

**ORCODA LIMITED**  
**ACN 009 065 650**

**NOTICE OF ANNUAL GENERAL MEETING**

The Annual General Meeting of Shareholders of Orcoda Limited (**Orcoda** or the **Company**) will be held at 39 Navigator Place, Hendra, Brisbane, QLD on Thursday 28 January 2021 at 10.30 am (AEST) (**Meeting**).

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

An Independent Expert "Accounting Business" has opined that the transaction which is the subject of Resolutions 7.1 to 7.4 is **fair and reasonable** to non-associated Shareholders. A copy of the Independent Expert's Report accompanies this Notice of Meeting.

**BUSINESS OF THE MEETING**

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**Financial Statements and Reports**

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2020.

**Resolution 1: Remuneration Report**

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

*"That the Company adopt the Remuneration Report for the year ended 30 June 2020 in accordance with Section 250R(2) of the Corporations Act."*

Note: This Resolution is advisory only and does not bind the Company or the Directors.

**Voting Exclusion Statement**

In accordance with sections 250BD(1) and 250R(4) of the Corporations Act, no member of the Key Management Personnel (KMP) of the Company, details of whose remuneration are included in the Remuneration Report, or a member of the KMP of the Group at the date of the meeting acting as proxy or a Closely Related Party of any such member may vote on Resolution 1.

However, in accordance with the Corporations Act, a person described above may vote on Resolution 1 if:

- it is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the Proxy Form how to vote; or
- it is cast by the Chairman as proxy for a person who is permitted to vote, in accordance with an express direction specified on the Proxy Form to vote as the proxy decides even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

If the Chairman is appointed as a proxy for a person who is permitted to vote on Resolution 1, the Chairman will vote any proxies which do not indicate on their Proxy Form the way the Chairman must vote, in favour of the Resolution.

**Resolution 2: Election of Director, Mr Nicholas Johansen**

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

*"That Mr Nicholas Johansen, who is retiring in accordance with clause 13.2 of the Company's Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company."*

**Resolution 3: Ratify the prior issue of Shares**

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

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the prior issue of 7,500,000 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Notes."*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 3 by any person who participated in the issue of the Shares referred to in Resolution 3, or any of their associates.

However, the Company will not disregard a vote cast in favour of the Resolution if:

- A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- The Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 4: Ratify the prior issue of Shares**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the issue of 15,625,000 paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Notes.”*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 4 by Mr Geoffrey Williams, and any of his associates.

However, the Company will not disregard a vote cast in favour of the Resolution if:

- A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- The Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 5: Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A**

To consider and, if thought fit, pass the following resolution, as a Special Resolution, without amendment:

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions described in the Explanatory Memorandum (Additional Placement Securities).”*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person, or any associate of that person, who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of equity securities under the increased placement capacity under ASX Listing Rule 7.1A, except as a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, this does not apply to a vote cast in favour of the Resolution by:

- A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

- The Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Under ASX Listing Rule 14.11.1 and the notes under that rule about Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no Shareholders are currently excluded from voting.

#### **Resolution 6: Ratify the appointment of new Auditor**

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

*“That the appointment of BDO of Level 10, 12 Creek Street Brisbane Qld 4000 as the Company’s new auditor be hereby ratified.”*

#### **Resolutions 7.1 – 7.4 - IP LICENCE ASSET RESOLUTIONS**

##### **Resolution 7.1: Acquisition of Initiative Assets**

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

*“That, for the purposes of ASX Listing Rule 10.1 and for all other purposes, that the Company is approved to acquire the Initiative Assets on the terms and conditions as set out in the Explanatory Notes.”*

##### **Resolution 7.2: Approval for the Issue of Shares to an associate of a related party, Pronk Holdings Pty Ltd**

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

*“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 5,743,750 Shares to Pronk Holdings Pty Ltd, a Related Party of Stephen Pronk to acquire Initiative Assets, on the terms and conditions as set out in the Explanatory Notes.”*

##### **Resolution 7.3: Approval for the Issue of Shares to an associate of a related party, Ravenslea Nominees Pty Ltd**

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

*“ That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 1,418,750 Shares to Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund (an entity associated with Mr Geoff Jamieson, a Related Party) to acquire its Initiative Assets, on the terms and conditions as set out in the Explanatory Notes*

## **Resolution 7.4: Approval for the Issue of Shares to an associate of a related party, Harkiss Mineral Discovery Pty Ltd**

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

*“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 312,500 Shares to Harkiss Mineral Discovery Pty Ltd, (an entity associated with Nicholas Johansen, a Related Party) to acquire its Initiative Assets on the terms and conditions as set out in the Explanatory Notes”*

### **Voting Exclusion Statement for Resolutions 7.1, 7.2, 7.3 and 7.4**

With regards to all the above resolutions, the Company will disregard any votes cast in favour of all the resolutions by or on behalf of the following persons who are receive to securities in question and any other person who will obtain a material benefit as the result of the issue of the securities except solely by reason of being a holder of the ordinary securities.

For the above, with respect to Resolution 7.1, the voting exclusion applies to:

- Pronk Holdings Pty Ltd;
- Mr Stephen Pronk and any associate of the above;
- Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund;
- Geoffrey Jamieson and an associate of the above;
- Harkiss Mineral Discovery Pty Ltd; and
- Mr Nicholas Johansen and any associate of the above.

For the above, with respect to Resolution 7.2, the voting exclusion applies to:

- Pronk Holdings Pty Ltd; and
- Mr Stephen Pronk and any associate of the above.

For the above with respect to Resolution 7.3 the voting exclusion applies to:

- Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund; and
- Geoffrey Jamieson and an associate of the above.

With respect to Resolution 7.4 the voting exclusion applies to:

- Harkiss Mineral Discovery Pty Ltd; and
- Mr Nicholas Johansen and any associate of the above.

However, with regards to all the above resolutions 7.1 – 7.4, the Company need not disregard a vote cast in favour of a resolution if:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given to the beneficiary to the holder to vote in that way.

## **ENTITLEMENT TO VOTE**

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The Directors have determined that the persons eligible to vote at the Meeting are those who are registered shareholders of the Company as at 7:00 pm (AEDT) on Tuesday, 26 January 2021 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

## **ANNUAL REPORT**

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Copies of the Company's full Annual Report may be accessed at our website [www.orcoda.com](http://www.orcoda.com) , once in the website, select Shareholder reports that will take you to ASX website, scroll down to Announcement, select See All on left of screen and then scroll down to Annual Report.

## VOTING OPTIONS AND PROXIES

If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form that accompanies this Notice of Annual General Meeting.

### Voting by Proxy

A Shareholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in place of the member.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the shareholder's votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Item 2 (see the Explanatory Notes below):

- If a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines, and
- If a Shareholder appoints the Chairman of the Meeting as proxy and does not direct the Chairman how to vote on an item of business, the Chairman will vote in accordance with his voting intention as stated in this Notice of Meeting, namely in favour of each of the proposed resolutions set out in the Notice of Meeting.

### Proxy Voting by the Chairman

The Chairman of the Meeting intends to vote all undirected proxies in favour of all resolutions.

For Resolution 1 (Remuneration Report), where the Chairman is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chairman is to vote on Resolution 1, the Shareholder is directing the Chairman to vote in accordance with the Chairman's voting intentions for this item of business, even though Resolution 1 is connected with the remuneration of Key Management Personnel.

### Proxy Forms

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy of the proxy is signed by an attorney) with the Company's share registry, as an original or by facsimile, **no later than 10:00 am (AEST) on Tuesday, 26 January 2021 (Proxy Deadline)**.

Proxy forms may be submitted in one of the following ways:

- (i) **By mail** to Computershare Investor Services Pty Ltd using the reply-paid envelope or GPO Box 242, Melbourne VIC 3001. Please allow sufficient time so that it reaches Computershare Investor Services Pty Ltd by the Proxy Deadline;
- (ii) **By fax** to Computershare Investor Services Pty Ltd on +1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia);
- (iii) **Online** via the Company's Share Registry website at [www.investorvote.com.au](http://www.investorvote.com.au) or via your mobile phone using your QR code. Please refer to the Proxy Form for more information; or
- (iv) **By hand delivery** to Computershare at Level 4, 60 Carrington Street, Sydney NSW 2000.
- (v) **For Intermediary Online Subscribers only (custodians), please visit [www.intermediaryonline.com](http://www.intermediaryonline.com)**

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

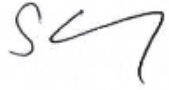
## **CORPORATE REPRESENTATIVES**

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Where a shareholding is registered in the name of a corporation, the corporate shareholder may appoint a person to act as its representative to attend the meeting by providing that person with:

- (i) a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the corporation's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

### **BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'S McDow', written over a horizontal line.

**Sally McDow**  
Company Secretary

## Explanatory Notes

### Financial Statements

As required by section 317 of the *Corporations Act 2001* Cth (**Corporations Act**) the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent fiscal year will be presented to the meeting.

