered into by Livelynk and the Company (\$600,000 lent to 1 October 2014);
- The Company proposes to change its name to Tech Mpire Limited;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in its existing mineral assets by sale and will concentrate on its investment in Livelynk, once acquired.

5. Basis of Valuation of Lithex Shares

5.1 Shares

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

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

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a Lithex ordinary share (and also a Livelynk 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 Lithex shares (and Livelynk shares).

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Lithex'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. Lithex made a loss of \$1,871,745 for the year ended 30 June 2014 and as at 30 June 2014 has accumulated losses of \$7,487,625.

5.3 Takeover Bid

- 5.3.1 It is possible that a potential bidder for Lithex 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 Lithex have formed the view that there are unlikely to be any takeover bids made for Lithex in the immediate future. However, if the agreement to acquire Livelynk is completed, Zhenya will initially control approximately between 24.82% and 28.97% of the expanded ordinary issued capital of Lithex. Also refer paragraph 2.0 above.

5.4 Adjusted Net Asset Backing

- 5.4.1 We set out below an audited balance sheet (statement of financial position) of Lithex (Balance Sheet "A") as at 30 June 2014, adjusted for the Placement of a gross \$283,059, Placement raising costs of \$18,862, incurring estimated administration, due diligence and other costs of \$415,000 for the period 1 July 2014 to 31 October 2014, collection of \$115,000 from assets held for resale, allowing for net cash raised of \$443,379 from the Rights Issue and lending \$1,200,000 to Livelynk.

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

- The completion of the Capital Raising assumed to be the maximum gross amount of \$10,000,000 and incurring capital raising costs of \$846,653 of which \$138,250 is expensed but \$500,312 (2,501,560 shares) not paid in cash by Zhenya but offset against a loan due by Livelynk to Zhenya;
- The 1 for 5 consolidation of capital;
- The acquisition of all of the shares in Livelynk by way of an issue of 23,500,000 ordinary Consideration Shares at a deemed issue price of 20 cents per share for a total deemed consideration of \$4,700,000 (and using reverse acquisition accounting principles and writing of all goodwill on consolidation);
- The issue of 67,075,000 Performance Shares as part of the Consideration and incentivising management and employees of Livelynk. The Performance Shares may well have some value but due to the uncertainty of achieving the Performance Conditions we have for the purposes of this report and pro-forma consolidated statement of financial position, ascribed no values in determining fairness;
- The issue of the following post consolidated shares at a deemed value of 20 cents each as consideration for the introduction of Livelynk as an acquisition target of the Company: 1,500,000 post consolidated shares issued to CPS (deemed value of \$300,000), 625,000 post consolidated shares issued to Niche (deemed value of \$125,000) and 2,000,000 post consolidated shares issued to Trident (deemed value of \$400,000). Trident will also receive 6,000,000 post consolidated share options (the Facilitator Options) in the Company, exercisable at 25 cents each, on or before 30 June 2017 with a deemed fair value of approximately \$372,827; and
- Elimination of intercompany receivables and loans.

In addition, we disclose the audited consolidated statement of financial position of the Livelynk Group as at 30 June 2014 adjusted for the acquisition of Maroon Tech, allowing for additional cost post 30 June 2014 (to 31 October 2014) of approximately \$1,473,000 (borrowings of approximately \$646,000 from Zhenya Holdings and balance paid out of cash resources and the repayment of approximately \$264,000 of the Zhenya loan out of cash resources and the borrowing of \$1,200,000 from Lithex).

	Audited Adjusted 30 June 2014 Lithex \$000 "A"	Unaudited Pro-forma 30 June 2014 Lithex (including consolidation of Livelynk) \$000 "B"	Audited Adjusted Consolidated Livelynk 30 June 2014 \$000
Current Assets			
Cash assets	372	9,296	271
Trade and other receivables/prepayments	12	1,625	1,613
Deferred tax assets	-	58	58
Loan to Livelynk	1,200	-	-
Total Current Assets	1,584	10,979	1,942
Non Current Assets			
Plant and equipment	3	108	105
Intangibles	-	495	495
Capitalised exploration costs (refer below in paragraph 5.4.4)	-	-	-
Total Non Current Assets	3	603	600
Total Assets	1,587	11,582	2,542
Current Liabilities			
Trade and other payables	42	460	413
Employee entitlements	-	125	125
Loan liabilities- Zhenya	-	1,226	1,726
Loan liabilities- Lithex	-	-	1,200
Provision for income tax	-	963	963
Total Current Liabilities	42	2,774	4,433
Total Liabilities	42	2,774	4,433
Net Assets (Liabilities)	1,545	8,808	(1,891)
Equity			
Issued Capital	9,481	15,542	-
Reserves	85	503	3
Accumulated Losses	(8,021)	(7,237)	(1,894)
Total Equity	1,545	8,808	(1,891)

The net asset (book value) backing per fully paid (pre acquisition of Livelynk) ordinary Lithex share as at 30 June 2014 based on the unaudited adjusted balance sheet (Balance Sheet "A") and 135,632,458 pre-consolidated ordinary shares on issue is approximately 1.13 cents (refer paragraph 5.4.6 below).

Based on the unaudited pro-forma consolidated net asset book values (using reverse acquisition accounting principles and assuming a maximum Capital Raising of \$10,000,000, resulting in 104,751,492 ordinary shares on issue), this equates to a value per fully paid ordinary share post the Acquisition of approximately 8.40 cents per share (ignoring the value, if any, of non-booked tax benefits).

Stantons International Securities

The net asset backing per share may approximate 6.63 cents in the event that the minimum Capital Raising of \$7,000,000 occurred and Capital Raising costs reduced by \$150,000. Gross cash on hand may approximate \$6,446,000 (before repayment of liabilities).

- 5.4.2 We have accepted the Lithex amounts as disclosed for all current assets and non-current assets, except for the carrying value of the Company's interest in the Exploration Assets. We have been advised by the management of Lithex that they believe the carrying value of all current assets, fixed 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 Exploration Assets to reflect the technical (market) fair value of those Mineral Assets. It is noted that the Exploration Assets are relatively very minor in nature and value and most exploration assets have been sold in mid 2014. We have been advised that no exploration costs are to be conducted on the remaining exploration assets and that if not sold shortly, the remaining exploration assets will be forfeited. Thus, we did not consider it necessary to obtain an independent valuation report but have relied on an estimate by the geologist who is in charge of the exploration assets as to expected realisable values, if any. The geologist, Brendon Borg prepared an in-house assessment of value and provided a low, high and preferred value range. Due to the immaterial valuations of the Exploration Assets by Brendon Borg, we have not attached the Borg Valuation Report to this independent expert's report.
- 5.4.4 Borg ascribed a market value for the Exploration Assets at \$25,000 based on an indicative offer for the Exploration Assets.
- 5.4.5 Using the fair values in Australian Dollars of the Exploration Assets as ascribed in the Borg Evaluation Report and based on the assumptions/values provided to us of the other assets and liabilities of Lithex as at 30 June 2014 as per Balance Sheet A above, the net fair value of the Lithex Group is expected to lie in the range as follows:

	Paragraph	Preferred \$000's
Exploration Assets	5.4.4	25
Property, plant and equipment		3
Current assets		1,584
Total liabilities		(42)
Total Net Assets at fair values		<u>1,570</u>
Number of shares on issue		135,632,458
Net asset per share at fair value (cents)		1.15

- 5.4.6 Based on the preferred values, the adjusted net book values at 30 June 2014 equates to a value per pre-consolidate share (135,632,458 shares) of approximately 1.15 cents (ignoring the value, if any, of non-booked tax benefits). On a post consolidated basis, the preferred fair value equates to approximately 5.78 cents (27,126,492 post consolidated shares on issue). 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 Lithex and other parties. We also note it is not the present intention of the Directors of Lithex 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 Lithex based on the market perceptions of what the market considers a Lithex share to be worth. It is noted that as Lithex is to divest itself of all mineral interests, the potential value of a Lithex share would be the issue price that the Capital Raising is to be undertaken (to finance the expansion of Livelynk on the assumption the Acquisition proceeds), being 20 cents per post consolidated share.

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 Lithex shares and the market is kept fully informed of the activities of the Company. However, it is noted that from Lithex's point of view as the legal parent company, the value ascribed to the 23,500,000 post consolidated ordinary Consideration Shares to be issued to Zhenya would be accounted for at the market value of a Lithex share at date of issue. The Performance Shares would also be accounted for using ASX market prices but adjusted for probability of meeting Performance targets (due to the uncertainty of meeting the performance targets, we have ascribed nil values to such shares).

The actual share price at the date of acquisition of Livelynk 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 Lithex shares to acquire the shares in Livelynk from Zhenya will be booked at the fair value of the shares in Livelynk or at the share price of a Lithex share at the date of Acquisition and not any perceived technical value.

5.5 Market Price of Lithex Fully Paid Ordinary Shares

5.5.1 Share prices in Lithex as recorded on the ASX since 1 January 2014 up to and including 27 June 2014 (last sale before the announcement of the proposed Acquisition on 10 July 2014) have been as follows:

2014	High Cents	Low Cents	Closing Price Cents	Volume 000's
January	3.6	2.7	3.0	1,045
February	3.9	2.5	3.9	847
March	3.9	2.5	2.7	479
April	2.7	2.5	2.5	1,160
May	2.5	2.0	2.0	1,220
June	2.0	1.4	1.7	1,142

As can be seen from the trading volume on ASX, there was very little trading of the Lithex shares before the announcement of the Acquisition. The Livelynk acquisition was announced to the market on 10 July 2014. There were many trading days over the six months to 27 June 2014 where there were no trades of Lithex 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 Lithex share, particularly in light of the modest trading volumes. Due to the modest volumes (no Deep Market exists), varying share price and the Company's relatively low cash position and lack of exploration assets 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 Lithex have traded on ASX mainly at between 2.9 cents and 4.9 cents with a last sale on 23 September 2014 of 3.0 cents (all on a pre-consolidation basis). The volume of trades in Lithex shares post the announcement has risen significantly and between 10 July 2014 and 23 September 2014 (last sale to 1 October 2014), the volumes of trades in Lithex shares on ASX approximated 22,229,000 of which approximately 18,189,000 traded in the first 15 days after the announcement of the proposed Acquisition.

6. Preferred valuation method of valuing a Lithex Share

6.1 In assessing the fair value of Lithex and a Lithex ordinary share pre the Acquisition of Livelynk from Zhenya we have selected the net assets on a going concern methodology as the preferred methodology as:

- Lithex 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 Lithex 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 Zhenya.

6.2 As stated at paragraph 5.4.5 we have assessed the value of a Lithex share (pre-consolidated) prior to the proposed Acquisition of Livelynk on a net asset basis on a going concern basis as follows:

Preferred

Net asset per share (cents)	<u>1.15</u>
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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 pre-consolidated share after adjusting for the valuation of the Exploration Assets approximates 1.15 cents per pre-consolidated share which is less than the last ASX share price of 1.70 cents on 27 June 2014 (the last trading share price date before of the announcement of the Acquisition on 10 July 2014).

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

- * the future success of the business of Livelynk being obtained via the Acquisition;
- * 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 Lithex; and
- * possible ventures and acquisitions entered into by Lithex.

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 ("TCA"), 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, Zhenya's voting shareholding in Lithex could increase from approximately nil% as at 1 October 2014 to approximately 24.82% to 28.97% after the issue of the Consideration Shares and then approximately 37.54% to 41.13% on the conversion of all Performance Shares (if Performances 1 and 2 are met).
- 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. It is our view that a control premium of 20% is reasonable.
- 7.4 Our preferred methodology is to value Lithex and a Lithex 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 Lithex share compared to the potential issue price for the ordinary Consideration Shares based on ASX share prices in July 2014 and to 1 August 2014. The Preferred price in cents is the approximate 16 day volume weighted average share price ("VWAP") of a Lithex share to 1 August 2014.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a Lithex ordinary Share	5.4.4	1.15	1.15	1.15
Issue price of the ordinary Consideration Shares on a pre-consolidation basis		2.90	3.73	4.50
Excess/(shortfall) between Issue Price and fair value		1.75	2.58	3.35

On a pre Acquisition control basis, the technical value (not market value based on ASX share trades) of a Lithex share approximates 1.15 cents per pre-consolidated share.

On a post 1 for 5 consolidation basis, this equates to approximately 5.78 cents.

