XTV NETWORKS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) ACN 124 251 396

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders will be held at:

TIME: 4:00 pm (WST)

DATE: 9 January 2019

PLACE: Suite 5 Chelsea Professional Centre

145 Stirling Highway Nedlands WA 6009

The business of the Meeting affects your shareholding and your vote is important.

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

The Deed Administrators have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00 pm (WST) on 7 January 2019.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 - CONSOLIDATION OF CAPITAL

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

"That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every two hundred (200) Shares be consolidated into one (1) Share and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share (as the case may be)."

2. RESOLUTION 2 - PLACEMENT - ISSUE OF SHARES AND OPTIONS

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Shares (on a post-Consolidation basis) and 8,333,334 Options (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 - DEBT CONVERSION - APPROVAL FOR WHITE OAK RIDGE CAPITAL LLC TO INCREASE ITS VOTING POWER IN THE COMPANY

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the voting power of White Oak Ridge Capital LLC and its associates in the Company to increase from 5% to up to 59.63% pursuant to the Company issuing to White Oak Ridge Capital LLC (or its nominee):

- (a) 20,000,000 Shares (on a post-Consolidation basis); and
- (b) 25,000,000 Options (on a post-Consolidation basis) and where these Options are exercised the Company issuing an additional 25,000,000 Shares (on a post-Consolidation basis) to White Oak Ridge Capital LLC (or its nominee),

on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by White Oak Ridge Capital LLC (or its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Expert's Report: Shareholders should carefully consider the report prepared by BDO Perth for the purposes of the Shareholder approval required under Item 7 of Section 611 of the Corporations Act. The Independent Expert's Report opines on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. **BDO Perth has determined the issue of Shares and the Options, the subject of Resolution 3, to White Oak Ridge Capital LLC (or its nominee) and the resulting Voting Acquisition by the White Oak Group (or their respective nominees) and their associates is FAIR and REASONABLE to the non-associated Shareholders in the Company.**

4. RESOLUTION 4 - PARTICIPATION IN PLACEMENT - APPROVAL FOR THE WHITE OAK GROUP TO INCREASE ITS VOTING POWER IN THE COMPANY

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the voting power of the White Oak Group and their respective associates in the Company to increase from 59.63% to up to 93.19% pursuant to one or more members of the White Oak Group (or their respective nominees) subscribing under the Placement for up to:

- (a) 25,000,000 Shares (on a post-Consolidation basis); and
- (b) 8,333,334 Options (on a post-Consolidation basis) and where these Options are exercised the Company issuing up to an additional 8,333,334 Shares (on a post-Consolidation basis) to those members of the White Oak Group (or their respective nominees) who participate in the Placement,

on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any member of the White Oak Group (or their respective nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Expert's Report: Shareholders should carefully consider the report prepared by BDO Perth for the purposes of the Shareholder approval required under Item 7 of Section 611 of the Corporations Act. The Independent Expert's Report opines on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. **BDO Perth has determined the issue of Shares and Options, the subject of Resolution 4, to the White Oak Group (or their respective nominees) and their associates is FAIR and REASONABLE to the non-associated Shareholders in the Company.**

Dated: 5 December 2018

By order of the Deed Administrators

Wayne Rushton
Joint and Several Deed Administrator
XTV Networks Limited
(Subject to Deed of Company Arrangement)

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Deed Administrators on +61 8 9214 1444 or Winton Willesee, Chairman of the Company, on +61 (0) 410 667 844.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Deed Administrators believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Resolutions 1, 2 and 3 are referred to as Essential Resolutions throughout this Notice. The Essential Resolutions are inter-conditional on each other Essential Resolution being approved.

Resolution 4 is conditional on the Essential Resolutions being approved.

If any of the Essential Resolutions are not passed, then Resolution 4 will be withdrawn.

1. BACKGROUND TO THE COMPANY

1.1 General Background

The Company was incorporated on 5 March 2007 and was subsequently listed on ASX on 19 June 2007.

The Company was primarily focused on the development and distribution of cloud television technologies. Details of the Company's most recent activities are set out in its Interim Financial Report for the half-year ended 31 December 2017 lodged with ASX on 4 July 2018. The Company has now ceased all operations.