The Financial Report contains the financial statements of Orcoda Limited and its controlled entities. There is no requirement for a formal resolution on this item.

The Chairman of the Meeting will allow a reasonable opportunity at the meeting for Shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the meeting to ask the Company's auditor, RSM Australia Partners (**RSM**), questions about the Audit Report, the conduct of its audit of the Company's Financial Report for the year ended 30 June 2020, the preparation and content of the Audit Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of RSM in relation to the conduct of the audit.

### Resolution 1: Adoption of Remuneration Report

#### Reasons for Resolution

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 of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2020.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

#### Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against in two consecutive annual general meetings, the Company will be required, at the second annual general meeting, to put to Shareholders a resolution proposing the calling of an extraordinary general meeting at which all Directors of the Company who were in office at the date of approval of the applicable Directors' Report must stand for re-election ("**Spill Resolution**").

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting ("**Spill Meeting**") within 90 days of the second annual general meeting.

At the 2019 annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

#### Directors' Recommendation

The Board unanimously recommend that Shareholders vote in favour of this item.

### Resolution 2: Election of a Director – Mr Nicholas Johansen

Listing Rule 14.4 states that no Director is entitled to hold office without re-election past the third Annual General Meeting following the Director's appointment or three years, whichever is longer. Mr Johansen was last appointed as a Director on 29 November 2018 and therefore must retire. He is eligible to be re-elected at this Annual General Meeting.

A summary of Nicholas Johansen's skills and experience are set out below.

Mr Johansen is the Non-Executive Chairman of Orcoda Limited. He is also the Chair of the Remuneration and Nomination Committee as well as the Audit, Risk and Finance Committee.

Mr Johansen is an experienced commercial lawyer and a partner at Cozens Johansen Lawyers. Mr Johansen has a broad range of experience in acting for listed and private companies on commercial transactions, including in the resources and energy and in ICT procurement. Mr Johansen is currently a non-executive director of Armadale Capital PLC and president of the NT Resources & Energy Law Association.

### **Directors' Recommendation**

The Board unanimously (other than Mr Johansen) supports the election of Mr Johansen and recommends that Shareholders vote in favour of this item.

### **Resolutions 3: Ratify the prior issue of Shares**

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these Shares which were issued under ASX Listing Rule 7.1A 10% Placement Capacity under Listing Rule 7.1A.

### **Background**

As announced by the Company on 28 February 2020, the Company issued a total of 7,500,000 Shares to sophisticated investors at an issue price of \$0.16 per Share to raise approximately A\$1,200,000 (before costs) (**Placement Shares**).

### **Listing Rule 7.1**

Broadly speaking, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

### **ASX Listing 7.1A**

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% which last was passed on 15 November 2019.

### **ASX Listing Rule 7.4**

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, the Resolution seeks Shareholder approval for the issue of the Shares under and for the purposes of Listing Rule 7.4.

### **ASX Listing Rule 14.1A**

If Resolution 3 is passed, the Placement Shares will be excluded from calculation of the Company's 15% limit in Listing Rules 7.1 or up to 25% with Listing Rule 7.1A (subject to resolution 5 being passed), effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 months following the date of issue of the Placement Shares.

If Resolution 3 is not passed, the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1 or up to 25% with Listing Rule 7.1A (subject to resolution 5 being passed), effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

### **ASX Listing Rule 7.5**

ASX Listing Rule 7.5 sets out a number of items which must be included in a notice of meeting proposing a ratification of securities under ASX Listing Rule 7.4. The following information is provided in accordance with ASX Listing Rule 7.5:



<b>Number of Shares issued:</b>	7,500,000												
<b>Date on which Shares were issued</b>	6 March 2020												
<b>The issue price of the Placement Shares:</b>	The Placement Shares were issued at A\$0.16 per Share												
<b>The names of the persons who were issued with the Placement Shares and or the basis on which those persons were determined:</b>	<p>Sophisticated investors were approached by professional brokers on the basis of their clients' investment strategy and prior relationships as well as existing shareholders of the Company.</p> <p>No recipients were or are related parties of the Company, or members of key management personnel, substantial holders of the entity, or advisers to the entity or associates of the same.</p>												
<b>Terms of the Placement Shares:</b>	The Placement Shares were issued on the same terms as, and rank equally in all respects with, the Company's existing Shares.												
<b>The use of funds raised:</b>	<p>The funds raised from the issue of the Shares were used as working capital including to win new customers, improve market penetration and develop its divisions. More specifically the funds were used for:</p> <table> <tr> <td>Consultancy fees</td><td>\$363,334</td></tr> <tr> <td>Employees' wages + super</td><td>\$318,650</td></tr> <tr> <td>Bank guarantee Mount Buller</td><td>\$159,000</td></tr> <tr> <td>Rent</td><td>\$93,820</td></tr> <tr> <td>Marketing</td><td>\$265,196</td></tr> <tr> <td><b>Total</b></td><td><b>\$1,200,000</b></td></tr> </table>	Consultancy fees	\$363,334	Employees' wages + super	\$318,650	Bank guarantee Mount Buller	\$159,000	Rent	\$93,820	Marketing	\$265,196	<b>Total</b>	<b>\$1,200,000</b>
Consultancy fees	\$363,334												
Employees' wages + super	\$318,650												
Bank guarantee Mount Buller	\$159,000												
Rent	\$93,820												
Marketing	\$265,196												
<b>Total</b>	<b>\$1,200,000</b>												
<b>Voting Exclusion</b>	A voting exclusion statement is included in Resolution 3 of the Notice of Meeting.												

### Directors' recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

### **Resolution 4: Ratify the prior issue of Shares**

15,625,000 Shares were issued to Mr Geoffrey Williams utilising the Company's 10% placement capacity under ASX Listing Rule 7.1. Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these Shares.

### **Background**

As announced by the Company on 10 December 2020, the Company issued 15,625,000 Shares to Geoffrey Williams as part payment for the acquisition of Betta Group of Companies Qld Pty Ltd at an issue price of \$0.16 per Share to raise approximately A\$2,500,000 (before costs) (**Placement Shares**).

### **ASX Listing Rule 7.1**

Broadly speaking, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

### **ASX Listing Rule 7.4**

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, the Resolution seeks Shareholder approval for the issue of the Shares under and for the purposes of Listing Rule 7.4.

### ASX Listing Rule 14.1A

If Resolution 4 is passed, the Placement Shares will be excluded from calculation of the Company's the Company's 15% limit in Listing Rules 7.1 or a combined 25% with Listing Rule 7.1A (subject to resolution 5 being passed), effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 months following the date of issue of the Placement Shares.

If Resolution 4 is not passed, the Placement Shares will be included in calculating the Company's the Company's 15% limit in Listing Rules 7.1 or a combined 25% with Listing Rule 7.1A (subject to resolution 5 being passed), effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

### ASX Listing Rule 7.5

ASX Listing Rule 7.5 sets out a number of items which must be included in a notice of meeting proposing a ratification of securities under ASX Listing Rule 7.4. The following information is provided in accordance with ASX Listing Rule 7.5:

<b>Number of Shares issued:</b>	15,625,000
<b>Date on which Shares were issued</b>	10 December 2020
<b>The issue price of the Placement Shares:</b>	The Placement Shares were issued at A\$0.16 per Share
<b>The names of the persons who were issued with the Placement Shares and or the basis on which those persons were determined:</b>	<p>Geoffrey Williams</p> <p>Mr Williams is not a related party of the Company.</p> <p>Mr Williams was issued the securities because he is the principal vendor of the Betta Group of Companies Qld Pty Ltd, see further below.</p>
<b>Terms of the Placement Shares:</b>	The Placement Shares are escrowed for twelve (12) months from their date of issue and otherwise were issued on the same terms as, and rank equally in all respects with, the Company's existing Shares, and quotation will be applied for the relevant shares.
<b>The intended use of funds raised:</b>	No funds were raised from the issue of the Shares, however based on the agreed share price were used as part-payment for the acquisition of 100% of. The Betta Group, which was purchased for \$5 million as previously announced.
<b>Voting Exclusion</b>	A voting exclusion statement is included in Resolution 3 of the Notice of Meeting.

### Further information on Betta Group Acquisition

The Betta Group Acquisition was announced to the ASX on 28 November 2020 for Orcoda to acquire 100% of the shares in Betta Group of Companies Qld Pty Ltd (**BGC**) a total estimated consideration of \$4.7 to \$5 million, subject to earn-out variables.

BGC is a long-standing transport services business specialising in road, rail & air infrastructure power services, and also services Oil & Gas and Mining projects. Betta Power Services is the main business, with the focus of the company predominantly on transport infrastructure related projects in Rail, Road and Air for likes of Aurizon, Ergon Energy, Queensland Rail, PowerLink, QBuild, Australian Defence Force and the Bowen Basin Mining Industry. BCC concentrates its efforts on niche infrastructure projects where competition is limited, and with access to unique plant & equipment and unique skills, Betta is able to complete such infrastructure projects with a high level of client satisfaction. Betta is exposed to growing infrastructure markets in Central Queensland – which in the Board's opinion is likely to realise further growth from significant government stimulus related to major infrastructure

(declared 'essential services'). BGC is also fully licensed in Asbestos demolition which is required in many projects and runs a small business in Rockhampton under franchise called Hydrokleen.