The Consideration Shares are to be issued at market that on a pre-consolidation basis may be in the range of 2.90 cents and 4.50 cents (equivalent to 14.5 cents and 22.5 cents on a post consolidation basis). Based on the preferred value of a Lithex share as noted above, a premium for control is being paid by Zhenya.

- 7.6 We note that Livelynk does not have Board control of Lithex before the Proposed Transactions pursuant to Resolutions 1 to 19. Post the Acquisition, Livelynk will appoint four persons to the Board of Lithex (Messrs Luke Taylor, Zhenya Tsvetnenko, Jeff Botnick

and Stephen Belben) and thus have Board control as the existing Directors of Lithex will resign.

8. Value of Consideration

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

Preferred

23,500,000 post-consolidated Consideration Shares	<u>\$1,358,300</u>
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Assumed post consolidated share issue price based on assessed fair values (paragraph 7.5)	<u>5.78 cents</u>
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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 Lithex directors considered that the fair market value of a Lithex ordinary share may have been around the 1.6 cents to 2.0 cents (pre-consolidation) range.
- 8.3 If we used the 2.9 cent to 4.5 cent ASX share price since the announcement of the proposed Acquisition as noted above but adjusted for the planned 1 for 5 consolidation of capital, the amounts attributable to the ordinary Consideration Shares would lie in the range of \$3,407,500 to \$5,287,500. Based on the last sale price on 23 September 2014 adjusted for the planned 1 for 5 consolidation of capital (last sale price to 1 October 2014), the deemed accounting consideration (for the ordinary Consideration Shares only) may approximate \$3,525,000 (15.0 cents per post consolidated share- 3.0 cents pre-consolidated). Using the 20 cents Capital Raising issue price, the deemed Consideration attributable to the 23,500,000 Consideration Shares would be \$4,700,000 (this is the assumed value attributable by Lithex and Zhenya in negotiations).
- 8.4 In addition to the 23,500,000 ordinary post consolidated Consideration Shares, the Company is to issue the 2 tranches of Performance Shares.

Performance 1 – Livelynk generating gross revenue of \$15,000,000 in the 18 month period commencing on the day Tech Mpire is readmitted to quotation on ASX after re-compliance with Chapters 1 and 2 of the Listing Rules.

40,245,000 Performance Shares will then convert to 40,245,000 ordinary post consolidated shares in the Company. Zhenya will be issued 23,100,000 Class A Performance Shares, Luke Taylor (Proposed Managing Director and Chief Executive Officer of Tech Mpire) will be issued 10,800,000 Class A Performance Shares, Jeff Botnick (proposed Executive Director and Chief Marketing Officer of Tech Mpire) will receive 5,400,000 Class A Performance Shares and various Livelynk staff members will receive a total of 945,000 Class A Performance Shares.

Performance 2 – Livelynk generating net revenue of at least \$25,000,000 in the 24 month period commencing on the day Tech Mpire is readmitted to quotation on ASX after re-compliance with Chapters 1 and 2 of the Listing Rules.

26,830,000 Performance Shares will then convert to 26,830,000 ordinary post consolidated shares in Lithex. Zhenya will be issued 15,400,000 Class B Performance Shares, Luke Taylor will be issued 7,200,000 Class B Performance Shares, Jeff Botnick will receive

3,600,000 Class B Performance Shares and various Livelynk staff members will receive a total of 630,000 Class B Performance Shares.

- 8.5 Using the assessed fair value of an ordinary pre-consolidated share in Lithex at 1.15 cents (equivalent to 5.78 cents on a post consolidated basis), results in a possible undiscounted value attributable to the Performance Shares to be issued to Zhenya as follows:

	Preferred \$
23,100,000 Class A Performance Shares	1,335,180
15,400,000 Class B Performance Shares	<u>890,120</u>
Total possible Consideration relating to the issue of Performance Shares to Zhenya	<u>2,225,300</u>

If we used the range of share prices of a Lithex share as traded on ASX post the announcement of the proposed Acquisition and adjusted for the 1 for 5 consolidation of capital, the additional Consideration (undiscounted) of issuing Performance Shares to Zhenya may be as follows:

	Low \$	Preferred \$	High \$
23,100,000 Class A Performance Shares	3,349,500	4,620,000	5,197,500
15,400,000 Class B Performance Shares	<u>2,233,000</u>	<u>3,080,000</u>	<u>3,465,000</u>
Total possible Consideration relating to the issue of Performance Shares to Zhenya	<u>5,582,500</u>	<u>7,700,000</u>	<u>8,662,500</u>

The above values are before any discount being applied to the risk that the Performance Conditions (1 and 2) will not be met. Arguably, minimal or no value could be ascribed to the Performance Shares at date of issue due to the material uncertainty surrounding the future performance of Livelynk and thus uncertainty as to whether the Performance Conditions will be achieved.

The issue of the remaining Performance Shares are technically not part of the consideration payable by Lithex to acquire 100% of Livelynk (and its subsidiaries). They are in effect performance incentives to key management personal and other staff members of the Livelynk Group. The total fair value of the remaining Performance Shares will be expensed over the estimated vesting periods and probably taken up in the books of Livelynk. The estimated range of costs (not taking into account probability discounts) using the above fair values and ASX share price values would be as follows:

	Low \$	Preferred \$	High \$
Using fair values	n/a	1,820,000	n/a
Using share prices as traded on ASX	4,060,000	5,600,000	6,300,000

- 8.6 We are not sure as to what values the Lithex Directors will finally ascribe to the two classes of Performance Shares for acquisition accounting and share based payments purposes. The values may be as low as nil. It is noted that if the individual Performance Conditions are met, the share prices of an ordinary share in Lithex at the conversion dates may be higher than the ASX share prices of July/August 2014 (but adjusting for the planned 1 for 5 consolidation of capital).

- 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 payable to Zhenya may be in the range of:

	Preferred \$
23,500,000 post consolidated Consideration Shares	1,358,300
38,500,000 Performance Shares	<u>2,225,300</u>
Possible deemed value of the Consideration payable to Zhenya	<u>3,583,600</u>

However, minimal or no value could be ascribed to the Performance Shares at date of issue due to the material uncertainty surrounding the future performance of Livelynk and thus uncertainty as to whether the Performance Conditions will be achieved.

9. FAIRNESS OF THE PROPOSALS WITH ZHENYA

- 9.1 In arriving at our conclusion on fairness, we considered whether the transaction is "fair" by comparing:
- the fair market value of a Lithex share pre-transaction on a control basis; versus
 - the fair market value of a Lithex share post-transaction on a minority basis, taking into account the additional cash raised via the Capital Raising and the associated dilution resulting from the issue of new ordinary shares under the proposed Acquisition, the issue of the other shares to various parties involved with the Acquisition and the exercise of Facilitator Options.
- 9.2 The preferred value of a Lithex share **pre the Proposed Acquisition on a control basis** (but after the 1 for 5 consolidation of capital) as noted in paragraph 5.4.5 is 5.78 cents.
- 9.3 The preferred fair value of a Lithex share has been estimated at 5.78 cents on a pre proposed transaction control basis (only takes into account the issue of the Rights Issue Shares as noted above but excludes the Capital Raising Shares that are subject to shareholder approval and are only taking place due to the proposed Acquisition).
- 9.4 We set out below the range of estimated technical net asset values of Lithex based on Pro-forma Balance Sheet A as detailed in paragraph 5.4.1 and after adjusting for the following transactions:
- The completion of the Capital Raising assumed to be the maximum gross amount of \$10,000,000 and incurring capital raising costs and other costs of \$846,653;
 - The 1 for 5 consolidation of capital;
 - The acquisition of all of the shares in Livelynk by way of an issue of 23,500,000 ordinary Consideration Shares. However, as noted below we cannot currently ascribe a fair value to Livelynk and the Mpire Media business. It is noted that the pro-forma consolidated balance sheet of Livelynk discloses negative net liabilities of \$1,891,000 as at 30 June 2014 (as adjusted). The ultimate fair value of Livelynk may materially exceed the book liability position if preliminary projections made by Livelynk management are achieved (refer section 10 of this report);
 - The issue of the following post consolidated shares at a deemed price of 20 cents each as consideration for the introduction of Liveykn as an acquisition target of the Company: 1,500,000 post consolidated shares issued to CPS, 625,000 post consolidated shares issued to Niche and 2,000,000 post consolidated shares issued to Trident; and

Stantons International Securities

- Assuming Trident will exercise 6,000,000 post consolidated share options in the Company, exercisable at 25 cents each, on or before 30 June 2017 and the Company raises new cash funds of \$1,500,000.

	Preferred \$
Net assets at fair values pre Acquisition and other transactions	1,570,000
Net Cash raised from the Capital Raising	9,153,347
Value of Livelynk	(not able to value)
Promoter Options exercised proceeds	<u>1,500,000</u>
Total post Acquisition Value	<u>12,223,347</u>
Number of ordinary shares on issue (see below)	110,951,492
Assumed conversion of Performance Shares	
Diluted number of ordinary shares that may be on issue	<u>67,075,000</u>
	<u>177,826,492</u>
Net asset value per share	6.87
Minority interest discount	16.67%
Minority value per share (cents)	5.73

If the number of Capital Raising Shares was 35,000,000 (instead of 50,000,000) and the net Capital Raising was \$6,303,347, the net position would be as follows:

	Preferred \$
Net assets at fair values pre Acquisition and other transactions	1,570,000
Net Cash raised from the Capital Raising	6,303,347
Value of Livelynk	(not able to value)
Facilitator Options exercised proceeds	<u>1,500,000</u>
Total post Acquisition Value	<u>9,373,347</u>
Number of ordinary shares on issue (see below)	95,751,492
Assumed conversion of Performance Shares	<u>67,075,000</u>
Diluted number of ordinary shares that may be on issue	<u>162,826,492</u>
Net asset value per share	5.76
Minority interest discount	16.67%
Minority value per share (cents)	4.80

Both of the above calculation tables takes into account the Capital Raisings (at 20 cents per post consolidated share) as part and parcel of the Acquisition. Shareholders must approve the Acquisition before the Capital Raising proceeds. In the absence of the Acquisition approval, the Acquisition will not proceed and Lithex will end up as virtually a cash box.

The value Post Acquisitions would be further enhanced if we could ascribe a value to Livelynk (refer section 10 below).

- 9.5 We have taken into account the 67,075,000 Performance Shares that may convert to 67,075,000 ordinary shares in Lithex (on meeting both Performance 1 and 2 Conditions as noted above). However we assume that additional value would be added to the Livelynk business being acquired if the Performance Conditions were met. We included the Facilitator Options being exercised as cash of \$1,500,000 would be received by Lithex whilst no cash is received on conversion of Performance Shares to ordinary shares. It would be unlikely that the Facilitator Options would be exercised until the share price of a Lithex share trading on ASX consistently exceeds the exercise price of the Promoter Options.

We have excluded the existing share options on issue as they are considered to be materially “out of the money” and unlikely to be exercised by the relevant expiry dates.

- 9.6 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 7.3.
- 9.7 Using the preferred net asset fair values, the estimated fair value of a Lithex share pre the Proposed Acquisition on a control basis (5.78 cents on a post consolidated basis) is greater than the estimated fair value of a Lithex share post the proposals on a minority basis (5.73 cents or 4.80 cents) (on a diluted basis that includes the exercise of the 6,000,000 share options) and on the preferred methodology basis, the issue of 23,500,000 Consideration shares to Zhenya would be not fair.

Furthermore, as we cannot ascribe a fair value to Livelynk, the above exercise is somewhat superfluous and thus, even if we did not undertake the above calculations, in the absence of ascribing a value to Livelynk we would conclude the proposals with Zhenya would not be fair.

10. Basis of Valuation of Livelynk

- 10.1 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.
- 10.2 Livelynk 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 Livelynk other than Lithex. The shareholder in Livelynk does not have an active market to trade its shares.
- 10.3 The adjusted consolidated balance sheet of Livelynk at 30 June 2014 is disclosed under paragraph 5.4.1 above. This consolidated balance sheet shows the Livelynk Group net liabilities of approximately \$(1,891,000) with capitalised intangible assets (intellectual property) carried at a book value of \$495,000. This assumes \$1,200,000 has been borrowed from Lithex.
- 10.4 Completion of the Acquisition is conditional on all necessary due diligence being successfully completed on the ownership interests of Livelynk, Livelynk’s shareholding and interests and ownership of the technology behind the business. We advise that we have not undertaken any further steps to ascertain ownership of Livelynk and its assets and liabilities.
- 10.5 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 Livelynk, 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.