The Company's Shares were suspended from quotation on ASX on 16 June 2016 so that the Company could explore options to restructure its business operations and financial circumstances. The Company has remained suspended from trading on ASX since this time.

1.2 Voluntary Administration

On 10 July 2018, the Directors resolved to appoint the Administrators to the Company as the Directors had determined that the Company would have financial difficulties in meeting future expenses without continued reliance on external funding.

The events leading up to the appointment of the Administrators to the Company are detailed in the Administrators' Report lodged with ASX on 10 August 2018 (**Administrators' Report**).

The Directors considered that it is necessary to undertake a capital restructure of the Company and that the administration process can be used to facilitate this outcome.

1.3 Deed of Company Arrangement

On 14 August 2018, a meeting of the Company's creditors was held to determine the future of the Company (**Creditors' Meeting**). At the Creditors' Meeting, the creditors of the Company resolved that the Company execute a deed of company arrangement (**DOCA**) on the terms of the proposal put forward by White Oak.

Amongst other things, the purpose of the DOCA is to restructure the Company and restore quotation of the Company's Shares on ASX.

The DOCA was executed on 31 August 2018 and subsequently varied by creditors on 30 November 2018. A summary of the key terms of the DOCA is set out in the Administrators' Report.

1.4 Purpose of this Meeting

The purpose of this Meeting is to approve the Essential Resolutions contemplated by the DOCA (which are conditions precedent to the DOCA) in order to facilitate a capital restructure of the Company through completing:

- (a) the consolidation of the Company's existing issued Share capital on a one (1) for two hundred (200) basis (**Consolidation**);
- (b) a capital raising pursuant to which the Company will offer Shares at an issue price of \$0.02 per Share with one (1) free attaching Option for every three (3) Shares subscribed for and issued to raise a minimum of \$500,000 (all on a post-Consolidation basis) (**Placement**);
- (c) a debt for equity swap with White Oak pursuant to which White Oak agrees to convert its debt, the details of which are set out in the Administrators' Report, in consideration for the Company issuing White Oak:
 - (i) 20,000,000 Shares (on a post-Consolidation basis) (**Debt Conversion Shares**); and
 - (ii) 25,000,000 Options (on a post-Consolidation basis) (**Debt Conversion Options**).

In addition to the Essential Resolutions, Shareholders are also being asked to approve White Oak, BGOF and BSOF participating in the Placement.

1.5 Use of funds raised pursuant to the Placement

Following completion of the Placement, the Company intends to use the funds raised as follows:

ITEM	(\$)
Costs of the external administration	40,000
Legal and Expert Fees	40,000
Costs of the Placement	30,000
Reimbursement of costs met by the White Oak, the proponent under the DOCA	50,000
Miscellaneous	30,000
Working capital	310,000
TOTAL	500,000

1.6 Pro forma Capital Structure

Capital Structure	Shares	Unlisted Options
Total pre-Consolidation Securities	1,212,532,147	28,000,0001
Post 1 for 200 Consolidation (Resolution 1)	6,062,661	140,000
Issue of Shares and Options pursuant to Placement (on a post-Consolidation basis) (Resolution 2)	25,000,000	8,333,334
Issue of Shares and Options pursuant to Debt Conversion (on a post-Consolidation basis) (Resolution 3)	20,000,000	25,000,000
Total post-Consolidation	51,062,661	33,473,334

Notes:

1. Unlisted options exercisable at \$0.013 (pre-Consolidation) on or before 30 May 2019. Once the Consolidation is complete, these unlisted options will consolidate to 140,000 unlisted options exercisable at \$2.60.

1.7 Pro forma balance sheet

Section 11 of the Independent Expert's Report prepared by BDO Perth sets out a pro-forma balance sheet of the Company assuming that all Resolutions have been passed. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

1.8 Indicative timetable

An indicative timetable for completion of the restructure is set out below:

Action	Indicative Date
Company announces Consolidation and sends out Notice of Meeting.	7 December 2018
General Meeting to approve Resolutions	9 January 2019
Company tells ASX that Shareholders have approved the Consolidation.	9 January 2019
Last day for pre-Consolidation trading.	10 January 2019
Post-Consolidation trading starts on a deferred settlement basis.	11 January 2019
Last day for Company to register transfers on a pre-Consolidation basis.	14 January 2019
First day for Company to send notice to each holder of the change in their details of holdings.	15 January 2010
First day for the Company to register Securities on a post- Consolidation basis and first day for issue of holding statements.	15 January 2019
Change of details of holdings date. Deferred settlement market ends.	
Last day for Securities to be entered into holders' security holdings.	21 January 2019
Last day for the Company to send notice to each holder of the change in their details of holdings.	
Completion of Placement	25 January 2019

Action	Indicative Date
Issue of Shares and Options pursuant to the terms of the Placement	25 January 2019
Issue of Shares and Options pursuant to the terms of the Debt Conversion	25 January 2019
DOCA effectuated and Deed Administrators retire	31 January 2019

Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

1.9 Directors' Intentions

The Directors will determine strategy for the Company to pursue once the capital restructure as contemplated by the DOCA is completed (should Shareholders determine to approve the Essential Resolutions) and the Board has had an opportunity to fully assess the affairs and prospects of the Company.

Once control of the Company reverts to the Directors, the Directors will focus efforts on acquiring a new business for the Company. However, at this stage no business opportunities have been identified and the future of the Company is uncertain. Once the Directors have identified a business opportunity for the Company to pursue it will be necessary for the Company to obtain the necessary regulatory approvals so that the Company's Shares can be reinstated to trading on ASX. As part of this process, the Company will likely need to re-comply with Chapter 1 and Chapter 2 of the ASX Listing Rules.

Shareholders should be aware there is no guarantee that the Company's Shares will be reinstated to trading on ASX. Reinstatement to trading is at the discretion of ASX and will be subject to compliance with legal and regulatory requirements.

Accordingly, Shareholders should note that there is a specific risk that the Company may not be reinstated, the Shares may never be quoted and the Shares may be subject to escrow.

1.10 Important considerations for Shareholders

In considering the Resolutions, Shareholders must bear in mind the Company's current financial circumstances. In this regard, Shareholders should note that the Shares of the Company have been suspended from trading since June 2016 and the Directors consider that the Company requires a capital restructure. The Resolutions contained in this Notice are therefore important and affect the future of the Company. Shareholders are urged to give careful consideration to this Notice and the contents of this Explanatory Statement.

If Shareholders reject the proposed Essential Resolutions, the Company may be placed into liquidation.

2. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

2.1 Background

If Resolution 1 is passed and excluding any Shares issued pursuant to the other Resolutions, the number of Shares on issue will be reduced from 1,212,532,147 to 6,062,661 (subject to rounding).

2.2 Legal Requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

2.3 Fractional Entitlements

Not all Shareholders will hold that number of Shares (as the case may be) which can be evenly divided by 200. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share.

2.4 Taxation

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

2.5 Holding Statements

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to holders of those Shares.

It is the responsibility of each Shareholder to check the number of Shares held prior to disposal or exercise (as the case may be).

2.6 Effect on Capital Structure

The effect which the Consolidation will have on the Company's capital structure is set out in section 1.6 above.

2.7 Indicative Timetable

If Resolution 1 is passed, the reduction of capital will take effect in accordance with the timetable set out in section 1.8 above (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules).

Recommendation: The Deed Administrators and the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

3. RESOLUTION 2 - PLACEMENT - SHARES

3.1 General

Resolution 2 seeks Shareholder approval for the Company to issue up to 25,000,000 Shares at an issue price of \$0.02 per Share, together with one (1) free attaching Option (exercisable at \$0.06 on or before 5:00 pm (WST) on the date which is four (4) years from the date of issue – refer to Schedule 2 for terms and conditions) for every three (3) Shares subscribed for and issued, to raise up to \$500,000 (**Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Company to issue the Shares and Options pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Shares to be issued is 25,000,000 and the maximum number of Options to be issued is 8,333,334;
- (b) the Shares and Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (c) the issue price will be \$0.02 per Share and nil per Option as the Options will be issued free attaching with the Shares on the basis of one (1) Option for every three (3) Shares subscribed for and issued;
- (d) the Directors will determine to whom the Shares and Options will be issued but these persons will not be related parties of the Company subject to the disclosures made in this Explanatory Statement;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (after the Consolidation is completed);
- (f) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (g) the Company's intended use of the funds raised from the Placement is set out in section 1.5 above.