BGC achieved \$9 million revenue and EBITDA of A\$2.1 million in FY20 and has achieved \$2.5 million revenue for the first quarter FY21.

Geoffrey Williams is the founder and managing director of BGC and dominant shareholder of BTG, and after being issued the above shares was appointed as an Executive Director of Orcoda (with a transition to non-executive Director after the completion of the transition role as continuing Managing Director of BGC for 18 further months).

The total consideration for this transaction is \$4.7m to \$5m that is paid and payable per below:

- (a) \$2.5 million in Orcoda fully paid ordinary shares issued at \$0.16 per share at settlement (shares under voluntary escrow for 12 months from their date of issue);
- (b) \$1 million cash on settlement (subject to the completion of working capital adjustments); and
- (c) Earn-out payments over 18 months from \$1.2m to \$1.5m. The \$400,000 to \$500,000 instalments (**Earn-Out Payments**), are subject to:
  - 1. BGC founder to work within Orcoda for a minimum period of 18 months by way of remaining the Managing Director of BTG; and
  - 2. The earn-out period of 18 months divided into three (3) equal periods, where \$800k to \$1m EBITDA is required to be achieved by BGC for each 6-month period.(If the EBITDA falls below \$800k for any particular period, then no Earn-Out Payment is payable, for that period, however if EBITDA is \$800k then 80% of the Earn-Out Payment is paid e.g. \$400k, pro-rata up to 100% or \$500k for each Earn-Out Period should \$1m EBITDA (or more) is achieved in each Earn-Out Period.)

#### **Directors' recommendation**

The Board recommends that Shareholders vote in favour of Resolution 4.

#### **Resolution 5: Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A**

##### **General**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company's market capitalisation is approximately \$19.73 million (at the time of preparation of this Notice) and therefore is an eligible entity for these purposes.

The Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If the Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If the Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

The Resolution is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## Eligibility

An eligible entity under ASX Listing Rule 7.1A is one which, at the date of the resolution, has a market capitalisation of \$300 million or less and is not included in the S&P / ASX 300 Index. The Company anticipates that it will be an eligible entity for the purposes of ASX Listing Rule 7.1A at the time of the Meeting.

The exact number of equity securities that may be issued pursuant to the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 which provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of equity securities calculated as follows:

$$(A \times D) - E$$

Where

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement to issue (the **relevant period**):

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities under rule 7.2 exception 9 where:
  - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
  - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the relevant period; or
  - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- less the number of fully paid ordinary securities cancelled in the 12 months;

Note that A has the same meaning in the ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.4.

Any equity securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's equity securities. The Company has only a single class of quoted securities - being shares (ASX Code: ODA).

## Required information

The following information is provided to Shareholders to allow them to assess the Resolution, including for the purposes of ASX Listing Rule 7.3A.

As at the date of this Notice, the Company has the following securities on issue:

- 116,038,532 Shares;

and the capacity to issue:

- 17,405,779 Equity Securities under Listing Rule 7.1; and
- Nil Equity Securities under Listing Rule 7.1A.

### Minimum price

As required by ASX Listing Rule 7.1A.3, any equity securities issued by the Company under ASX Listing Rule 7.1A can only be issued at a price that is no less than 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed by the Company and the recipient of the securities; or
- if the securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the securities are issued.

### Risk of economic and voting dilution to existing Shareholders

If the Resolution is approved by Shareholders and the Company issues securities under the 10% Placement Capacity, the additional economic and voting interests in the Company will be diluted. There is a risk that the market price of the Company's securities may be significantly lower on the issue date than on the date of the Annual General Meeting and the securities may be issued at a price that is at a discount to the market price on the issue date.

The table below shows a number of potential dilution scenarios for a capital raising which may be conducted under ASX Listing Rule 7.1A as required by ASX Listing Rule 7.3A.4 where the number of the Company's Shares on issue (Variable "A" in the formula in ASX Listing Rule 7.1A.2) has remained current or increased by either 50% or 100% and the Share price has decreased by 50%, remained current or increased by 100% based on the closing Share price on ASX at 4 December 2020.

Variable A in ASX Listing Rule 7.1A.2		Dilution		
		\$0.09 50% decrease in Current Market Price	\$0.18 Current Market Price	\$0.36 100% increase in Current Market Price
Current Variable A 108,538,532 Shares	10% Voting Dilution	10,853,853	10,853,853	10,853,853
	Funds Raised	\$976,846.77	\$1,953,693.50	\$3,907,387
50% increase in current Variable A 162,807,798 Shares	10% Voting Dilution	16,280,779	16,280,779	16,280,779
	Funds Raised	\$1,465,270.10	\$2,930,540.20	\$5,861,080.40
100% increase in current Variable A 217,077,064 Shares	10% Voting Dilution	21,707,706	21,707,706	21,707,706
	Funds Raised	\$1,953,693.50	\$3,907,387	\$7,814,774.10

The above dilution table uses the following assumptions which the Company does not represent will necessarily occur:

- the "issue price at current market price" is the closing price of the Shares on ASX on 4 December 2020.
- Variable "A" is 108,538,532 which equates to the number of current Shares on issue at 4 December 2020. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro-rata issue) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders meeting;
- the Company issues the maximum number of securities available under the additional 10% ASX Listing Rule 7.1A approval;
- the table shows only the effect of issues of securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;
- no options, warrants, performance rights or convertible notes (including any options issued under the 10% Placement Capacity) are exercised or converted into Shares before the date of issue of equity securities;
- the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- the table does not show an example of dilution that may be caused to a particular Shareholder by reason of the placements under ASX Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting;

- h. The issue price of the Additional Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price.
- i. the issue of Shares under ASX Listing Rule 7.1A consists only of fully-paid ordinary shares in the Company; and
- j. "Funds Raised" are before any capital raising costs which may be incurred.
- k.

#### **10% Placement Period**

Shareholder approval under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which approval is obtained until the earlier of:

- the date which is 12 months after the date of the Annual General Meeting at which the approval was obtained;
- the time and date of the Company's next annual general meeting; or
- the date of approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).

#### **Purpose of additional 10% Placement Capacity**

While the Company does not have any immediate plans to issue Shares under the 10% Placement Capacity, if this resolution is passed, then the Company may issue securities under the 10% Placement Capacity for cash consideration (only). Funds raised through the use of such capacity may be for working capital, operational activities (including possible complementary business acquisitions if any are identified and approved by the Board), to meet ongoing or new financing commitments or any other capital management activities deemed by the Board to be in the best interests of the Company.

Upon the issue of any securities under ASX Listing Rule 7.1A, the Company will comply with all disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.3.

#### **Allocation policy**

The Company's allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of allottees of equity securities is determined on a case by case basis having regard to factors including but not limited to the following:

- a. the methods of raising funds that are then available to the Company;
- b. the effect of the issue of the equity securities on the control of the Company;
- c. the financial situation and solvency of the Company; and
- d. advice from professional and corporate advisers (if applicable).

Allottees under any capital raising which may be conducted under the 10% Placement Capacity pursuant to ASX Listing Rule 7.1A have not been determined as at the date of this Notice of Meeting and may include existing and/or new Shareholders but not related parties or associates of a related party of the Company.

#### **Previous Issue of Securities under ASX Listing Rule 7.1A**

The Company previously obtained shareholder approval under Listing Rule 7.1A in 2019.

Details of the Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting is set out as follows:

Date of issue	6 March 2020
Number and class of equity securities issued	7,500,000 Shares
Allottees of the securities	As part of a placement announced on 28 February 2020, the Shares were issued to new and existing sophisticated investors. Bell Potter acted as lead manager.
Price	\$ 0.16 per share
Total cash consideration received	On 28 February 2020, the Company raised \$1,200,000 (before costs) from the issue of 7,500,000 Shares under the Company's 10% capacity under Listing Rule 7.1A.

Use of consideration	The funds raised from the issue of the Shares were used as working capital including to win new customers, improve market penetration and develop its divisions.
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Total Equity Securities issued under Listing Rule 7.1A.2 in the prior 12-months ("A")	7,500,000
Percentage that "A" represents based on the total number of Equity Securities on issue at the commencement of that 12-month period	6.91%

Based on 108,538,532 Shares

#### **Compliance with ASX Listing Rules 7.1A.4 and 3.10.3**

When the Company issues equity securities pursuant to the 10% Placement Capacity, it will give ASX:

- a. a list of the names of the persons to whom the Company issues the equity securities and the number of equity securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- b. the information required by ASX Listing Rule 3.10.3 for release to the market.