10.6 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.

10.7 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.

10.8 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.

10.9 Selection of Valuation Methodologies

All of the valuation methodologies considered above have significant limitations or restrictions in their application to the Livelynk Group.

Capitalisation of maintainable earnings is not appropriate because Livelynk is not presently profitable. Recent share trading is not applicable as it is an unlisted public company owned by Zhenya. The discounted cash flow method has not been applied because no reliable prospective financial information is available (refer below). An asset-based method is limited by the fact that the Livelynk Group's primary asset is the technology that drives the business model that has yet to be fully commercially exploited due to a lack of working capital. The book values of the Livelynk Group's assets and liabilities as at 30 June 2014, as adjusted is noted in paragraph 5.4.1 and net liabilities disclosed at approximately \$1,891,000.

- 10.10 In this section we consider the valuation of Livelynk. We have considered the valuation of Livelynk in assessing whether or not the proposal outlined in Resolution 4 is fair and reasonable for Lithex's non-associated shareholders. In forming our opinion on the value of Livelynk we have, inter-alia:

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

- 10.11 Valuation of Livelynk

As discussed, the capitalisation of maintainable earnings, discounted cash flow and asset-based methodologies have limitations in their application to Livelynk. It is noted that there are no internal valuations prepared and no formal adoption of cash flow and profit and loss forecasts (other than preliminary cash flow projections for 2014/15 to 30 June 2019 that are dependent on Livelynk raising sufficient capital to meet its projected revenue targets).

- 10.12 Summary of valuation methodology and conclusion

We are unable to conclude upon a meaningful valuation range for Livelynk due to the lack of readily available and reliable financial projections and information.

Livelynk has prepared projections for the period 1 July 2014 to 30 June 2019 however the projected figures (turnover and costs) are predicated on Livelynk raising sufficient funds to expand the business. The Livelynk Group does generate revenue and a gross profit but does not generate sufficient revenues to meet all costs and thus to 30 June 2014 losses have been incurred. Subject to financing, Livelynk is projecting to be cash flow positive in 2016/17. However, the preliminary projections for the next two years are losses of approximately \$4,955,000 and then moving into profits (and positive cash flows) in year three.

The directors of Livelynk believe preliminary projections will be achieved and based on such projections (not disclosed) and allowing for discounting at 30%, the Consideration payable by Lithex may be fair. However, we have not relied on the preliminary projections and cannot reliably assess the assumptions behind them.

It is noted that the Livelynk Group has estimated cash reserves of \$271,000 (and receivables/prepayments of approximately \$1,613,00) but current liabilities totalling \$4,433,000 and all of these funds (including a loan from Lithex assumed to be \$1,200,000) will be used to expand Livelynk's business model. If the acquisition of Livelynk by Lithex is achieved, Lithex will need to meet the liabilities of the Livelynk. Lithex does not have large cash reserves and is in the process of raising a gross \$10,000,000 (with a minimum of

\$7,000,000) and as noted elsewhere in this report the majority will be utilised to develop and progress Livelynk's business.

11. Conclusion as to Fairness

- 11.1 The proposal pursuant to Resolution 4 is believed fair to Lithex's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in Livelynk (100%) to be acquired.
- 11.2 Owing to the nature of the business of Livelynk, valuations depend on the value placed on the technology interests of the company. The valuation of technology interests and valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation.
- 11.3 We have been unable to determine a fair value for Livelynk. In arriving at our view that we are unable to form an opinion on the value of Livelynk, we have, inter-alia, referred to the following factors:
- The relative newness of the business and insufficient revenues to meet all costs;
 - The ability to produce positive cash flow and profits over a period of time is still uncertain;
 - Livelynk needs to obtain sufficient working capital to meet its planned objectives;
 - The lack of longer term cash flow models that can be reliably substantiated;
 - The risks associated with commercialisation of the business model.
- 11.4 We have concluded that we are unable to ascribe a fair value to Livelynk shares and therefore cannot form an opinion as to whether the proposal under Resolution 4 is fair. In the absence of a determination of fair value, we conclude that the proposal pursuant to Resolution 4 is not fair.

12. Reasonableness of the Livelynk Acquisition

- 12.1 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 Resolution 4.

Advantages

- 12.2 The Company, in effect moves from a near cash box company with only one mineral asset (to be sold or relinquished) to a technology driven company in the digital advertising sector with some opportunities to move into the earning of profits and positive cash flows if the Livelynk business can be successfully commercialised.
- 12.3 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 Livelynk. It is noted that a gross \$7,000,000 to \$10,000,000 is being raised on the back of the proposed acquisition of Livelynk and if commercial success comes Livelynk's way, Lithex may be able to raise further funds for expansion of the Livelynk business.
- 12.4 There is an incentive to Lithex and Livelynk, to successfully exploit the Livelynk's business as Zhenya (and certain key management personal of Livelynk) will or may have collectively significant shareholding interests in Lithex. The Performance Shares as noted above convert to ordinary shares in Lithex on meeting the Performance Conditions and Zhenya will then increase its ordinary shares held in Lithex and the key management personal will obtain substantial ordinary shares in Lithex. All shareholders would benefit from an

increased share price which would be expected if the Performance Conditions were achieved.

- 12.5 Lithex currently has one remaining mineral prospect and this project will soon be sold or relinquished. Diversification into the digital advertising sector by acquiring 100% of Livelynk may reduce the risk of the Company being suspended from trading and remaining in effect a cash box. Currently capital raisings for small junior exploration companies is extremely difficult and by diversifying into other businesses, increases the scope for new capital raisings.
- 12.6 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 Lithex. The market via an increased volume of trades in Lithex shares (and an increased share price) subsequent to the announcement of the proposed Acquisition has indicated a positive response to the proposal.
- 12.7 The net book assets of Lithex prior to the Capital Raising and Acquisition are estimated at \$1,545,000 whilst post the Acquisition, the net book assets of the Lithex Group that will include the Livelynk Group is estimated to be an initial \$8,808,000 (assumes a Capital Raising of \$10,000,000) (although intangibles may amount to around \$495,000). The value attributable to the existing shareholders approximates \$2,281,000 (assumes a \$10,000,000 Capital Raising) (approximately \$1,800,000 if a \$7,000,000 Capital Raising) compared with a current shareholding interest of approximately \$1,545,000.

Disadvantages

- 12.8 Currently, Zhenya and the key management personal of Livelynk have a beneficial interest in nil shares in the Company and if Resolutions 1 to 11 are passed, the Livelynk interests will increase their collective ordinary shareholding interest in Lithex to approximately between 24.82% and 28.97% and possibly a collective 45.69% to 50.96% if all Performance Shares are able to be converted to ordinary shares in Lithex. See section 2 of this report for the individual possible shareholding of Zhenya. The existing shareholders (after completion of the Rights Issue) will be diluted from owning a current 100% shareholding interest in Lithex and its underlying assets to a smaller shareholding of approximately 25.89% to 30.22% post the Acquisition and Capital Raising (before conversion of Performance Shares to ordinary shares).
- 12.9 The business operated by Livelynk may not turn out to be commercially viable and thus losses may continue to be incurred. Loans will be made by Lithex to Livelynk and these plus the investment cost may need to be impaired if Livelynk does not record sufficient profits and positive cash flows in the future.
- 12.10 Livelynk has cash reserves and receivables of approximately \$1,942,000 but current liabilities totalling approximately \$4,433,000 (including an assumed \$1,200,000 owing to Lithex). If the acquisition of Livelynk by Lithex is achieved, Lithex will need to meet the liabilities (current and future) of Livelynk that may be material in nature. Additional capital may need to be raised at a later date.

Other Factors

- 12.11 It is noted that for accounting purposes in the books of Lithex, the ordinary Consideration Shares will be booked at the market value of the ordinary shares in Lithex at the date the ordinary Consideration Shares are issued to the Livelynk shareholders. Lithex as the legal parent entity will account for the value of the ordinary Consideration Shares at the market

value of the ordinary shares in Lithex that may be considered to be around 20 cents per share (after adjusting for the 1 for 5 consolidation of capital). In this report, we have noted a potential undiscounted cost to the Performance Shares but there is some risk that the Performance Conditions will not be met. The ultimate fair value of an investment in Livelynk 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).

- 12.12 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 in the longer term.
- 12.13 The number of post consolidated fully paid ordinary shares on issue rises to as noted in paragraph 2.3 of this report. 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 10 July 2014 (after allowing for the planned 1 for 5 consolidation of capital). In addition, if all Performance Conditions are met, the 67,075,000 Performance Shares (Classes A and B) would convert to ordinary shares in Lithex further diluting the existing shareholders. However, if this was to occur, it would be expected that the share prices of a Lithex share would be substantially higher than July to September 2014 share prices and thus the existing shareholders would benefit.
- 12.14 The proposed new board members, being Livelynk Directors brings technical and business experience. Further detail on the proposed new director has been included in Section 2.9 of the ES.
- 12.15 The ultimate value ascribed to the Performance Shares may be higher at the time of meeting the Performance Conditions, than at the date of this report, based upon the share trading price of a Lithex ordinary Share.
- 12.16 It is the view of the Board of Lithex that the investment in Livelynk is in the best interests of all shareholders.
- 12.17 Based on the rise in the share price (and volumes of trades) of a Lithex share following the announcement (a rise of between 1.2 cents and 2.8 cents (average rise of around 2.3 cents) as compared with the last sale price before the announcement of the proposed Acquisition, the market is arguably favourable of the proposals. Arguably, in effect the market is ascribing value to Livelynk of between approximately \$1,628,000 and \$3,798,000.
13. **Conclusion as to Reasonableness**
 - 13.1 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 as noted in paragraphs 1.1 and 1.2 and Resolution 4 in the Notice may be considered, on balance, to be reasonable to the existing non-associated shareholders of Lithex at the date of his report.
14. **Shareholder Decision**
 - 14.1 Stantons International Securities has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of 23,500,000 Consideration Shares and 38,500,000 Performance Shares to Zhenya 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 Resolution 4 but we have been requested to determine whether the proposals pursuant to Resolution 4 are fair and/or

reasonable to those shareholders not associated with Zhenya. The responsibility for such a voting recommendation lies with the directors of Lithex.

- 14.2 In any event, the decision whether to accept or reject Resolution 4 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 Resolution 4, shareholders should consult their own professional adviser.

- 14.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Lithex. 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 Resolution 4. Shareholders should consult their own professional adviser in this regard.

15. Sources of Information

- 15.1 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, Livelynk and the Mpire Media business that is relevant to the current circumstances. In addition, we have held discussions with the management of Lithex 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 Lithex.

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

- a) Drafts of the Notice of Lithex and ES of September and to 1 October 2014;
- b) Discussions with management of Lithex and Livelynk;
- c) Details of historical market trading of Lithex ordinary fully paid shares recorded by ASX for the period 1 June 2013 to 1 October 2014;
- d) Shareholding details of Lithex as supplied by the Company's share registry as at 8 August 2014;
- e) Audited balance sheet of Lithex as at 30 June 2013 and 30 June 2014;
- f) Reviewed balance sheet of Lithex as at 31 December 2013;
- g) Announcements made by Lithex to the ASX from 1 January 2012 to 1 October 2014;
- h) The audited financial statements of Livelynk for the years ended 30 June 2012, 30 June 2013 and 30 June 2014;
- i) The audited accounts of Maroon Tech for the year ended 30 June 2014;
- j) Cash flow forecasts of Livelynk for 2014/15 and to 30 June 2019;
- k) The Share Sale and Purchase Agreement executed on 30 September 2014 for the proposed acquisition of all of the shares in Livelynk (and the original Heads of Agreement and amendments thereto);
- l) The Evaluation Report of Borg of August 2014;
- m) The Technology and Market Review Report of September 2014 prepared by Wave Six Pty Ltd for Lithex;
- n) The Loan Agreement between Lithex and Livelynk of 9 July 2014 and the Deed of Amendment of 5 August 2014; and
- o) The General Security Deed between Lithex and Livelynk of 9 July 2014.