Recommendation: The Deed Administrators and the Directors unanimously recommend that Shareholders vote in favour of Resolution 2, apart from Winton Willesee who abstains from making any recommendation on this resolution as Mr Willesee is the manager of White Oak and has an interest in the performance of the White Oak Group.

4. RESOLUTIONS 3 AND 4 – APPROVAL FOR THE WHITE OAK GROUP TO INCREASE ITS VOTING POWER IN THE COMPANY

4.1 Background

As set out in the Administrators' Report, in May 2016 the Company entered into a convertible debt agreement with BGOF for US\$2 million (Initial Loan), which was secured pursuant to a general security deed dated 6 July 2016.

On 6 July 2018, preceding the appointment of the Administrators, BGOF assigned its debt and security interest to White Oak, a subsidiary of BGOF.

Since the time of providing the Initial Loan and up until the appointment of the Administrators on 10 July 2018, BGOF has continued to provide ongoing financial support to the Company.

As part of the efforts to recapitalise and restructure the Company:

- (a) White Oak has agreed to convert its debt to equity as set out at section 1.4, as a result of which it will release its security over the Company; and
- (b) it is intended that:
 - (i) White Oak may participate in the Placement by subscribing for part or all of the Shares offered under the Placement;
 - (ii) BGOF may participate in the Placement by subscribing for part or all of the Shares offered under the Placement; and
 - (iii) BSOF, an associated entity of White Oak and BGOF, may participate in the Placement by subscribing for part or all of the Shares offered under the Placement.

White Oak, BGOF and BSOF (together, **the White Oak Group**) form part of a group ultimately controlled by Bergen Asset Management LLC (**BAM**). For the purposes of the Corporations Act, the deemed associates respectively of White Oak, BGOF and BSOF and the nature of the association is summarised below:

Entity	Associate	Reason for association
White Oak	BGOF	BGOF is the ultimate parent entity of White Oak and has the power to control White Oak. BGOF is also controlled by BAM.
White Oak	ВАМ	BAM is the manager of BGOF with the power to control the vote and disposal of shares held by BGOF. Accordingly, BAM controls White Oak.
White Oak	BSOF	BAM is the manager of BSOF with the power to control the vote and disposal of shares held by BSOF. Accordingly, White Oak and BSOF are controlled by the same entity.
White Oak	Eugene Tablis	Mr Tablis controls BAM. Accordingly, he has the power to control White Oak.
White Oak	Winton Willesee	Mr Willesee is the manager of White Oak with the power to control the vote and disposal of shares held by White Oak.
BGOF	White Oak	BGOF is the ultimate parent entity of White Oak and has the power to control White Oak. BGOF is also controlled by BAM.
BGOF	ВАМ	BAM is the manager of BGOF with the power to control the vote and disposal of shares held by BGOF.
BGOF	BSOF	BAM is the manager of BSOF with the power to control the vote and disposal of shares held by BSOF. Accordingly, BGOF and BSOF are controlled by the same entity.
BGOF	Eugene Tablis	Mr Tablis controls BAM. Accordingly, he has the power to control BGOF.
BSOF	White Oak	BSOF and White Oak are both ultimately controlled by the same entity.

BSOF	ВАМ	BAM is the manager of BSOF with the power to control the vote and disposal of shares held by BSOF.
BSOF	BSOF	BSOF and BGOF are controlled by the same entity, as BGOF is also controlled by BAM.
BSOF	Eugene Tablis	Mr Tablis controls BAM. Accordingly, he has the power to control BSOF.

Resolution 3 and Resolution 4 respectively seek Shareholder approval, for the purposes of item 7 of Section 611 of the Corporations Act, to permit the voting power in the Company of:

Resolution 3

- (a) White Oak and its associates to increase from 5% to up to 59.63% by virtue of:
 - (i) the Company issuing to White Oak (or its nominee) 20,000,000 Shares (on a post-Consolidation basis) (ie the Debt Conversion Shares); and
 - (ii) the Company issuing to White Oak (or its nominee) 25,000,000 Options (on a post-Consolidation basis) (ie the Debt Conversion Options),

in full and final settlement of the indebtedness of the Company to White Oak in accordance with the terms of the DOCA (**Debt Conversion**); and

Resolution 4

(b) the White Oak Group and their respective associates to increase from 59.63% to up to 93.19% by virtue of White Oak (or its nominee), BGOF (or its nominee) and/or BSOF (or its nominee) subscribing for up to 25,000,000 Shares (and 8,333,334 free attaching Options) by participating in the Placement (all on a post-Consolidation basis).