At the date of the Notice of Meeting the Company has not invited and has not determined to invite any particular existing Shareholder or an identifiable class of existing Shareholder to participate in an offer under ASX Listing Rule 7.1A. Accordingly, no existing Shareholder will be excluded from voting on this Resolution.

#### **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

#### **Resolution 6: Approval to change auditor**

On 17 December 2020 the Company's auditor BDO Audit Pty Ltd (BDO), was appointed the new auditor by directors after the resignation of former long-term auditor RSM Audit Pty Ltd. RSM received their consent to resign from ASIC pursuant in accordance with section 329(5) of the Corporations Act.

Key management and Board members have a strong relationship with BDO from prior business and believes the change to be in the best interest of the Company, and an opportune time to make this change with the coinciding BGC acquisition. Accordingly the Board appointed BDO of Level 10 / 12 Creek Street Brisbane Qld 4000 to fulfill the casual vacancy under section 327B(1) of the Corporations Act.

Accordingly, shareholder approval is being sought to ratify the appointment of the Brisbane based BDO as the Company's new auditor.

#### **Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 6.

#### **Resolutions 7.1, 7.2, 7.3 and 7.4**

##### **Background**

In May 2019, the Company initiated a program through its Healthcare subsidiary that (in part) involved providing external opportunities to acquire and lease vehicles for use within Orcoda Connect Transport fleet of transportation for aged persons and persons with a disability, as paying passengers in a specialised transport service. This program involved investors acquiring Orcoda Healthcare Transport Licences that consisted of an IP license, a vehicle, and required additional funds placed in trust to cover maintenance, service, registration over a 5-year period (**the Business Initiative**). The Company included their vehicles in the broader fleet.

Investors received a rental-returns for the use of the vehicles and/or licenses in the fleet. As COVID-19 emanated throughout the business sector, it significantly impacted the number of vehicles required by the Orcoda Connect Transport business. And as the broader commercial and health situation deteriorated, the Board concluded that taking on further liability in connection with increased fleet

during a period where much of the fleet reduced the economic appeal of the model.

The non-related party and the remainder of the Board have agreed in principle to converting his Business Asset into equity to enable a clean exit by investors of the investment.

The premise of the offer from Orcoda Limited to acquire all outstanding IP licenses and vehicles owned by third parties and related parties, through the issue of Orcoda Limited Shares (ASX: ODA). The offer is as follows:

1. Transfer/Sell the IP License back to Orcoda Limited, which includes the motor vehicle asset and balance cash held in Trust from the original purchase. (Cash in trust was received up front, in the original transaction to cover maintenance, service, registration and operational expenses for a 5-year period.) The relevant IP Licenses are extinguished, and assets absorbed into the Company.
2. The original license value paid by the license holder, exclusive of GST, will be converted to shares in Orcoda Limited.
3. The consideration paid for the entire Initiative Assets is based on a share price used for the transaction deemed at 16 cents per ordinary share, to calculate the consideration paid for acquisition (Initiative Assets).
4. See Table 1 below, identifies the IP License Holders and the parties that will proceed subject to Orcoda Limited shareholder approval of each of resolutions 7.1 to 7.4.

#### **Basis for the offer**

Presently each Initiative Asset holder is paid a monthly return for their investment based on their investment. Annual returns to investors (per IP Licence Holder) were intended grow annually. By example, a \$158,000 investment package the first-year payment would return \$18,100 in the first year, and by Year 10 be \$33,260.

The rationale for unwinding the investment, is that first, the Business Initiative was not being continued, and second, so that the Company could lower its overhead expenses. Projected savings in cash outflow and reduced expenses flowing through to the profit and loss is approximately \$174,000 per annum, at the current payment rate. Ultimately the transaction means that the Company will decrease its long-term liabilities on the balance sheet through the motor vehicle no longer being classified as a liability, but instead, an asset. Additionally, the Company will recognise the cash currently held in trust on behalf of the license holder, into its own accounts. The cash proportion of \$62,000 will be available at settlement of the transactions which are subject to shareholder approval. The IP Licenses will be acquired by the Company within 30 days after shareholders have approved Resolutions 7.1 to 7.4.

The independent board member believed that it is in the best interests of shareholders to:

- a. reduce the monthly outflow of cash by issuing shares to IP license holders as that savings represents a significant return on capital, particularly given a macro-environmental shift toward a reduced cost of debt;
- b. to look to rationalise expenses and by issuing shares to IP licenses holders; and
- c. reduce overheads to Orcoda by approximately \$14,500 per month or \$174,000 per annum.

The same offer was made to ALL license holders, and a letter sent to each license holder outlining the offer, noting that the offer remained subject to shareholder approvals.

- a. Of the 15 IP Licenses issued, 12 included a vehicle and 3 were for a reduced (license only) that was valued at \$50k.
- b. 10 IP Licenses would accept the offer from Orcoda Limited, subject to shareholder approvals. This represents nine (9) vehicles and IP License, and one (1) 1P License (only).
- c. Based upon acceptance of the offer, Orcoda Limited would issue 8,400,000 shares in Orcoda Limited (ASX: ODA).
- d. The Company will redeem and cancel the Licences and take ownership of the motor vehicle assets and cash assets, therefore increasing current assets on the balance sheet. The original cost of the motor vehicles was approximately \$292,000.

#### **ASX Listing Rule 10.1**

ASX Listing Rule 10.1 provides that a listed entity must not agree to acquire or dispose of a “substantial asset” to:

- 10.1.1 a related party;
- 10.1.2 a child entity;



- 10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the listed entity;
- 10.1.4 an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- 10.1.5 a person whose relationship with the listed entity or a person referred to in ASX Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders.

An asset is a "substantial asset" for the purpose of the ASX Listing Rules if its value, or the consideration to be received, is greater than 5% or more of the listed entity's "equity interests" as set out in the listed entity's latest accounts given to ASX. Based on the equity consideration (at \$0.16 per share) payable in total for the Initiative Assets, and that several vendors are associates of related parties (Listing 10.1.4), then approval is required for the purposes of Listing Rule 10.1.

#### **Resolution 7.1**

Resolution 7.1 seeks the required Shareholder approval of the proposed Transaction under, and for the purpose of, ASX Listing Rule 10.1.

If Resolution 7.1 is passed, the Company will be able to proceed with the proposed acquisition of the Initiative Assets through the issue of the relevant shares to each of the related and non-related parties, subject to Resolutions 7.2, 7.3 and 7.4 also passing.

If Resolution 7.1 is not passed, then the acquisition proposal will not proceed, and the Company will continue to pay its contractual obligations established under the IP Licence business initiative.

#### **Independent Expert's Report**

In accordance with ASX Listing Rule 10.5.10, the Company commissioned Business Accounting (**Independent Expert**) to prepare an independent report as to whether, in the Independent Expert's opinion, the Transaction is fair and reasonable to Non-Associated Shareholders.

The Independent Expert has concluded that the Transaction is fair and reasonable to Non-Associated Shareholders, for the reasons set out in the Independent Expert's Report.

A copy of the Independent Expert's Report accompanies this Explanatory Memorandum and is set out in Appendix A. The Independent Expert's Report is also available for download from the Company's website at [www.orcoda.com.au](http://www.orcoda.com.au). Shareholders may also obtain a copy, free of charge, by contacting the Company. Shareholders are urged to read the report in full and seek their own advice if they have any queries.

*The Independent Expert's Report attached as **Annexure A**, which includes the Independent Expert's opinion that the Transaction the subject of Resolution 1 **is fair and reasonable to Non-Associated Shareholders**, forms part of, and should be read together with this Notice.*

#### **Resolutions 7.2 – 7.4**

For Resolutions 7.2, 7.3 and 7.4 Shareholders are being asked to vote on the compensatory component of the Board's preference to unwind a Business Initiative (defined below) through the issue of shares to participating Directors.

The Shares are being used as a compensatory mechanism to facilitate a clean exit from a Business Initiative that was ultimately not pursued, and the issue of shares in-lieu of cash, avoids utilising cash reserves to achieve this end.

Sale of IP Licenses were first reported in an Investor Update on May 31, 2020, and the Board considered the business initiative a small but material program from then until determining to, if possible, unwind the program and allocate resources into different initiatives.

As the Business Initiative was open to investors on equal terms, and several directors through associated parties, participated in support of the fledgling Business Initiative. These were:

1. Pronk Holdings Pty Ltd (an entity associated with Stephen Pronk, who is a Director of the Company) (Resolution 7.2);
2. Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund (an entity associated with Mr Jamieson, Managing Director of the Company (Resolution 7.3); and
3. Harkiss Mineral Discovery Pty Ltd, being an entity controlled by Director and Non-Executive Chairman, Mr Johansen) (Resolution 7.4).

The above, being the entities and the associated Directors are Related Parties pursuant to section 228 of the Corporations Act.