Stantons International Securities

15.3 Our report includes Appendix A 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 1 October 2014, relating to the issue of 23,500,000 Consideration Shares and 38,500,000 Performance Shares to be issued to Zhenya as part of the acquisition of Livelynk as outlined in Section 1 of the report and Resolution 4 in the Notice of Meeting to Shareholders and the Explanatory Statement proposed to be distributed to the Lithex shareholders in October 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 Lithex and Livelynk 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 Lithex and Livelynk. 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 Lithex in order to assist them to assess the merits of the proposed issue of 23,500,000 Consideration Shares and 38,500,000 Performance Shares to Zhenya as part of the Acquisition as outlined in Resolution 4 the Explanatory Statement (to shareholders) to which this report relates. This report has been prepared for the benefit of Lithex's shareholders and does not provide a general expression of Stantons

Stantons International Securities

International Securities opinion as to the longer term value of Lithex and the Livelynk Group and their assets, including the value of the Mpire business. 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 Lithex and the Livelynk 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 DILEGENCE

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 Resolution 4 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 4.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Lithex and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Lithex 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 Lithex may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Lithex; 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 Lithex or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Lithex 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 Lithex 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 1 October 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 Pty Ltd
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

ANNEXURE D – TERMS OF NEW OPTIONS

The New Options entitle the holder to subscribe for Shares on the following terms and conditions:

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

(b) **Exercise Price and Expiry Date**

The New Options have an exercise price of \$0.25 (**Exercise Price**) and an expiry date of 30 June 2017 (**Expiry Date**).

(c) **Exercise Period and Lapsing**

The New Options may be exercised at any time after their date of issue prior to the Expiry Date.

(d) **Notice of Exercise**

The New Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised. Any Notice of Exercise of a New Option received by the Company will be deemed to be a notice of the exercise of that New Option as at the date of receipt.

(e) **Shares issued on exercise**

Shares issued on exercise of the New Options rank equally with the then existing fully paid ordinary shares of the Company.

(f) **Quotation of Shares on exercise**

Subject to compliance with any applicable ASX imposed escrow period, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(g) **Timing of issue of Shares**

Within 5 business days after the later of the following:

- (i) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each New Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (ii) the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each New Option being exercised by the Company,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the New Options;

- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- (v) subject to compliance with any applicable ASX imposed escrow period, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, subject to applicable laws and the ASX Listing Rules, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of New Options the opportunity to exercise their New Options prior to the announced record date for determining entitlements to participate in any such issue.

(i) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the holder would have received if the holder had exercised the New Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(j) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a New Option.

(k) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the New Option holders will be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(l) **Quotation of the New Options**

The Company will not apply for quotation of the New Options on ASX.

(m) **New Options transferable**

The New Options are transferable subject to compliance with any applicable ASX imposed escrow period.

(n) **Lodgement Instructions**

Cheques paid in connection with the exercise of a New Option shall be in Australian currency, made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the New Options with the appropriate remittance should be lodged at the Company's Registry.

ANNEXURE E – AUDITED FINANCIAL STATEMENTS OF LIVELYNK

Set out below is the following extracts from the historical financial information, as audited by Ernst & Young, of Livelynk:

1. Audited Consolidated Statement of Comprehensive income for the last 3 financial years;
2. Audited Consolidated Statement of Financial Position for the last 3 financial years;
3. Audited Consolidated Statement of Cash Flows for the last 3 financial years;
4. Audited Consolidated Statement of Changes in equity for the last 3 financial years.
5. Notes to the Audited Financial Statements of Livelynk for the year ended 30 June 2014.

The audited financial statements of Livelynk for the years ended 30 June 2012 and 30 June 2013 comprise Livelynk and Mpire Media. The audited financial statements of Livelynk for the year ended 30 June 2014 comprise Livelynk, Mpire Media and, with effect from 18 March 2014, Mpire Network.

The complete, audited financial accounts for Livelynk for the periods 30 June 2012, 30 June 2013 and 30 June 2014 will be available to Shareholders at the Annual General Meeting to be held on 25 November 2014.

1. Audited Consolidated Statement of Comprehensive Income

	2014	2013	2012
	\$	\$	\$
Revenue	1,137,818	6,433,444	6,329,182
Cost of services	(818,019)	(1,688,756)	(4,088,681)
Gross profit	319,799	4,744,688	2,240,501
Other income	503,979	235,558	92,822
Administration costs	(210,821)	(295,932)	(239,396)
Compliance costs	(102,435)	(41,540)	(26,785)
Consultancy costs	(55,291)	(44,753)	(257,268)
Employment costs	(1,848,978)	(1,411,105)	(1,083,918)
Occupancy costs	(186,177)	(155,786)	(116,966)
Travel costs	(102,566)	(37,231)	(9,180)
Marketing costs	(24,218)	(21,443)	(14,552)
Finance costs	(5)	(2,378)	(8,918)
Foreign exchange differences	(47,597)	27,025	62,400
Depreciation	(29,271)	(21,641)	(21,250)
Profit/(loss) before income tax	(1,783,581)	2,975,462	617,490
Income tax benefit/(expense)	29,314	(907,267)	(185,156)
Profit/(loss) for the year	(1,754,267)	2,068,195	432,334
Other comprehensive income/(expenditure) net of tax	-	-	-
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	3,593	-	-
Total comprehensive income/(expenditure) for the year	(1,750,674)	2,068,195	432,334
Profit/(loss) for the year attributable to:			
Members of Livelynk Group Pty Ltd	(1,754,267)	2,068,195	432,334
Non-controlling interests	-	-	-
	<u>(1,754,267)</u>	<u>2,068,195</u>	<u>432,334</u>
Total comprehensive income/(expenditure) for the year attributable to:			
The owners of Livelynk Group Pty Ltd	(1,750,674)	2,068,195	432,334
Non-controlling interests	-	-	-
	<u>(1,750,674)</u>	<u>2,068,195</u>	<u>432,334</u>

2. Audited Consolidated Statement of Financial Position

	2014	2013	2012
	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	48,052	47,120	67,943
Trade and other receivables	943,860	4,328,458	3,197,944
Deferred tax assets	57,491	28,178	18,957
TOTAL CURRENT ASSETS	<u>1,049,403</u>	<u>4,403,756</u>	<u>3,284,844</u>
NON CURRENT ASSETS			
Property, plant and equipment	101,407	92,007	92,295
TOTAL NON CURRENT ASSETS	<u>101,407</u>	<u>92,007</u>	<u>92,295</u>
TOTAL ASSETS	<u>1,150,810</u>	<u>4,495,763</u>	<u>3,377,139</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	187,719	776,735	351,549
Provisions	1,087,289	2,835,810	252,289
Interest-bearing loans and borrowings	293,258	-	2,308,278
TOTAL CURRENT LIABILITIES	<u>1,568,266</u>	<u>3,162,545</u>	<u>2,912,116</u>
NON-CURRENT LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,568,266</u>	<u>3,162,545</u>	<u>2,912,116</u>
NET ASSETS	<u>(417,456)</u>	<u>1,333,218</u>	<u>465,023</u>
EQUITY			
Contributed equity	100	100	100
Foreign currency translation reserve	3,593	-	-
Retained earnings/(accumulated losses)	(421,149)	1,333,118	465,023
TOTAL EQUITY	<u>(417,456)</u>	<u>1,333,218</u>	<u>464,923</u>

3. Consolidated Statement of Cash Flows

	2014	2013	2012
	\$	\$	\$
Cash flows from operating activities			
Receipts from customers	3,550,518	6,559,959	3,330,850
Payments to suppliers and employees	(3,916,888)	(3,233,642)	(5,682,626)
Other income received	496,966	180,206	-
Interest received	-	299	610
Interest paid	(5)	(2,378)	(8,918)
Income tax paid	(158,168)	-	(88,870)
Net cash flows (used in)/provided by operating activities	<u>(27,577)</u>	<u>3,504,444</u>	<u>(2,448,954)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	<u>(38,671)</u>	<u>(28,797)</u>	<u>(16,694)</u>
Net cash flows used by investing activities	<u>(38,671)</u>	<u>(28,797)</u>	<u>(16,694)</u>
Cash flows from financing activities			
Proceeds from loan from Parent Company	1,274,551	-	2,266,240
Dividends paid	(1,200,000)	-	-
Loan provided to Parent Company	-	(1,188,192)	-
Repayment of loan from Parent Company	-	(2,271,286)	-
Net cash flows provided by/(used in) financing activities	<u>74,551</u>	<u>(3,459,478)</u>	<u>2,266,240</u>
Net increase/(decrease) in cash and cash equivalents	8,303	16,169	(199,408)
Cash and cash equivalents at the beginning of the year	47,120	30,951	230,359
Effects of exchange rate changes on cash and cash equivalents	<u>(7,371)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>48,052</u>	<u>47,120</u>	<u>30,951</u>

4. Audited Consolidated Statement of Changes in Equity

	Contributed equity	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$
Balance at 1 July 2013	100	1,333,118	-	1,333,218
Loss for the year	-	(1,754,267)	-	(1,754,267)
Other comprehensive income				
Foreign exchange differences arising on translation of foreign operations	-	-	3,593	3,593
Total comprehensive income/(expenditure) for the year	-	(1,754,267)	3,593	(1,750,674)
Transactions with equity holders in their capacity as owners	-	-	-	-
Balance at 30 June 2014	100	(421,149)	3,593	(417,456)
Balance at 1 July 2012	100	464,923	-	465,023
Profit for the year	-	2,068,195	-	2,068,195
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	2,068,195	-	2,068,195
Dividends declared	-	(1,200,000)	-	(1,200,000)
Transactions with equity holders in their capacity as owners	-	(1,200,000)	-	(1,200,000)
Balance at 30 June 2013	100	1,333,118	-	1,333,218
Balance at 1 July 2011	100	32,589	-	32,689
Profit for the year	-	432,334	-	432,334
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	432,334	-	432,334
Transactions with equity holders in their capacity as owners	-	-	-	-
Balance at 30 June 2012	100	464,923	-	465,023

5. Notes to the Audited Financial Statements of Livelynk for the year ended 30 June 2014

1. CORPORATE INFORMATION

The financial report of Livelynk Group Pty Ltd for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 15 September 2014.

Livelynk Group Pty Ltd is a proprietary company limited by shares incorporated in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are for the group consisting of Livelynk Group Pty Ltd (Livelynk or Company) and its subsidiaries (collectively referred to as "the Group").

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets acquired. The financial report is presented in Australian dollars.

(i) Statement of Compliance

The consolidated financial statements of the Livelynk Group Pty Ltd comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) **New accounting standards and interpretations**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

Reference	Title	Application date of standard	Application date for Group	Impact on Group's FY14 Financial Statements
AASB10	<p>Consolidated Financial Statements</p> <p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation - Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.</p>	1 January 2013	1 July 2013	No impact as all subsidiaries are wholly owned.
AASB11	<p>Joint Arrangements</p> <p>AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly-controlled Entities - Non-monetary Contributions by Ventures</i>.</p> <p>AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. Amendments made by the IASB in May 2014 add guidance on how to account for the acquisition of an interest in a joint operation that constitute a business.</p>	1 January 2013	1 July 2013	No impact as the Group has no interests in joint ventures.
AASB12	<p>Disclosure of Interests in Other Entities</p> <p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.</p>	1 January 2013	1 July 2013	No impact as all subsidiaries are wholly owned.

Reference	Title	Application date of standard	Application date for Group	Impact on Group's FY14 Financial Statements
AASB13	<p>Fair Value Measurement</p> <p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	1 January 2013	1 July 2013	Due to the nature of the Group's assets and liabilities, their carrying values are deemed to approximate their fair values and therefore, this Standard has not impacted the Group's disclosure in the financial statements.
AASB119	<p>Employee Benefits</p> <p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10</p>	1 January 2013	1 July 2013	No impact as the Group does not have any defined benefit plans. All employee benefits are classified as current.
AASB 2012-2	<p>Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities</p> <p>AASB 2012-2 principally amends AASB 7 <i>Financial Instruments: Disclosures</i> to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.</p>	1 January 2013	1 July 2013	No impact as the Group does not offset any financial assets and liabilities.
AASB 2012-5	<p>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</p> <p>AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following:</p> <ul style="list-style-type: none"> ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 <i>Presentation of Financial Statements</i>) 	1 January 2013	1 July 2013	No impact.
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	1 January 2013	1 July 2013	No impact.