The purpose of issuing the shares is to acquire the Initiative Assets. The redemption of IP licenses is purely to absorb them back into the Orcoda Healthcare Transport division so as to end the vehicle rental agreement and the payments attached to those rental agreements.

The Company owns a number of vehicles in its own fleet, and also acted as the manager of investor vehicle vehicles in the case of the investors in the business initiative, however in both cases the same Company's logistics healthcare software was used for the purposes delivering clients to relevant destinations. By acquiring back what the Initiative Assets (defined below) the Company becomes the owner of the relevant vehicles.

### **Section 210 Corporations Act**

The opportunity to participate in the business initiative had from the beginning of the Initiative been open to external investors on the identical terms and on that basis the Board determined that Directors or their associates may participate in the Initiative in reliance on the s210 of the Corporations Act - the "arms-length exception". This exception provides that member approval is not required with respect to providing a financial benefit in a transaction where the terms would be reasonable in the circumstances if the entity and the related party were dealing at arm's length, or on terms that are less favourable to the related party than these terms.

Since the business Initiative started, changes in business conditions caused by COVID-19 substantially reduced income whereby it was in the interests of the company to redeem as many licences as possible and eliminate as many vehicle rentals as possible so as to reduce overheads, therefore the Board decided to offer to buy- back the Initiative Assets (defined below) on the same terms to all investors. As a result of this offer one non-related investor and three related investors indicated they would take up the buy-back offer.

As with the initial decision to invest, an acquisition of the relevant Initiative Assets from the associates of the Directors (though not the unrelated investor) are related party transactions and however for the same reasons as described above, s210 of the Corporations Act does apply but in this instance the buy-back offer to the related parties requires shareholder approval as a result of Listing Rule 10.11 (explained below).

### **Terms of the buy back**

The licenses (or proportions thereof), being for the IP, vehicle/s, forfeiting rights to future rental income, and the return of balance funds held in trust (**Initiative Assets**), are to be sold back to the Company in return for Orcoda securities priced at \$0.16 per share, equivalent to the initial value of each parties' original investment in accordance with the initiative offer, which all parties will sign..

As the Directors and their associates would be recipients of the shares as consideration then they therefore require shareholder approval for settlement as the consequence of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11, seeking to rely on Exception 11, which means that if shareholders do not approve each of the relevant resolutions then the Company will not proceed to issue the shares to the relevant related parties, noting that these are all also contingent on Resolution 7.1 passing.

The below table describes the investment and number of shares that each associate of the relevant related party (and one non-related party) will receive if resolutions 7.2, 7.3 and 7.4 are passed. Calculations for the number of shares are based on a straight calculation relevant to the corresponding investments. Directors participated on equal terms with other investors, though minor variations in investment are as follows:

1. the cost of investment per Licence differed because of two different vehicle types;
2. Toyota Corolla's vehicle types were \$148,000 per package, and
3. Toyota Prius Wagon vehicle types were \$158,000 per package.

The extent the investments from relevant parties (in cash or cash equivalents) received as part of the Business Initiative is precisely disclosed in Table 1 below and these investments occurred between May 2019 and December 2019.

**Table 1**

<b>Orcoda Limited - Shares to Issued to Related Parties Converting</b>	<b>Company</b>	<b>Each</b>	<b>Total</b>	<b>Share Price</b>	<b>Shares</b>
(Non – related)	MCCB Investments	\$148,000	\$148,000	0.16	925,000
Geoff Jamieson (Director of the Company)	Tamlin	\$148,000	\$148,000	0.16	925,000
Stephen Pronk (Director of the Company)	Stephen Pronk (Director of the Company)	\$148,000	\$296,000	0.16	1,850,000
Stephen Pronk (Director of the Company)	Stephen Pronk (Director of the Company)	\$136,000	\$544,000	0.16	3,400,000
Steven Pronk & Geoff Jamieson	Pronk Holdings 50% & Tamlin Holdings 50%	\$158,000	\$158,000	0.16	987,500
Nick Johansen (Director of the Company)	Harkiss Mineral Discovery	\$50,000	\$50,000	0.16	312,500
			<b>\$1,344,000</b>		<b>8,400,000</b>

Shareholder approval is therefore now being sought for the issue of the following Shares to the following Related Parties for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

In addition, two (2) of the Related Parties are already substantial holders, and if Resolution 7.2 and 7.3 are passed their Voting Power in the Company would be changed as follows (assuming no other resolutions at this AGM approving other shares are passed):

**Table 2**

<b>Director</b>	<b>Name of Related Party</b>	<b>Number of Shares in which a Voting Power is changed</b>	<b>Voting Power as % of Shares on issue*</b>
Stephen Pronk	Pronk Holdings Pty Ltd	5,743,750	10.58% (up from 6.48%)
Geoff Jamieson	Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund	1,418,750	7.42% (up from 6.40%)

*\*The table and dilutions assume that Betta acquisition proceeds, and 15,625,000 shares issued.*

### **Compliance with ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities to a Related Party. The definition of 'equity securities' under the Listing Rules includes Shares. The definition of Related Party includes a director of the Company, an entity controlled by a Director, a person whom the Company has reasonable grounds to believe will become a Director, and the parent of a Director of the Company.

Listing Rule 10.11.1 provides that a listed company must not permit to issue securities to any of the following persons without shareholder approval, which specifically include a Director of the Company and an associate of a Director of the Company.

The issues in each of these resolutions fall within Listing Rule 10.11.1 and so approval of shareholders under Listing Rule 10.11 is being sought.

- If Resolutions 7.2, 7.3 and/or 7.4 are passed, the Company is permitted to issue the shares to the relevant related parties on the terms prescribed below.
- If Resolutions 7.2, 7.3 and/or 7.4 are not passed, the Company will not issue shares to the relevant related parties and payments will be made to acquire the Initiative Assets using cash reserves, with timing being subject to relevant working capital priorities.

In respect of the Listing Rules, as Shareholder approval is being sought under ASX Listing Rule 10.11, Shareholder approval is not also required under ASX Listing Rule 7.1. The following information is required by ASX Listing Rule 10.13 for approval under ASX Listing Rule 10.11 for the issue of the Shares to the Related Parties the subjects of Resolutions 7.2, 7.3 and 7.4:

The Shares are to be issued to:

- a. Pronk Holdings Pty Ltd being an entity controlled by Stephen Pronk and so this resolution falls within Listing Rule 10.11.4 (being an associate of a person referred to in Listing Rule 10.11.1 – 10.11.3);
- b. Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund, of which Geoff Jamieson is a Director and shareholder of the Corporate Trustee and the beneficiary of the Trust so this resolution falls within Listing Rule 10.11.4 (being an associate of a person referred to in Listing Rule 10.11.1 – 10.11.3); and
- c. Harkiss Mineral Discovery Pty Ltd being an entity controlled by Director and Non-Executive Chairman Nicholas Johansen so this resolution falls within Listing Rule 10.11.4 (being an associate of a person referred to in Listing Rule 10.11.1 – 10.11.3).
- d. The number of shares the Company will issue under:
  - Resolution 7.2 is 5,743,750;
  - Resolution 7.3 is 1,418,750; and
  - Resolution 7.4 is 312,500.
 and as shown in the table above (excluding the shares to the non-related party), comprises of a total of 7,475,000 new Shares.
- e. The Company will issue the Shares no later than 1 month after the date of the Meeting.
- f. The Shares will be issued at a deemed issued price of \$0.16 each.
- g. The purpose of the share issue is to acquire the Business Initiative and reduce overheads of the Company. Except for the cash balance that remains in the Initiative Assets (being \$62,000) no other funds are being received because of the issue of the Shares.
- h. The material key terms of the share issue and its underlying purpose is described particularly in Table 1 and the paragraph above it, though also in the Explanatory Notes in general.
- i. The shares to be issued are purely to acquire the Initiative Assets and thereby compensating investors and in no way represents remuneration or an incentive to the relevant directors.
- j. The Shares will be issued on the same terms as the existing fully paid ordinary Shares of the Company, the terms of which are in the public domain.
- k. All material terms necessary for shareholders to make a fully informed decision have been described on the Items that are subject to resolutions 7.2, 7.3 and 7.4.
- l. A voting exclusion statement is included in the Notice of Annual General Meeting.

### **Compliance with Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates transactions between the Company and its Related Parties. Section 208 of the Corporations Act provides that, unless an exception applies, a public company must obtain the approval of its members in accordance with sections 217 to 227 of the Corporations Act before it gives a financial benefit to a related party.

The only Director without a material personal interest in Resolutions 7.2, 7.3 and 7.4 is Brendan Mason. Though not sufficient to form a quorum, Mr Mason considers that the issue of the Shares the subject of Resolutions 7.2, 7.3 and 7.4 are objectively fairly priced.

To preserve the Company's cash flow for operational expenditure, the Company has not obtained advice from an independent expert on the valuation of the acquisition of the Initiative Assets. Specifically, Mr Mason has turned its mind to its fairness, and considers the terms reasonable as:

1. issuing the shares instead of cash, does not prejudice the Company's cash position;
2. the new shares are priced to be pegged against the original investment sums (excluding GST);
3. the net effect is to reduce the ongoing Initiative maintenance, including contingent liabilities of the Initiative and reverses the transaction at close or better than its "cost";
4. the consideration securities are priced to equal the most recent capital raise – which is arguably beneficial given the challenging COVID19 pandemic impacts in 2020;
5. removes the contingent liability of servicing the parties under the Initiative; and
6. brings the (relevant) Initiative Assets on the Company's balance sheet.

### **Chapter 2E of the Corporations Act**

Shareholder approval is sought for the purposes of section 195(4) and Chapter 2E of the Corporations Act for the issue of Shares to the Related Parties on the same terms the Shares will be issued to the participating non-Related Parties. The following information is provided in accordance with Section 219 of the Corporations Act.

### The Nature of the Financial Benefit

The financial benefit is the issue of Shares in the capital of the Company, credited as fully paid at a deemed issue price of \$0.16 each. On issue of the Shares pursuant to Resolution 7.2, 7.3 and 7.4 the Company's issued Share capital will increase by 7,475,000 representing 5.33% of the issued Share capital of the Company assuming that 925,000 shares is also issued to the non-related investor as per Table 1.

The Related Parties currently holds the following Shares in the Company (excluding any Shares issued under any resolutions in this Notice of Meeting):

Name/s of Related Party and associates	Number of Shares held as at date of Notice of Meeting	Number of Shares to be issued pursuant to the Initiative offer.	Total Shares following implementation of Resolutions 2 - 4	% of Shares on issue before implementation
Stephen Pronk	9,083,334			7.82%
Pronk Holding Pty Ltd (controlled by Stephen Pronk)		5,743,750	14,827,084	
Geoff Jamieson	8,975,732			7.73%
Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund	8,778,604	1,418,750	10,394,482	
Geoff Jamieson and Hilda Jamieson ATF Tamlin Superannuation Fund	197,128	-		
Nicholas Johansen	25,000			0.21%
Harkiss Mineral Discovery Pty Ltd	-	312,500	337,500	

### Other Information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The Share price at the date of preparing this Notice of Meeting is \$0.18 per Share. The deemed issue price of the Shares acquisition of the Initiative Assets is \$0.16. With reference to Share price at the date of preparing the Notice of Meeting, the implied "value" being received by each of the Related Parties upon is set out below.

Name of Associates of Related Party	Number of Shares issued to acquire the Initiative Assets	Implied Value being received	
Pronk Holding Pty Ltd	5,743,750	\$919,000	
Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund	1,418,750	\$227,000	
Harkiss Mineral Discovery Pty Ltd	312,500	\$50,000	

### Trading History

During the past 12 months (from the 4 December 2019), the Company's Shares have traded between 24.6 cents per Share (highest) and 8.8 cents per Share (lowest). The latest trading price available at the time of preparing this Notice of Meeting, on 4 December 2020, was \$0.185 per Share.

### Directors Recommendation

Each of Stephen Pronk, Geoff Jamieson and Nicholas Johansen decline to make a recommendation in relation to how Shareholders should vote on Resolutions 7.2, 7.3 and 7.4 because they have a material personal interest in the outcome of Resolutions 7.2, 7.3 or 7.4.

The other Director of the Company, Brendan Mason, recommends for shareholders to vote in favour of Resolutions 7.2, 7.3 and 7.4 as this will provide to an equivalent payment to the Related Parties as

the non-related party that participates, increases the Company's cash reserves, finalises the administrative costs of the Initiative and the alternative involves payment of the equivalent valuation.

## GLOSSARY

**AEST** means Australian Eastern Standard Time as observed in Brisbane, Australia.

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

**Associate** has the meaning given to that term in sections 10 and 11 and sections 13 to 17 of the Corporations Act.

**ASX** means ASX Limited ACN 008 624 691.

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

**ASX Principles** means the ASX Corporate Governance Principles and Recommendations (3rd edition).

**Board** means the current board of directors of the Company

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

**Company** means Orcoda Limited (ACN 009 065 650).

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

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

**Directors** mean the current directors of the Company.

**Explanatory Notes** means the Explanatory Notes accompanying the Notice.

**Key Management Personnel** or **KMP** has the meaning as defined in section 9 of the Corporations Act.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting and the explanatory notes accompanying the Notice and the Proxy Form.

**Proxy Form** means the proxy form accompanying the Notice.

**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 2020.

**Resolutions** mean the resolutions set out in the Notice, or anyone of them, as the context requires.

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

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



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
www.bdo.com.au

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

Page 2 of 5

Geoff Jamieson  
Orcoda Limited  
39 Navigator Place  
HENDRA QLD 4011

THIS ANNEXURE 2 of 5  
PAGES REFERRED TO IN  
FORM 342

Mains 18-11-20

5 November 2020

Dear Geoff

#### RESIGNATION AND APPOINTMENT OF AUDITOR - ORCODA LIMITED

In accordance with section 328A(1) of the Corporations Act 2001, we hereby consent to act as auditors of Orcoda Limited, subject to ASIC's consent to the resignation of RSM Australia Pty Ltd.

This consent shall remain in force until revoked by us in writing.

Yours faithfully

BDO Audit Pty Ltd

Cameron Henry

Director



Page 5 of 5



11 November 2020

Robert Miano  
RSM Australia Pty Ltd  
Level 21, 55 Collins Street  
MELBOURNE VIC 3000

THIS ANNEXURE  
5 of 5 PAGES  
REFERRED TO IN  
FORM 342

The directors of the company Orcoda Limited confirm that:

Miano 18-11-20

- (a) there are no disagreements between RSM Australia Partners and the management or directors of Orcoda Limited, as defined in ASIC Regulatory Guide 26; and
- (b) there are no reasons that give rise to an inability to complete any audit under the Corporations Act 2001 or the National Consumer Credit Protection Regulations 2010.

Signed on behalf of Orcoda Limited by

  
.....  
GEOFFREY JAMIESON

Name and Title

12-11-2020  
Date

# ORCODA LIMITED

PROPOSED ISSUE OF SHARES TO ACQUIRE A "SUBSTANTIAL ASSET" FROM RELATED PARTIES  
(AND OTHERS)

## INDEPENDENT EXPERT'S REPORT

### Business Accountancy

ABN 55 164 782 799  
Certified Practising Accountants and Auditor



Tax agent  
75175005



108 Wellington Road  
East Brisbane Qld 4169

PO Box 7210  
East Brisbane Qld 4169

Telephone. (07) 3249 8000  
Fax (07) 3249 8088

Neville W Halloran CPA  
Registered Company Auditor

Brendan J Macdermott  
CPA  
Registered Tax Agent

Dave D Kang CPA CTA  
Registered Tax Agent

21 December 2020

Orcoda Limited (**Company**)  
312 / 434 St Kilda Rd,  
Melbourne, Victoria 3004

Dear Directors,

## Re: Independent Expert's Report for Orcoda Limited

### 1. Introduction

Orcoda Limited ("Orcoda") is a public company listed on the Australian Securities Exchange ("ASX") that provides logistics solution provider with expertise in business efficiency and optimisation of processes that combines software, management expertise and contracting services with many clients including major companies, operating in the resources and infrastructure, transport and logistics and healthcare sectors.

Orcoda has three key business sectors healthcare, transportation and resources, and the subject of this Independent Expert Report is based on a proposed acquisition to acquire assets related to a joint transport and healthcare business initiative, that was funded by a number of investors including related parties (though all on equal terms), that provided the investors with a fixed income in return for their acquisition of IP Licenses, which included an upfront investment for the license, an appropriate vehicle (branded Orcoda), and setting aside a sum for ongoing maintenance for up to five years.

In May 2019, the Company initiated a program through its Healthcare subsidiary that (in part) involved providing external opportunities to acquire and rent vehicles for use within Orcoda Connect Transport fleet of transportation for aged persons and persons with a disability, as paying passengers in a specialised transport service. This program involved investors acquiring Orcoda Healthcare Transport Licences that consisted of an IP license, a vehicle, and for additional funds to be put aside for maintenance, service and registration over a 5-year period (**the Business Initiative**). The business initiative involved that the Company adopting the vehicles into its existing fleet in return for paying investors a fixed income return.

For various reasons, most acutely driven by the impact of COVID19 on the Company's healthcare transport sector the Business Initiative was not expanded. The Company has since sought to unwind the business initiative, thereby eliminating its associated obligations through issue of shares equivalent to the original investment (at \$0.16 per share) in return for the

- ◆ relevant assets,
- ◆ removal of the associated liabilities, and
- ◆ acquiring any funds set aside for future maintenance  
(together "the Proposed Transaction").

Further information regarding the Proposed Transaction is set out in Section 1 of this report.

### 2. Purpose of the report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity as set out in the latest accounts given to the ASX under its Listing Rules.