Reference	Title	Application date of standard	Application date for Group	Impact on Group's FY14 Financial Statements
	AASB 2012-9 amends AASB 1048 <i>Interpretation of Standards</i> to evidence the withdrawal of Australian Interpretation 1039 <i>Substantive Enactment of Major Tax Bills in Australia</i> .			
AASB 1053	<p>Application of Tiers of Australian Accounting Standards</p> <p>This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a. Tier 1: Australian Accounting Standards b. Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a. For-profit entities in the private sector that have public accountability (as defined in this standard) b. The Australian Government and State, Territory and Local governments <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a. For-profit private sector entities that do not have public accountability b. All not-for-profit private sector entities c. Public sector entities other than the Australian Government and State, Territory and Local governments. <p>Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.</p>	1 July 2013	1 July 2013	No impact, the Group does not apply Tier Accounting.
AASB 2011-4	<p>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</p> <p>This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.</p>	1 July 2013	1 July 2013	Not applicable to the Group as currently not a disclosing entity.

The following standards and interpretations have been issued by the AASB but are not yet effective for financial years ended 30 June 2014:

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group's Financial Statements
AASB 2012-3	Amendments to Australian Accounting Standards-	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014	Not expected to have a material impact on the Group's financial statements as the Group currently does not offset financial assets and liabilities.

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group's Financial Statements
	<i>Offsetting Financial Assets and Financial Liabilities</i>				
Interpretation 21	<i>Levies</i>	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014	No impact expected as the Group prepares its financial statements on the accrual method of accounting.
AASB 9	<i>Financial Instruments</i>	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: <ul style="list-style-type: none"> ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p>	1 January 2018	1 July 2018	Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. This standard is not expected to impact the Group as financial assets are currently classified as fair value through profit or loss.
AASB 9 (cont.)	<i>Financial Instruments</i>	<p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p> <p>The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:</p> <ul style="list-style-type: none"> New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time 	1 January 2018	1 July 2018	Adoption of AASB 9 is only mandatory for the year ending 30 June 2018. This standard is not expected to impact the Group as financial assets are currently classified as fair value through profit or loss.

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group's Financial Statements
		In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018			
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i> . The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014	As this standard amends disclosure requirements only, there will be no impact on amounts recognised in the financial statements. The recoverable amount for CGUs with significant amounts of goodwill and intangibles with indefinite lives will only be required to be disclosed where an impairment loss has been recognised. However, there will be additional disclosures about the level of the fair value hierarchy where the recoverable amount for a CGU is determined based on fair value less costs to sell.
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014	Not expected to have an impact on the Group's financial statements as no hedging activities are undertaken. The impact of this Standard will be assessed in the event that the Group undertakes hedging activity.
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 <i>Business Combinations</i> when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 July 2014	As the Group does not meet the definition of an investment entity, it will continue to consolidate its investment in subsidiaries in accordance with AASB 10 Consolidated Financial Statements.
Annual Improvements 2010–2012 Cycle	Annual Improvements to IFRSs 2010–2012 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard:	1 July 2014	1 July 2014	There will be no impact on the financial statements when these amendments are first adopted.

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group's Financial Statements
		<ul style="list-style-type: none"> ► IFRS 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► IFRS 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. ► IFRS 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► IAS 16 & IAS 38 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► IAS 24 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed. ► IFRS 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. ► IAS 40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is based on guidance in IFRS 3. 			
AASB 1031	Materiality	<p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality.</p> <p>AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.</p>	1 January 2014	1 July 2014	No impact.
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.</p> <p>Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p> <p>Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</p>	Part A – 1 July 2014 Part B – 1 January 2014 Part C – 1 January 2015	Part A – 1 July 2014 Part B – 1 July 2014 Part C – 1 July 2015	No impact.
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	<p>IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The IASB also clarified that revenue is generally presumed to be an inappropriate basis for</p>	1 January 2016	1 July 2016	No impact as the Group does not use any revenue based methods for depreciation and amortisation.

Reference	Title	Summary	Application date of standard	Application date for Group	Impact on Group's Financial Statements
		measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.			
IFRS 15	Revenue from Contracts with Customers	<p>IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cashflows arising from an entity's contracts with customers.</p> <p>IFRS 15 supersedes:</p> <ul style="list-style-type: none"> (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services <p>The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ul style="list-style-type: none"> (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>Early application of this standard is permitted.</p>	1 January 2017	1 July 2017	<p>Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard.</p> <p>A full assessment will be completed in time for preparation of the financial statements for the year ended 30 June 2018.</p>

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Livelynk Group Pty Limited and its subsidiaries (as outlined in Note 20) as at and for the period ended 30 June 2014.

Subsidiaries are all entities over which Livelynk has control. Livelynk controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Livelynk controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as Livelynk, using consistent accounting policies. In preparing the financial statements, all intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Subsidiaries are consolidated from the date on which control is transferred to Livelynk and cease to be consolidated from the date on which control is transferred from Livelynk. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Livelynk had control.

Unless otherwise stated, the investments in controlled entities are carried at cost in the parent company's separate financial statements.

(b) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the executive management team.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

(c) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

(d) Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

	Method	Useful Lives
Plant & equipment	Reducing Balance	1.5 – 2.5 years
Leasehold improvements	Straight Line	40 years
Office Equipment	Reducing Balance	2 – 10 years
Software & hardware	Straight Line	1.5 – 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(e) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that they carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating) units. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss

(g) Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(h) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

(j) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the specific criteria have been met for each of the Group's activities as described below:

(i) Advertising income

Revenue from advertising services is recognised when the services have been performed and the fair value of the services provided can be reliably measured.

(ii) Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(k) Trade and Other Payables

These amounts represent liabilities for goods or services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

The Group has not implemented the tax consolidation legislation.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(m) Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Based on the Group's experience of employee departures, a long service leave liability is only recognised once an employee has been employed by the Group for a period of 5 years. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Financial Assets

Initial recognition and measurement

Financial assets within the scope of AASB 139 are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

Loans and Receivables

Trade receivables, loans, and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recorded at amortised cost less impairment. Impairment is determined by review of the nature and recoverability of the loan or receivable with reference to its terms of repayments and capacity of the debtor entity to repay the debt. If the recoverable amount of a receivable is estimated to be less than its carrying amount, the carrying amount of receivable is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. They are included in current assets, other than those with maturities greater than 12 months from reporting date which are classified as non-current assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

(p) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that

are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(q) Financial Instruments Issued by the Group

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at balance date.

(t) Significant accounting judgements, estimates and assumptions

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below:

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates.

3. GOING CONCERN

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the year ended 30 June 2014, the Group incurred a net loss after tax of \$1,754,267 and a net cash outflow used in operating activities of \$27,577. The cash and cash equivalents balance, as at 30 June 2014 was \$48,052. The Group's net current liability position at 30 June 2014 was \$417,456.

The ability of the Group to pay its trade creditors, repay its borrowings and continue its planned activities and maintain its going concern status is dependent on the Group raising additional cash within the short term. As at the date of this report, the directors are satisfied that there are reasonable grounds to believe that the Group will be able to operate as a going concern by raising further funds as required. In forming this view, the directors have considered the following:

- The Company has received confirmation from its parent entity, Zhenya Holdings Pty Ltd (**Zhenya Holdings**), that Zhenya Holdings will continue to assist the Group in meeting its liabilities as and when they fall due, but only to the extent that funding is not otherwise available to the Group to meet such liabilities.
- The Company has entered into a binding Heads of Agreement (**HOA**) with Zhenya Holdings and ASX listed Lithex Resources Limited (**Lithex**), pursuant to which Lithex will acquire the entire issued capital of the Company from Zhenya Holdings. One of the conditions to be satisfied under the HOA is the completion of a capital raising to raise a minimum of \$3,500,000.
- The Company has entered into a Loan Agreement with Lithex pursuant to which Lithex has agreed to loan the Company up to \$1,200,000. In the event that the transaction proposed in the HOA does not complete by 31 December 2014, the Company will be required to repay the amounts drawn down under the Loan Agreement by 31 March 2015, and interest will be charged at the rate of 7% per annum from 31 December 2014 until the loan has been repaid in full.

There are inherent uncertainties associated with the successful completion of the transaction proposed in the HOA. In the event that this proposed transaction fails to complete, the directors intend to seek alternative funding, such as seed investor funding through the issue of shares by the Company, and to pursue other opportunities to publically list the Group via an initial public offering or reverse takeover of an ASX listed company.

Should the Group not be able to manage the inherent uncertainties referred to above and to successfully complete a capital raising, there would be significant uncertainty as to whether it would be able to meet its debts as and when they fall due and therefore continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

4. SEGMENT INFORMATION

The Group has identified that it has only one operating segment based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources. The Group's operating segment is performance-based marketing

The board of directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the board to make strategic decisions.

5. REVENUE

	Consolidated	
	2014	2013
	\$	\$
From continuing operations		
Revenue from advertising services	1,137,818	6,433,444

Revenue from advertising services is recognised in the accounting period in which the services are rendered.

Revenue is based on the price specified in the sale contract, net of any discounts at the time of sale. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

6. OTHER INCOME AND EXPENSE ITEMS

This note provides a breakdown of the items included in 'other income' and an analysis of material expenses by nature.

	Consolidated	
	2014	2013
	\$	\$
(a) Other income		
Web design services	-	140,179
Software development	488,250	-
Interest income	-	299
Miscellaneous income	15,729	95,080
	503,979	235,558
(b) Employment costs		
Salaries and wages *	1,560,262	1,189,225
Superannuation and social benefits	150,975	102,330
Other	137,741	119,550
	1,848,978	1,411,105
(c) Occupancy costs		
Rent	156,877	122,294
Utilities	21,162	20,612
Other	8,138	12,880
	186,177	155,786
(d) Consultancy costs		
Legal	22,517	21,981
Public relations and media	10,122	15,974
Other	22,652	6,798
	55,291	44,753
(e) Administration costs		
IT costs	87,316	174,289
Office stationery, supplies and general administration costs	96,342	61,466
Other	27,163	60,177
	210,821	295,932

* Refer to Note 23 for details on Director's remuneration.

7. INCOME TAX EXPENSE

	Consolidated	
	2014	2013
	\$	\$
Major components of income tax expense for the year are:		
Income statement		
<i>Current income</i>		
Current income tax charge/(benefit)	-	916,488
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(29,314)	(9,221)
Income tax expense reported in income statement	<u>(29,314)</u>	<u>907,267</u>

Reconciliation

A reconciliation of income tax expense/(benefit) applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense/(benefit) at the Company's effective income tax rate for the year is as follows:

	Consolidated	
	2014	2013
	\$	\$
Accounting profit/(loss) before income tax	(1,783,581)	2,975,462
Income tax expense at the statutory income tax rate of 30% (2013: 30%)	(535,074)	892,639
Adjusted for:		
Non-deductible entertainment expenses	-	4,469
Non-deductible fines and penalties	355	249
Non-deductible costs incurred in a foreign jurisdiction	195,879	10,415
Other non-assessable amounts	(505)	(505)
Tax losses not recognised as a deferred tax asset	310,031	-
At effective income tax rate of 1.6% (2013: 30.5%)	<u>(29,314)</u>	<u>907,267</u>
Income tax expense/(benefit) reported in income statement	<u>(29,314)</u>	<u>907,267</u>

Tax Consolidation

The Company and its 100% owned subsidiaries have not formed a tax consolidated group.

Recognised deferred tax assets

The deferred tax asset balance comprises temporary differences attributable to:

	2014	2013
	\$	\$
Accrued expenses and provisions	57,491	28,178
Deferred tax asset	<u>57,491</u>	<u>28,178</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated	
	2014	2013
	\$	\$
Revenue losses	3,851,441	2,818,004
Capital losses	120,993	120,993
Unrecognised tax losses at 30%	<u>1,191,712</u>	<u>881,681</u>

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

Availability of Tax Losses

The availability of the tax losses of the entities within the Group for future periods is uncertain and will be dependent on these entities satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation.

The recoupment of available tax losses as at 30 June 2014 is contingent upon the following:

- (a) entities in the Group deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;

- (b) the conditions for deductibility imposed by income tax legislation continuing to be complied with; and
- (c) there being no changes in income tax legislation which would adversely affect the entities from realising the benefit from the losses.

8. CASH AND CASH EQUIVALENTS

	Consolidated	
	2014	2013
	\$	\$
Cash at bank and on hand	48,052	47,120

Cash at bank and on hand earns interest at floating rates based on daily at call bank deposit and savings rates.