Based on the market capital of the Company the Total Expenditure for the acquisition of the Business Initiative Assets is approximately 6.0% of the enlarged equity interest of the Company.



Listing Rule 10.1 applies where the vendor or acquirer of the relevant asset is a related party or person of influence of the listed entity as defined under the ASX Listing Rules. Based on the share registry of the Company at 21 November 2020, Stephen Pronk and Geoff Jamieson are each “substantial holders” in the Company for the purpose of Listing Rule 10.1.3.

Director	Name of Related Party	Number of Shares in which a Voting Power is changed	Voting Power as % of Shares on issue*
Stephen Pronk	Pronk Holdings Pty Ltd	5,743,750	10.58% (up from 6.48%)
Geoff Jamieson	Ravenslea Nominees Pty Ltd ATF Tamlin Superannuation Fund	1,418,750	7.42% (up from 6.40%)

Listing Rule 10.5.10 requires the Notice of Meeting for shareholders’ approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts’ report is required for the Proposed Transaction. Under RG 111 the report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Orcoda.

The directors of Orcoda have commissioned this Independent Expert’s Report to satisfy the above obligations.

### 3. Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of ‘fair and reasonable’. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. RG 111 provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that, where an expert assesses whether a related party transaction is ‘fair and reasonable’ for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is ‘fair’ and ‘reasonable’, as in a control transaction. An expert should not assess whether the transaction is ‘fair and reasonable’ based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 ‘Valuation Services’ (‘APES 225’).

A Valuation Engagement is defined by APES 225 as follows:

*‘an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.’*

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

Further information regarding the purpose of this report is provided in Section 2 of this report.

#### 4. Basis of evaluation

In order to assess whether the Proposed Transaction is fair and reasonable to Shareholders we have:

- ◆ Assessed it as fair if the value of the assets before the Proposed Transaction is less than or equal to the value of an Orcoda share if the Proposed Transaction proceeds
- ◆ Assessed it as reasonable if it is fair, or despite not being fair, the advantages to Shareholders outweigh the disadvantages.

Further details of the basis of evaluation are provided in Section 2 of this report.

#### 5. Analysis of fairness

For the purpose of our opinion we have assessed the fair market value of Orcoda shares based on trading over the last 6 months and utilising the average VWAP over that period from ASX trading data. Then we have used an estimated value of the asset being purchased from investors based on the future rental payments they would receive from Orcoda if the rentals continued as per table 2 in our attached summary and the vehicle and current cash value.

In order to assess whether the Proposed Transaction is fair, we have compared our assessed fair market value of Orcoda shares being issued for the Proposed Transaction using average VWAP calculations over last 6 months from ASX trading data with our estimated value of the assets being acquired from investors for the Proposed transaction.

**Table 1: Assessment of fairness**

Fair Value of shares being issued for Proposed Transaction based on average VWAP over last 6 months	\$ 1,346,003
Fair Value of Assets being acquired after Proposed Transaction based on NPV of future rental income, value of vehicle and cash	\$ 1,735,425

As set out above, the value of an Orcoda shares based on average VWAP over last 6 months for the Proposed Transaction is less than the assessed value of the assets being acquired. The Proposed Transaction is therefore fair. Further details of the basis of the evaluation are provided in Section 6 of this report.

#### 6. Analysis of reasonableness

In accordance with regulatory guidelines, we have also defined the Proposed Transaction as being reasonable if it is fair (or if despite not being fair,) the overall advantages of the proposal outweigh its disadvantages to Shareholders.

- ◆ We have therefore considered the advantages and disadvantages to Shareholders of the Proposed Transaction.

#### 7. Advantages

The main advantages of the Proposed Transaction to Shareholders are:

- ◆ **Increasing overhead** – If the Proposed Transaction is not approved then the overhead related to the Business Initiative will continue to increase according to an increasing annual schedule, despite the uncertainty
- ◆ **Liability converted to assets** – If the Proposed Transaction proceeds, then the liability pursuant to the business initiative will be converted into assets.
- ◆ **Improves the financial fundamentals** - by improving the Company's financial fundamentals (asset to liability ratio), the Company this improves the Company's capital raising prospects for future initiatives.



## 8. Disadvantages

The primary disadvantage of the Proposed Transaction to Shareholders are:

- ◆ **Dilutionary to existing shareholders** – The Proposed Transaction is dilutionary to existing shareholders of Orcoda as the vendors would be issued shares at a discount to the current market price and our assessed fair value of an Orcoda share.
- ◆ **Use of equity** – should the Proposed Transaction not proceed, then there is an arguable opportunity cost in not raising capital equivalent capital and allocating the forgone capital to more profitable parts of the business.
- ◆ **Increases the share position of two substantial shareholders who are also directors** – as the largest investors in the IP Business Initiative were entities associated with directors Geoff Jamieson and Stephen Pronk, therefore issuing further shares to these persons further concentrates their ownership in Orcoda. It is noted that this affect is somewhat counteracted by- the unrelated 28 November 2020 announced acquisition of 100% of the shares in Beta Group of Companies Qld Pty Ltd.

## 9. Conclusion on reasonableness

In the absence of the Proposed Transaction, there are fixed annual overheads that must be met during an uncertain macro-economic period where there is substantial capacity in its fleet but where the rental payment relating to the liabilities must continue. Annual returns for investors grow each year, whereby a 158,000 investment package in the first-year payment made by Orcoda starts at \$18,100 however by Year 10 is \$33,260. See Table 2 of Section 2.

To exit the business initiative on satisfactory terms, for both the Company and investors they have indicated their willingness to the terms of this settlement subject to shareholder approval.

The main advantage for Orcoda in proceeding with the Proposed Transaction, Orcoda then:

- ◆ reduces monthly overheads on the balance sheet;
- ◆ acquires funds that are presently put aside to pay vehicle maintenance costs;
- ◆ converts the long-term current liabilities from the balance sheet into assets.

As a result of these consideration, we believe that, on balance, the advantages of the Proposed Transaction are sufficient to render the transaction reasonable.

## 10. Opinion

In our opinion, the Proposed Transaction is fair and reasonable to Shareholders.

We have evaluated the Proposed Transaction for the Shareholders as a whole. We have not considered its effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent financial adviser about the impact of this Proposed Transaction on their specific financial circumstances.

This opinion should be read in conjunction with our more detailed report which sets out our scope, analysis and findings in more detail.

Yours faithfully



Neville W Halloran CPA

*Note: All amounts stated in this report are in Australian dollars .*

## Section 2 - Orcoda Limited (ASX: ODA) - IP License Share Issue

### 1. Proposed Transaction Summary

This independent report analysis the valuation of the offer made by Orcoda Limited to IP License Holders and forms of an whether the transaction is fair and reasonable to the shareholders because most of the Licence holders are related parties and to give shareholders the ability to make an informed decision for voting on the contemplated transaction resolution at the Annual General Meeting.

The premise of the offer from Orcoda Limited to the Licence holders is to convert IP licenses and vehicles owned by third parties and related parties, into Orcoda Limited Shares (ASX: ODA). The offer is as follows:

1. Transfer/Sell the IP License back to Orcoda Limited, which includes the motor vehicle asset and balance cash held in Trust from the original purchase. (Cash in trust was received up front, in the original transaction to cover maintenance, service, registration and operational expenses for a 5-year period.)
2. The original license value paid by the license holder, exclusive of GST, will be converted to shares in Orcoda Limited.
3. The share price used for the transaction will be 16 cents per ordinary share, based upon previous successful capital raising activities offered and share price offered for a current acquisition.
4. See Table 1 for a list of current IP License Holders and the parties that will proceed subject to Orcoda Limited shareholder approval.

### 2. Why is Orcoda making this offer to IP License holders?

Presently each license holder is paid a monthly return for their original investment and annual returns to investors grow each year. For the 158k investment package the first-year payment made by Orcoda starts at \$18,100 and by Year 10 is \$33,260. See Table 2.

Orcoda is able to lower its overhead expenses with projected savings in Cash outflow and reduced expenses flowing through to the Profit and Loss is approximately \$174,000 per annum, at current payment rates, see table 2. Orcoda will decrease the long-term liabilities on the balance sheet through the motor vehicle no longer being classified as a liability, but instead, an asset

1. reduces liabilities on the balance Sheet; and
2. increases assets on the balance Sheet

Orcoda is able to recognise the balance cash that is currently held in trust on behalf of the license holder, as cash held at bank within the Orcoda accounts (approximately) \$62,000 and able to rationalise expenses and through the issue of the shares to IP licenses holders, then reduces overheads to Orcoda by approximately \$14,500 per month or \$174,000 per annum.

Of the 15 IP Licenses offered for issue by Orcoda, 12 included vehiclew and 3 were for a reduced license only value of \$50,000. 10 IP Licenses have indicated they will accept the offer from Orcoda Limited, subject to shareholder approval for the related parties. This represents 9 vehicles and 1 IP License only.

Orcoda intends to issue 8,400,000 shares in the Company, see Table 3. For this consideration then Orcoda redeems the Licences, eliminates its monthly financial obligation and takes ownership of the motor vehicle assets and cash assets. Thereby this increases the current

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assets on the balance sheet. The cost of the initial motor vehicles, licenses and legal expenses amounted to circa \$292,000. There were two different vehicle type's, a Toyota Hybrid Corolla representing \$148k package and Toyota Hybrid Prius wagon representing the \$158k package.

### 3. Table 1 - List of the IP License holders and the response to the offer from Orcoda.

Parties Offered	Company	QTY	Each	Total	Outcome
Greg Khan	GKK Super Fund	1	\$ 158,000	\$ 158,000	No
	Brand Brothers Trust	2	\$ 158,000	\$ 316,000	No
Hilda Jamieson	Hilda Jamieson	2	\$ 50,000	\$ 100,000	No
Nick Johansen	Harkiss Minerals	1	\$ 50,000	\$ 50,000	Yes
Stephen Pronk	Pronk Holdings	2	\$ 148,000	\$ 296,000	Yes
	MCCB Investments	1	\$ 148,000	\$ 148,000	Yes
Geoff Jamieson	Tamlin Holdings	1	\$ 148,000	\$ 148,000	Yes
Stephen Pronk	Pronk Holdings	4	\$ 136,000	\$ 544,000	Yes
Steven Pronk & Geoff Jamieson	Pronk Holdings & Tamlin Holdings	1	\$ 158,000	\$ 158,000	Yes
IP Licenses		15	\$ 1,154,000	\$ 1,918,000	

### 4. Table 2 - IP License holder (158k) cash flow forecast.

Licensee Cash Flow Forecast	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Cash Inflow</b>											
Initial Capital	\$ 173,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GST on Sales	\$ -	\$ 2,250	\$ 2,375	\$ 2,511	\$ 2,658	\$ 2,817	\$ 5,253	\$ 3,179	\$ 3,385	\$ 3,608	\$ 3,852
Income from Orcoda Healthcare (Revenue Share)	\$ -	\$ 10,000	\$ 11,000	\$ 12,100	\$ 13,310	\$ 14,641	\$ 16,105	\$ 17,716	\$ 19,487	\$ 21,436	\$ 23,579
Income from Orcoda Vehicles (Vehicle Hire)	\$ -	\$ 12,500	\$ 12,750	\$ 13,005	\$ 13,265	\$ 13,530	\$ 13,801	\$ 14,077	\$ 14,359	\$ 14,646	\$ 14,939
Sale of Used Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,620	\$ -	\$ -	\$ -	\$ -
<b>Total Cash Inflows</b>	<b>\$ 173,800</b>	<b>\$ 24,750</b>	<b>\$ 26,125</b>	<b>\$ 27,616</b>	<b>\$ 29,233</b>	<b>\$ 30,989</b>	<b>\$ 57,779</b>	<b>\$ 34,972</b>	<b>\$ 37,230</b>	<b>\$ 39,690</b>	<b>\$ 42,370</b>
<b>Cash Outflow</b>											
GST on Expenses	-\$ 15,800	-\$ 440	-\$ 449	-\$ 458	-\$ 467	-\$ 476	-\$ 5,242	-\$ 496	-\$ 505	-\$ 516	-\$ 526
Purchase Vehicle plus extras package	-\$ 58,000	\$ -	\$ -	\$ -	\$ -	-\$ 47,560	\$ -	\$ -	\$ -	\$ -	\$ -
Licence Fee (Perpetual License)	-\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software License Fees	\$ -	-\$ 2,400	-\$ 2,448	-\$ 2,497	-\$ 2,547	-\$ 2,598	-\$ 2,650	-\$ 2,703	-\$ 2,757	-\$ 2,812	-\$ 2,868
Management Fees	\$ -	-\$ 2,000	-\$ 2,040	-\$ 2,081	-\$ 2,122	-\$ 2,165	-\$ 2,208	-\$ 2,252	-\$ 2,297	-\$ 2,343	-\$ 2,390
Business Activity Statement	\$ 15,800	-\$ 1,810	-\$ 1,926	-\$ 2,053	-\$ 2,191	-\$ 2,341	-\$ 11	-\$ 2,684	-\$ 2,879	-\$ 3,093	-\$ 3,326
Tax Payable @ 0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Cash Outflows</b>	<b>-\$ 158,000</b>	<b>-\$ 6,650</b>	<b>-\$ 6,863</b>	<b>-\$ 7,088</b>	<b>-\$ 7,327</b>	<b>-\$ 7,580</b>	<b>-\$ 57,671</b>	<b>-\$ 8,134</b>	<b>-\$ 8,439</b>	<b>-\$ 8,763</b>	<b>-\$ 9,110</b>
<b>Net Cash Flow</b>	<b>\$ 15,800</b>	<b>\$ 18,100</b>	<b>\$ 19,262</b>	<b>\$ 20,527</b>	<b>\$ 21,906</b>	<b>\$ 23,409</b>	<b>\$ 108</b>	<b>\$ 26,838</b>	<b>\$ 28,792</b>	<b>\$ 30,926</b>	<b>\$ 33,260</b>
<b>Cumulative Cash Balance</b>	<b>\$ 15,800</b>	<b>\$ 33,900</b>	<b>\$ 53,162</b>	<b>\$ 73,689</b>	<b>\$ 95,595</b>	<b>\$ 119,004</b>	<b>\$ 119,112</b>	<b>\$ 145,949</b>	<b>\$ 174,741</b>	<b>\$ 205,667</b>	<b>\$ 238,927</b>

### 5. Table 3 – 8,400,00 Orcoda Shares issued at 16 cents per share

Orcoda Limited - Shares to Issued to Related Parties Converting	Company	Each	Total	Share Price	Shares
(Non – related)	MCCB Investments	\$148,000	\$148,000	0.16	925,000
Geoff Jamieson (Director of the Company)	Tamlin	\$148,000	\$148,000	0.16	925,000
Stephen Pronk (Director of the Company)	Stephen Pronk (Director of the Company)	\$148,000	\$296,000	0.16	1,850,000
Stephen Pronk (Director of the Company)	Stephen Pronk (Director of the Company)	\$136,000	\$544,000	0.16	3,400,000
Steven Pronk & Geoff Jamieson	Pronk Holdings 50% & Tamlin Holdings 50%	\$158,000	\$158,000	0.16	987,500
Nick Johansen (Director of the Company)	Harkiss Mineral Discovery	\$50,000	\$50,000	0.16	312,500
			<b>\$1,344,000</b>		<b>8,400,000</b>

### 6. Fair & reasonable



Business Accountancy concludes that in our independent opinion the Proposed Transactions are fair and reasonable to the shareholders of Orcoda Limited for the following reasons:

1. the shares being issued to the related parties are at the same price as has been offered in the last capital raise the company completed and the same price as offered in a recent acquisition.
2. the same offer was made to all licensees.
3. the benefits to the balance sheet as described in this report
4. the monthly cash flow benefits to the Company of approximately \$174k per annum;
5. the assessed estimated value of the assets being acquired of \$1,735,435 are more than the value of shares being issued;
6. the return on capital because of the reduction in cash outflow is approximately 12.88% per annum based on  $\$174,000 / \$1,344,000 = 12.94\%$  which is an above average return on capital in the current marketplace; and
7. the Independent Director believes the Proposed Transaction to be in the best interest of shareholders.

## **7. Independence**

Business Accountancy is entitled to receive a fee of \$4,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, Business Accountancy has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Business Accountancy has been indemnified by Orcoda in respect of any claim arising from Business Accountancy's reliance on information provided by the Catalyst, including the non- provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement Business Accountancy has considered its independence with respect to Orcoda and any respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In Business Accountancy's opinion it is independent of Orcoda and and its respective associates.

## **8. Disclaimers and consents**

This report has been prepared at the request of Orcoda for inclusion in the Notice of Meeting which will be sent to all Orcoda Shareholders. Orcoda engaged Business Accountancy to prepare an independent expert's report to consider the Proposed Transaction between Orcoda and Associates of Related Parties.

Business Accountancy hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, 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, statement or letter without the prior written consent of Business Accountancy.

Business Accountancy takes no responsibility for the contents of the Notice of Meeting other than this report.

## APPENDIX: GLOSSARY

Term	Meaning
Orcoda	Orcoda Limited
AIFRS	Australian equivalent to international financial reporting
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
AUD	Australian Dollar
Corporations Act	The Corporations Act 2001
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Fair market value	The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms' length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.
FSG	Financial Services Guide
FY	Financial year
Business Accountancy	Business Accountancy Certified Practising Accountants
NPAT	Net profit after tax
P / E	Price to Earnings
RG111	Regulatory Guide 111: Content of Expert Reports
RG74	Regulatory Guide 74: Acquisitions Approved by Members
Shareholders	Current non-associated shareholders of Orcoda
VWAP	Volume weighted average price