The Group has no borrowing facilities which are undrawn and there have been not been any non-cash financing and investing activities during the year.

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

	Consolidated	
	2014	2013
	\$	\$
Cash at banks and on hand	48,052	47,120

	Consolidated	
	2014	2013
	\$	\$
Reconciliation from the profit after tax to the net cash flows from operations		
Net profit/(loss)	(1,754,267)	2,068,195
<i>Adjustments for non-cash items:</i>		
Depreciation	29,271	21,641
Loss on disposal of property, plant and equipment	10,964	7,444
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	2,405,687	71,462
(Increase)/decrease in prepayments	(2,382)	(13,784)
(Increase)/decrease in deferred tax assets	(29,313)	(9,221)
(Decrease)/increase in trade and other payables	(589,016)	425,186
(Decrease)/increase in provision for employee entitlements	59,648	17,034
(Decrease)/increase in provision for income tax	(158,169)	916,487
Net cash (used in)/provided by operating activities	(27,577)	3,504,444

9. TRADE AND OTHER RECEIVABLES (CURRENT)

	Consolidated	
	2014	2013
	\$	\$
Trade receivables	654,962	3,067,662
Loan to Related Parties	206,899	1,188,192
Prepayments	16,166	13,784
Deposits	400	400
Other receivables	65,433	58,420
	943,860	4,328,458

As at 30 June, the ageing analysis of trade receivables is as follows:

	Total \$	Neither past due nor impaired \$	Past due but not impaired			
			< 30 days \$	30-60 days \$	61-90 days \$	> 90 days \$
2014	654,962	-	530,728	-	-	124,234
2013	3,067,662	-	(197,748)	126,425	2,537,878	601,107

See Note 18 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

(a) Classification as trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in Note 2(f).

(b) Sundry receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(c) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. The fair values of non-current receivables are generally not significantly different to their carrying amounts.

(d) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 18.

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				Consolidated			
	2014				2013			
	Computer Equipment \$	Office Equipment \$	Software & Hardware \$	Total \$	Computer Equipment \$	Office Equipment \$	Software & Hardware \$	Total \$
Cost	76,879	106,688	32,549	216,116	66,819	86,287	24,339	177,445
Accumulated depreciation	(56,318)	(34,274)	(24,117)	(111,709)	(42,121)	(25,385)	(17,932)	(85,438)
Carrying amount at 30 June	20,561	72,414	8,432	101,407	24,698	60,902	6,407	92,007
<i>Reconciliation</i>								
Carrying amount at 1 July	24,698	60,902	6,407	92,007	22,010	66,727	3,558	92,295
Additions	10,060	20,401	8,210	38,671	19,548	3,348	5,891	28,787
Disposals	-	-	-	-	(4,710)	(2,724)	-	(7,434)
Depreciation	(14,197)	(8,889)	(6,185)	(29,271)	(12,150)	(6,449)	(3,042)	(21,641)
Carrying amount at 30 June	20,561	72,414	8,432	101,407	24,698	60,902	6,407	92,007

Refer to Note 2(d) for further details on the Group's accounting policies for property, plant and equipment.

11. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2014	2013
	\$	\$
Trade payables	12,093	9,389
Statutory liabilities	44,488	725,983
Other payables	131,138	41,363
	<u>187,719</u>	<u>776,735</u>

- (a) Trade payables and other payables are non-interest bearing and are unsecured. Balances are usually settled within 30 days of recognition.
- (b) The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

12. PROVISIONS (CURRENT)

	Consolidated	
	2014	2013
	\$	\$
Employee benefits	124,859	65,211
Dividends	-	1,200,000
Income tax	962,430	1,120,599
	<u>1,087,289</u>	<u>2,835,810</u>

(a) Information about individual provisions and significant estimates

Employee benefits

The provision for employee benefits relates to the Group's liability for annual leave and long service leave.

Income tax

The provision for income tax relates to the Group's liability for income tax. Refer Note 7 for further details.

Dividends

Refer to Note 16 for further information.

(b) Movements in provisions

Movement in the provision for long service leave is as follows:

	Consolidated	
	2014	2013
	\$	\$
Balance at the beginning of the financial year	-	-
Amounts provided for during the year	32,286	-
Leave taken during the year	-	-
Balance at the end of the financial year	<u>32,286</u>	<u>-</u>

13. Interest-bearing loans and borrowings (CURRENT)

	Consolidated	
	2014	2013
	\$	\$
Loan from Parent Company	293,258	-

Loan from Parent Company

The loan provided to the Group by Zhenya Holdings Pty Ltd is interest free and there are no fixed terms of repayment.

Due to nature of the Group's interest-bearing loans and borrowings, the carrying value of the Group's loans and borrowings are deemed to approximate their fair value.

14. CONTRIBUTED EQUITY

	Consolidated	
	2014	2013
	\$	\$
100 (2013: 100) Ordinary shares	100	100

(a) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital Risk Management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2013 and 30 June 2014.

	Consolidated	
	2014	2013
	\$	\$
Interest-bearing loans and borrowings (Note 13)	293,258	-
Trade and other payables (Note 11)	187,719	776,735
Less: cash and cash equivalents (Note 8)	(48,052)	(47,120)
Net Debt	432,925	729,615
Equity	100	100
Total Capital	100	100
Capital and net debt	433,025	729,715
Gearing ratio	100%	100%

15. RESERVES

	Consolidated	
	2014	2013
	\$	\$
Foreign currency translation reserve	3,593	-
Foreign currency translation reserve		
Balance at beginning of year	-	-
Foreign exchange differences arising on translation of foreign operations	3,593	-
Balance at end of year	3,593	-

16. DIVIDENDS PAID AND PROPOSED

No dividends were declared for the 2014 financial year (2013: \$1,200,000).

Since the end of the financial year and up to the date of these financial statements, there have been no further dividends declared or paid.

17. RETAINED EARNINGS/(ACCUMULATED LOSSES)

	Consolidated	
	2014	2013
	\$	\$
Retained earnings at the beginning of financial year	1,333,118	464,923
Net profit/(loss) for the period	(1,754,267)	2,068,195
Dividends declared	-	(1,200,000)
Retained earnings/(accumulated losses) at the end of financial year	(421,149)	1,333,118

18. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, interest-bearing loans and borrowings, payables and cash and cash equivalents which arise directly from its operations.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Exposures and Responses

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group generates income from interest on surplus funds.

At balance date, the Group did not hold any at-call deposits and therefore does not have any material exposure to interest rate risks.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The only cash balances denominated in a foreign currency held by the Group are cash amounts that are denominated in United States Dollars (USD). A summary of the AUD equivalent of the Group's cash balances at reporting date is as follows:

	Consolidated	
	2014	2013
	\$	\$
Cash and cash equivalents		
USD balances	4,036	35,964

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. The reasonably possible changes in AUD/USD exchange rates used below were derived by reference to the maximum movement in historical exchange rates per year over the last 10 years.

At 30 June 2014, if exchange rates had moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post Tax Loss (Higher)/Lower		Equity Higher/(Lower)	
	2014	2013	2014	2013
	\$	\$	\$	\$
+10%	8	307	8	307
-10%	(8)	(307)	(8)	(307)

The movements in the net loss are due to higher/lower unrealised foreign exchange gains or losses on cash balances. The sensitivity is lower in 2014 than in 2013 due to lower balances of cash and cash equivalents held at the end of the current year.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the customer's financial position, past working experience with the customer (if any) and any other applicable factors. Individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and followed up accordingly.

The requirement for any impairment is analysed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and funding to ensure that the Group can meet its obligations when due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group holds the majority of its financial assets as trade receivables with reputable customers who have had no payment issues in the past and hence, does not have any material liquidity risk at the reporting date.

All financial assets and liabilities have a maturity of less than 6 months and as such, further detailed analysis has not been provided.

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

19. COMMITMENTS AND CONTINGENCIES

(a) Operating Lease Commitments – Group as lessor

The Group entered into a non-cancellable lease agreement for its office premises for a term of 5 years (with an option to renew for a further 5 years). As the Group intends to execute the renewal option, the future minimum rentals below have been calculated taking the extended term into account. Rent payable monthly in advance. The extended term of the lease will run to 31 August 2017.

In Addition, the Company's subsidiary, Mpire Network Inc., entered into a 5 month non-cancellable lease agreement for its office premises on 1 May 2014.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated	
	2014	2013
	\$	\$
Within one year	126,681	110,496
After one year but not more than five years	260,138	374,165
More than five years	-	-
	386,818	484,661

(b) Property, Plant and Equipment Commitments

At balance date the Group had no contractual obligations to purchase plant and equipment (2013: nil).

(c) Remuneration

Effective from the quarter ending 30 September 2012, the Group entered into a profit-based bonus agreement with Operations Manager, Luke Taylor. The agreement will remain in effect indefinitely unless decided otherwise by either party.

(d) Contingent Liabilities

At balance date the Group had no pending legal claims or other contingent liabilities (2013: nil).

20. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Livelynk Group Pty Ltd and the subsidiaries listed in the following table.

	Country of incorporation	% Equity interest	
		2014	2013
Mpire Media Pty Ltd	Australia	100	100
Mpire Network Inc.	Canada	100	-

Mpire Network Inc. was incorporated on 18 March 2014 and Livelynk Group Pty Ltd assumed 100% control of the company from that date.

Livelynk Group Pty Ltd is a wholly owned subsidiary of Zhenya Holdings Pty Ltd.

Transactions with related parties

During the year, the Company's wholly owned subsidiary, Mpire Media Pty Ltd, transacted with the following entities which are associated with Mr Tsvetnenko. Mr Tsvetnenko is a director of the Company.

Name of entity	Mr Tsvetnenko's relationship	Nature of transaction	Revenue		Balance Outstanding	
			2014	2013	2014	2013
Alloy Tech Ltd	Shareholder	Web Design Services	-	4,675	4,675	4,675
Amaze Systems Pty Ltd	Shareholder	Advertising services	312	112,463	-	-
Blossom Tech Ltd	Shareholder	Web Design Services	-	4,675	-	4,675
Carmine Tech Ltd	Shareholder	Web Design Services	-	4,675	-	4,675
Cellular Dreams (Canada) Pty Ltd	Director & shareholder	Advertising services	-	-	-	-
Cellular Dreams (NZ) Pty Ltd	Director & shareholder	Advertising services	-	-	-	406
Cellular Dreams (USA) Pty Ltd	Director & shareholder	Advertising services	-	-	-	-
Cellularis Pty Ltd	Director & shareholder	Advertising services	-	-	-	-
CF Enterprises Pty Ltd	Shareholder	Advertising services	321,239	2,080,127	-	-
Claret Tech Ltd	Shareholder	Web Design Services	-	4,675	-	4,675
DigiMobi Pty Ltd	Shareholder	Advertising services	628,623	2,220,070	-	2,203,666
Feldspar Tech Ltd	Shareholder	Web Design Services	-	4,675	-	4,675
Fuchsia Tech Ltd	Shareholder	Web Design Services	-	4,675	-	4,675
Funny Troll Pty Ltd	Shareholder	Advertising services	-	256,519	-	-
Heracles One Pty Ltd	Shareholder	Advertising services	-	523,611	-	-
Interfun Pty Ltd	Director & shareholder	Advertising services	-	225,433	-	-
Khaki Tech Ltd	Shareholder	Web Design Services	-	4,675	-	4,675
Maroon Tech Ltd	Shareholder	Advertising services	618,070	393,253	475,865	394,788
Mobile Ecstasy Pty Ltd	Director & shareholder	Advertising services	-	139,467	-	-
Mobilicious Pty Ltd	Director & shareholder	Advertising services	-	-	-	-
Mobilnik Pty Ltd	Director & shareholder	Advertising services	-	-	-	-
Movil Pty Ltd	Director & shareholder	Advertising services	-	185,255	-	-
New Age Systems Pty Ltd	Shareholder	Advertising services	-	240,052	-	-
Norp Pty Ltd	Shareholder	Advertising services	-	-	-	-
Sienna Tech Ltd	Shareholder	Web Design Services	-	4,675	-	4,675
Skycell International Pty Ltd	Director & shareholder	Advertising services	-	-	-	-
Slate Tech Ltd	Shareholder	Web Design Services	-	4,675	-	4,675
Snow Tech Ltd	Shareholder	Web Design Services	-	4,675	4,675	4,675
Surreal Minds Pty Ltd	Shareholder	Advertising services	-	-	-	-
Tremor Media Pty Ltd	Shareholder	Advertising services	-	-	-	-
Tron World Pty Ltd	Shareholder	Advertising services	-	-	-	-
XFactor Mobile Pty Ltd	Shareholder	Advertising services	-	-	-	-
Zeus Hill Pty Ltd	Shareholder	Advertising services	-	166,298	-	-
Zhenya Enterprises Pty Ltd	Director & shareholder	Advertising services	-	-	-	-
			1,568,244	6,589,299	485,215	2,645,610

Advertising and web design services were provided on an arm's length basis.

During the year, net loan funds of \$1,298,470 (2013: \$3,276,498 were advanced) were received via a loan with Zhenya Holdings Pty Ltd, a company of which Mr Tsvetnenko is a director.

During the year, net loan funds of \$23,919 were advanced to Maroon Tech Limited (2013: \$182,980). At balance date \$206,899 is owing to the Group (2013: \$182,980). Mr Tsvetnenko is a director of the ultimate

parent entity of Maroon Tech Ltd. Mr Taylor was appointed as a director of Maroon Tech Limited on 28 July 2014.

Terms and conditions of transactions with related parties

Outstanding balances at reporting date are unsecured. There have been no guarantees provided or received for any related party receivables.

21. EVENTS AFTER THE BALANCE SHEET DATE

On 9 July 2014, the Company entered into a binding Heads of Agreement (**HOA**) with Zhenya Holdings Pty Ltd (**Zhenya Holdings**) and ASX listed Lithex Resources Limited (**Lithex**).

Pursuant to the terms of the HOA, Lithex will acquire 100% of the issued capital of the Company from Zhenya Holdings. The consideration payable to Zhenya Holdings comprises the following:

- the issue of 23,500,000 ordinary shares (on a post consolidation basis) at a deemed price of \$0.20 per Share (**Consideration Shares**);
- the issue of 23,100,000 Class A performance shares; and
- the issue of 15,400,000 Class B performance shares.

The Class A performance shares will convert into ordinary shares on a 1 for 1 basis should the Company and its controlled entities generate gross revenue of \$15,000,000 in the 18 month period following Lithex being readmitted to quotation on ASX.

The Class B performance shares will convert into ordinary shares on a 1 for 1 basis should the Company and its controlled entities generate gross revenue of \$25,000,000 in the 24 month period following Lithex being readmitted to quotation on ASX.

The conditions to be satisfied under the HOA before the proposed transaction can complete are:

- (a) both parties being satisfied with their due diligence investigations of the other within 30 business days of the execution date of the HOA;
- (b) the parties agreeing to the terms and conditions of a formal share sale agreement to effect the acquisition;
- (c) Lithex obtaining all necessary shareholder approvals under the Corporations Act and the ASX Listing Rules in relation to the acquisition, including (but not limited to) approvals required for the following:
 - (i) re-compliance with the admission and quotation requirements of ASX and issue of shares under the proposed capital raising;
 - (ii) change to Lithex's activities;
 - (iii) a consolidation of Lithex's existing capital and change of name;
 - (iv) issue of the Consideration Shares to Zhenya Holdings; and
 - (v) issue of performance shares to Zhenya Holdings and staff and senior management of the Company;
- (d) Lithex raising a minimum of \$3,500,000 at 20c per share under a capital raising prospectus; and
- (e) Lithex receiving conditional approval from ASX to have its securities re-instated to trading on the ASX on terms acceptable to both Lithex and Zhenya Holdings.

On 18 August 2014, the Company entered into a Deed of Variation (**Variation Agreement**) with Zhenya Holdings and Lithex. Under the Variation Agreement, the parties have agreed to the following variations to the HOA:

- (a) the period by which the due diligence investigations by the parties is to be completed has been extended to 15 September 2014 ; and
- (b) the conditions to be satisfied to achieve completion of the proposed transaction have been extended to include:
 - (i) the Company providing audited accounts for the past 3 financial years (or such other period required by ASIC for the purpose of Lithex obtaining shareholder approval or for the purpose of disclosure in the prospectus required to complete the capital raising).

As at the date of this report, the Company and Lithex are working towards the satisfaction of the conditions set out in the HOA (as varied).

Loan Agreement with Lithex Resources Limited

On 9 July 2014, the Company entered into a binding Loan Agreement with Lithex pursuant to which Lithex has agreed to loan the Company up to \$1,200,000 in tranches on satisfaction of the following conditions:

- (a) completion of a placement to new sophisticated investors to raise up to \$283,000 (before costs) at 2 cents per share on a pre-consolidation basis (**Sophisticated Placement**);
- (b) completion of a rights issue, underwritten by CPS Capital Group Pty Ltd, to Lithex's shareholders to raise up to \$542,000 (before costs) at 2 cents per share on a pre-consolidation basis (**Rights Issue**); and
- (c) Lithex registering security over the Company's assets.

On 5 August 2014, the Company entered into a Variation Agreement pursuant to which the terms of the Loan Agreement were varied such that Lithex waived the Rights Issue condition to the extent that it shall not apply to loan drawdowns totalling not more than \$600,000.

As at the date of this report, the Company has drawn down \$600,000 under the Loan Agreement.

In the event that the transaction proposed in the HOA (as varied) does not complete by 31 December 2014, the Company will be required to repay the amounts drawn down under the Loan Agreement by 31 March 2015 and interest will be charged at the rate of 7% per annum from 31 December 2014 until the loan has been repaid in full.

Acquisition of Maroon Tech Limited

On 15 September 2014, the Company entered into a Share Purchase Agreement (**SPA**) with Alcubierre Holdings Pty Ltd (**Alcubierre**) and Irish incorporated entity Maroon Tech Limited (**Maroon Tech**) pursuant to which the Company will acquire 100% of the issued capital of Maroon Tech. Under the SPA, the consideration payable by the Company for the acquisition of Maroon Tech is \$369,880.

The acquisition of Maroon Tech constitutes a related party transaction because Zhenya Tsvetnenko is the sole director of Lydian Enterprises Pty Ltd which owns 100% of the issued capital of Alcubierre and Luke Taylor was appointed as a director of Maroon Tech on 28 July 2014.

Other

Other than set out above, no event has arisen since 30 June 2014 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

22. AUDITORS' REMUNERATION

	Consolidated	
	2014	2013
	\$	\$
Audit or review of the financial report	15,000	15,000
Non-audit services provided	-	-
	<u>15,000</u>	<u>15,000</u>

23. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

E. Tsvetnenko Managing Director and Company Secretary

(ii) Executives

L. Taylor Operations Manager
F. Muir Chief Financial Officer

(b) Remuneration of Key Management Personnel

	Consolidated	
	2014	2013
	\$	\$
Short-term employee benefits	381,661	371,463
Post-employment benefits	35,304	32,074
	<u>416,964</u>	<u>403,537</u>

(c) **Other transactions and balances with directors and executives**

Apart from the transactions with Mr Tsvetnenko in his capacity as a director highlighted in Note 20 above, there have been no other transactions with directors and executives (2013: nil).

24. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Livelynk Group Pty Ltd. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	As at 30 June 2014 \$	As at 30 June 2013 \$
<i>Financial Position</i>		
Assets		
Current assets	120	1,200,100
Non-current assets	8	8
Total assets	128	1,200,108
Liabilities		
Current liabilities	93,628	1,200,008
Total liabilities	93,628	1,200,008
Net assets/(liabilities)	(93,500)	100
Equity		
Contributed equity	100	100
Accumulated losses	(93,600)	-
Total equity	(93,500)	100
<i>Financial Performance</i>		
Loss for the year	(93,600)	-
Other comprehensive income	-	-
Total comprehensive income	(93,600)	-

ANNEXURE F – VALUATION OF NEW OPTIONS

The value of the financial benefits to be provided to Trident Capital pursuant to the proposed issue of New Options pursuant to Resolution 9 are set out in the table below:

Entity	New Options	Value
Trident Capital	6,000,000	\$372,787

Notes and assumptions:

1. Exercise price of \$0.25.
2. The Options were valued based on assumed date of issue of the Options of 30 November 2014.
3. The Black-Scholes option valuation methodology was used as the basis for the calculation.
4. It was assumed that the Share price on the date of issue of the Options will be \$0.20.
5. The risk free interest rate used was 2.65%.
6. A volatility factor of 58.08% was used.
7. There are no vesting conditions.
8. The expected dividend yield is 0%.
9. The value of each New Option is \$0.062.
10. The value obtained via the Black Scholes option valuation method may not be the valuation that would be obtained pursuant to the relevant Australian tax legislation.

ANNEXURE G – VALUATION OF PERFORMANCE SHARES

The Performance Shares to be issued pursuant to Resolutions 4, 5 and 6 are subject to the following Milestones:

- Class A Performance Shares - Milestone means achieving revenue of \$15,000,000 in the 18 month period commencing on the day the Company is readmitted to the Official List of the ASX; and
- Class B Performance Shares – Milestone means achieving revenue of \$25,000,000 for the Class B Performance Shares in the 24 month period commencing on the day the Company is readmitted to the Official List of the ASX.

The Directors of the Company have been unable to ascribe a value to the Performance Shares due to material uncertainty surrounding the future performance of the Tech Mpire business and thus uncertainty as to whether the Milestones will be achieved.

Furthermore, the Independent Expert was unable to ascribe a value to the Performance Shares. At paragraph 8.5 of the Independent Expert's Report, located on page 100 of this Notice of Meeting, the Independent Expert states that minimal or no value can be ascribed to the Performance Shares due to the material uncertainty surrounding the future performance of Livelynk and the uncertainty as to whether the Performance Conditions will be met. The Independent Expert's Report sets out the principal assumptions on which the Independent Expert reached this conclusion.

Shareholders are strongly urged to consider the Independent Expert's Report in detail.

ANNEXURE H – TERMS OF CLASS A AND CLASS B PERFORMANCE SHARES

TERMS AND CONDITIONS OF CLASS A PERFORMANCE SHARES

1. Definitions

In these terms and conditions, the following terms have the following meaning unless the context otherwise requires:

- (a) **“Company”** means Lithex Resources Limited (ACN 140 316 463).
- (b) **“Constitution”** means the constitution of the Company.
- (c) **“Livelynk Group”** means Livelynk Group Pty Ltd (ACN 134 429 637) a wholly owned subsidiary of the Company as at the date the Company is readmitted to the Official List of the ASX following its recompliance with Chapters 1 and 2 of the Listing Rules.
- (d) **“Maroon Tech”** means Maroon Tech Ltd (Company No. 522300) (a company incorporated in Ireland).
- (e) **“Milestone”** means Mpire achieving revenue of \$15,000,000 in the 18 month period commencing on the day the Company is readmitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.
- (f) **“Mpire Media”** means Mpire Media Pty Ltd (ACN 126 813 214).
- (g) **“Mpire Network”** means Mpire Network Inc (Ontario Corp No. 002411178) (a company incorporated in Canada).
- (h) **“Mpire”** means collectively, Livelynk Group, Mpire Media, Maroon Tech and Mpire Network, the latter three of which are wholly owned subsidiaries of Livelynk Group as at the date the Company is readmitted to the Official List of the ASX following its recompliance with Chapters 1 and 2 of the Listing Rules.
- (i) **“Shareholders”** means the existing shareholders of the Company.
- (j) **“Shares”** means an ordinary fully paid share in the capital of the Company.

2. Rights attaching to Class A Performance Shares

- (a) Each Class A Performance Share shall be issued for nil cash consideration.
- (b) Each Class A Performance Share is a fixed share in the capital of the Company.
- (c) The Class A Performance Shares shall confer on a holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A holder has the right to attend general meetings of Shareholders.
- (d) A holder is not entitled to vote on any resolutions proposed at a general meeting of the Company other than in the circumstances specifically allowed for under the Corporations Act.
- (e) The Class A Performance Shares do not entitle a holder to any dividends.
- (f) The Class A Performance Shares do not confer on a holder any right to participate in the surplus profits or assets of the Company upon the winding up of the Company.
- (g) The Class A Performance Shares are not transferrable.

- (h) The Class A Performance Shares do not confer on a holder any right to a return of capital, whether on a winding up, upon a capital reduction or otherwise.
- (i) If at any time the issued capital of the Company is reconstructed, consolidated or divided, or a return of capital is made by the Company, all rights attaching to the Class A Performance Shares will be adjusted to the extent necessary:
 - (i) to avoid any adverse effect on the relative values of the Class A Performance Shares and the Company's existing Shares; and
 - (ii) in any event, to comply with the Listing Rules, the Corporations Act and the Constitution.
- (j) Subject always to the rights under item 2(i), holders of Class A Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) Class A Performance Shares will not be quoted on ASX. However, upon conversion of the Class A Performance Shares into Shares pursuant to section 3, the Company must apply for the official quotation of the Shares arising from the conversion on ASX in accordance with the Listing Rules. ASX may require that the fully paid ordinary shares arising from the conversion be escrowed and, the holders are required to enter into any agreement necessary to effect the escrow prior to the issue of the converted shares.
- (l) The Class A Performance Shares do not confer on a holder any right other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

3. Conversion of Class A Performance Shares to Ordinary Shares

- (a) The Class A Performance Shares will automatically convert to Shares on the basis of one (1) Share per Performance Share being converted on the Company achieving the Milestone.
- (b) If the Milestone has not occurred on or prior to 18 months from the date the Company is readmitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules, every Class A Performance Share will be cancelled.
- (c) Upon:
 - (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - a. having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - b. been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent the Class A Performance Shares have not vested due to satisfaction of the Milestone, the Class A Performance Shares automatically vest to that number of Shares which when issued together with all Shares issued under any other class of Performance Shares then on issue, is equal to the lesser of one Share per Class A Performance Share and 10% of the total Shares on issue in the Company at that time. Class A Performance Shares

that are not vested and converted into Shares will continue to be held by the holder on the same terms and conditions.

- (d) The Shares issued on conversion of the Class A Performance Shares will rank pari passu in all respects with existing Shares.
- (e) Provided always that the Class A Performance Shares issued to Messrs Luke Taylor and Jeff Botnick and any employees of Mpire, or their nominees, (excluding any Class A Performance Shares issued to Zhenya Holdings Pty Limited or its nominees) shall be immediately cancelled, and the recipient shall be no longer entitled to the benefit of them, on a pro-rata basis, or otherwise, should the recipient (or, in the case of a nominee recipient, the party nominating the nominee) not be a full time employee of at least one of the Company or any entity comprising Mpire, at any time between the issue of those Class A Performance Shares and the achievement of the Milestone.

4. Compliance with Corporations Act, ASX Listing Rules and Constitution

- (a) Notwithstanding anything else contained in these terms and conditions, if the Listing Rules, the Corporations Act or the Constitution prohibits an act being done, that act shall not be done.
- (b) Nothing contained in these terms and conditions prevents an act being done that any of the Listing Rules, the Corporations Act or the Constitution requires to be done.
- (c) If any of the Listing Rules, the Corporations Act or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with any of the Listing Rules, the Corporations Act or the Constitution, the holders authorise the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

TERMS AND CONDITIONS OF CLASS B PERFORMANCE SHARES

1. Definitions

In these terms and conditions, the following terms have the following meaning unless the context otherwise requires:

- (a) **"Company"** means Lithex Resources Limited (ACN 140 316 463).
- (b) **"Constitution"** means the constitution of the Company.
- (c) **"Livelynk Group"** means Livelynk Group Pty Ltd (ACN 134 429 637) a wholly owned subsidiary of the Company as at the date the Company is readmitted to the Official List of the ASX following its recompliance with Chapters 1 and 2 of the Listing Rules.
- (d) **"Maroon Tech"** means Maroon Tech Ltd (Company No. 522300) (a company incorporated in Ireland).
- (e) **"Milestone"** means Mpire achieving revenue of \$25,000,000 in the 24 month period commencing on the day the Company is readmitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.
- (f) **"Mpire Media"** means Mpire Media Pty Ltd (ACN 126 813 214).
- (g) **"Mpire Network"** means Mpire Network Inc (Ontario Corp No. 002411178) (a company incorporated in Canada).
- (h) **"Mpire"** means collectively, Livelynk Group, Mpire Media, Maroon Tech and Mpire Network, the latter three of which are wholly owned subsidiaries of Livelynk Group as at the date the Company is readmitted to the Official List of the ASX following its recompliance with Chapters 1 and 2 of the Listing Rules.
- (i) **"Shareholders"** means the existing shareholders of the Company.
- (j) **"Shares"** means an ordinary fully paid share in the capital of the Company.

2. Rights attaching to Class B Performance Shares

- (a) Each Class B Performance Share shall be issued for nil cash consideration.
- (b) Each Class B Performance Share is a fixed share in the capital of the Company.
- (c) The Class B Performance Shares shall confer on a holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A holder has the right to attend general meetings of Shareholders.
- (d) A holder is not entitled to vote on any resolutions proposed at a general meeting of the Company other than in the circumstances specifically allowed for under the Corporations Act.
- (e) The Class B Performance Shares do not entitle a holder to any dividends.
- (f) The Class B Performance Shares do not confer on a holder any right to participate in the surplus profits or assets of the Company upon the winding up of the Company.
- (g) The Class B Performance Shares do not confer on a holder any right to a return of capital, whether on a winding up, upon a capital reduction or otherwise.
- (h) The Class B Performance Shares are not transferrable.

- (i) If at any time the issued capital of the Company is reconstructed, consolidated or divided, or a return of capital is made by the Company, all rights attaching to the Class B Performance Shares will be adjusted to the extent necessary:
 - (i) to avoid any adverse effect on the relative values of the Class B Performance Shares and the Company's existing Shares; and
 - (ii) in any event, to comply with the Listing Rules, the Corporations Act and the Constitution.
- (j) Subject always to the rights under item 2(i), holders of Class B Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) Class B Performance Shares will not be quoted on ASX. However, upon conversion of the Class B Performance Shares into Shares pursuant to section 3, the Company must apply for the official quotation of the Shares arising from the conversion on ASX in accordance with the Listing Rules. ASX may require that the fully paid ordinary shares arising from the conversion be escrowed and, the holders are required to enter into any agreement necessary to effect the escrow prior to the issue of the converted shares.
- (l) The Class B Performance Shares do not confer on a holder any right other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

3. Conversion of Class B Performance Shares to Ordinary Shares

- (a) The Class B Performance Shares will automatically convert to Shares on the basis of one (1) Share per Performance Share being converted on the Company achieving the Milestone.
- (b) If the Milestone has not occurred on or prior to 24 months from the date the Company is readmitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules, every Class B Performance Share will be cancelled.
- (c) Upon:
 - (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - a. having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - b. been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent the Class B Performance Shares have not vested due to satisfaction of the Milestone, the Class B Performance Shares automatically vest to that number of Shares which when issued together with all Shares issued under any other class of Performance Shares then on issue, is equal to the lesser of one Share per Class B Performance Share and 10% of the total Shares on issue in the Company at that time. Class B Performance Shares that are not vested and converted into Shares will continue to be held by the holder on the same terms and conditions.

- (d) The Shares issued on conversion of the Class B Performance Shares will rank *pari passu* in all respects with existing Shares.

- (e) Provided always that the Class B Performance Shares issued to Messrs Luke Taylor and Jeff Botnick and any employees of Mpire, or their nominees, (excluding any Class B Performance Shares issued to Zhenya Holdings Pty Limited or its nominees) shall be immediately cancelled, and the recipient shall be no longer entitled to the benefit of them, on a pro-rata basis, or otherwise, should the recipient (or, in the case of a nominee recipient, the party nominating the nominee) not be a full time employee of at least one of the Company or any entity comprising Mpire, at any time between the issue of those Class B Performance Shares and the achievement of the Milestone.

4. Compliance with Corporations Act, ASX Listing Rules and Constitution

- (a) Notwithstanding anything else contained in these terms and conditions, if the Listing Rules, the Corporations Act or the Constitution prohibits an act being done, that act shall not be done.
- (b) Nothing contained in these terms and conditions prevents an act being done that any of the Listing Rules, the Corporations Act or the Constitution requires to be done.
- (c) If any of the Listing Rules, the Corporations Act or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with any of the Listing Rules, the Corporations Act or the Constitution, the holders authorise the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.

ANNEXURE I – NOMINATION OF AUDITOR

2 October 2014

The Directors

Lithex Resources Limited

22 Lindsay Street


Perth WA 6000

Dear Sirs

NOMINATION OF AUDITOR

For the purposes of section 328B(1) of the Corporations Act, and being a member of Lithex Resources Limited (Company), we would like to nominate Ernst & Young of 11 Mounts Bay Road, Perth WA 6000, for appointment as auditor of the Company at the Company's next annual general meeting.

Yours faithfully



Jason Peterson

Director

Celtic Capital Pty Ltd

ACN 413 128 317

ANNEXURE J – LIVELYNK EMPLOYEES

Tim Allison

Andre Bonkowski

Joseph Fleming

David Keenan

Fiona Muir

Aleksandar Sotirovski

Arvin Varadharajalu

PROXY FORM
Lithex Resources Limited
ACN 140 316 463

I/We

of

being a member of Lithex Resources Limited ACN 140 316 463 entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of Proxy

OR

☐

the Chairman of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 2:30pm (WST) on 25 November 2014 at Level 1, 330 Churchill Avenue, Subiaco, Western Australia, and at any adjournment thereof.

Important for Resolutions 5, 6, 11, 12, 14 and 16

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 5, 6, 11, 12, 14 and 16 and the Chairman is, or may by default be, appointed your proxy, you must mark the box below.

☐

I/we direct the Chairman to vote in accordance with his/her voting intentions (as set out above) on Resolutions 5, 6, 11, 12, 14 and 16 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chairman may exercise my/our proxy even though Resolutions 5, 6, 11, 12, 14 and 16 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If the Chairman is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chairman how to vote, the Chairman will not cast your votes on Resolutions 5, 6, 11, 12, 14 and 16 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 5, 6, 11, 12, 14 and 16.

The Chairman intends to vote all available proxies in favour of all Resolutions with the exception of Resolution 16, if it is put to the meeting.

OR

Voting on Business of the Annual General Meeting				FOR	AGAINST	ABSTAIN
Resolution 1	Repeal of existing Constitution and adoption of new Constitution for	Lithex Resources Limited		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Capital Consolidation			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Change in nature and scale of activities of the Company			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Securities – Vendor Consideration and Participation in Capital Raising			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Performance Shares to Proposed Directors - Mr Luke Taylor and Mr Jeff Botnick			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Performance Shares to Livelynk Employees			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares pursuant to the Capital Raising			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Change of Company name			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of New Options and Shares to Trident Capital for Introduction Fee			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Shares to Niche Export Agency for introduction fee			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Shares to CPS Capital for Introduction Fee			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Non-Executive Directors' Remuneration			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Ratification and Approval of Past Placement to Sophisticated Investors			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Adoption of Remuneration Report			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Approval of Auditor Appointment			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Spill Resolution			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17	Election of Mr Jack James as a Director			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18	Election of Mr Giuseppe Graziano as a Director			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 19	Election of Mr Jason Peterson as a Director			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Member(s):

Date: _____

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Proxy Form

1. Your name and address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note you cannot change ownership of your securities using this form.

2. Appointment of a proxy

You are entitled to appoint no more than two proxies to attend and vote on a poll on your behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of your voting rights. If you appoint two proxies and the appointment does not specify this proportion, each proxy may exercise half of your votes.

If you wish to appoint the Chairman of the Annual General Meeting as your proxy, please mark the box. If you leave this section blank or your named proxy does not attend the Annual General Meeting, the Chairman will be your proxy. A proxy need not be a Shareholder.

3. Voting on Resolutions

You may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item your vote will be invalid on that item.

4. Signing instructions

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

- **(Individual)** Where the holding is in one name, the holder must sign.
- **(Joint holding)** Where the holding is in more than one name, all of the shareholders should sign.
- **(Power of Attorney)** If you have not already lodged the Power of Attorney with the Company's share registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- **(Companies)** Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, as sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

5. Return of a Proxy Form

To vote by proxy, please complete and sign the enclosed Proxy Form (and any Power of Attorney and/or second Proxy Form) and return by:

- post to the Company at PO Box 2015, Subiaco WA 6904;
- hand to the Company at Level 1, 330 Churchill Avenue, Subiaco WA; or
- facsimile to the Company on +61 8 9200 4469,

so that it is received by no later than 2.00pm (WST) on 23 November 2014.

Proxy Forms received later than this time will be invalid.