Voting Acquisition

BGOF currently holds 60,650,000 Shares (pre-Consolidation) in the Company (through its nominee) (**BGOF Shares**) and 28,000,000 unlisted options exercisable at \$0.013 on or before 30 May 2019 (pre-Consolidation) (**BGOF Options**) representing voting power in the Company of 5% at the date of this Notice of Meeting (on the basis the BGOF Options are not exercised). BGOF's present individual voting power in the Company will significantly dilute after the Consolidation of the Company's capital is completed.

Pursuant to the Debt Conversion and if any member of the White Oak Group (or their respective nominees) subscribes for all Shares to be issued under the Placement, the White Oak Group and their respective associates will acquire a relevant interest in up to 78,776,584 Shares (post-Consolidation) (**Relevant Interest**) comprising:

- (a) 20,000,000 Shares issued to White Oak (or its nominee) pursuant to the Debt Conversion;
- (b) 25,000,000 Shares issued to White Oak (or its nominee) upon White Oak exercising the Debt Conversion Options it is issued pursuant to the Debt Conversion;
- (c) 25,000,000 Shares issued to members of the White Oak Group (or their respective nominees) as subscribed for under the Placement;

- (d) 8,333,334 Shares issued to members of the White Oak Group (or their respective nominees) upon the foregoing exercising the Options issued pursuant to the Placement;
- (e) 303,250 BGOF Shares (post-Consolidation) as currently held by BGOF; and
- (f) 140,000 Shares issued to BGOF upon it exercising the existing BGOF Options (post-Consolidation).

The Relevant Interest represents voting power in the Company of 93.19% (**Voting Acquisition**). This assumes that no other Shares are issued or transferred and no other options are exercised.

As set out above, the voting power is a combined percentage based on the total number of Shares:

- (a) White Oak (or its nominee) will be issued pursuant to the Debt Conversion;
- (b) the White Oak Group (and their respective nominees) will be issued where one or more members of the White Oak Group subscribe for the full amount of Shares on offer under the Placement;
- (c) White Oak (or its nominee) will hold by exercising all Options it will be issued pursuant to the Debt Conversion;
- (d) the White Oak Group (or their respective nominees) will hold where the members of the White Oak Group that participate in the Placement exercise all Options they are issued pursuant to the terms of the Placement, on the basis that those members (or their respective nominees) who participate in the Placement subscribe for the full amount of Shares on offer under the Placement;
- (e) BGOF will hold, being the BGOF Shares (on a post-Consolidation basis); and
- (f) BGOF will hold by exercising the BGOF Options (on a post-Consolidation basis).

It also assumes that any relevant nominees of White Oak, BGOF and BSOF are associates for the purposes of the Corporations Act.

4.2 Voting Exclusion

The Company will disregard any votes cast on Resolution 3 and Resolution 4 by White Oak and any of its associates, BGOF and any of its associates and BSOF and any of its associates.

The Company, however, need not disregard a vote on Resolution 3 or Resolution 4 if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4.3 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – statutory prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in an unlisted company with more than 50 members if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%;

(Prohibition).

(b) Voting power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) The entitlements of the White Oak Group in the Company

As set out in section 4.1, BGOF, a member of the White Oak Group, currently holds the BGOF Shares representing voting power in the Company of 5% at the date of this Notice of Meeting (on a pre-Consolidation basis and assuming the BGOF Options are not exercised).

Following the issue of the Shares and Options to White Oak (or its nominee) pursuant to the terms of the Debt Conversion, White Oak and its associates will hold the following shareholding and resulting voting power in the Company:

Entity	Shares (on a post- Consolidation basis)	Options (on a post- Consolidation basis)	Voting Power
White Oak	20,000,000	25,000,000	39.17%
BGOF	303,250	140,000	0.59%
Total	20,303,250	25,140,000	39.76%

Note: On the basis that the Placement is fully subscribed for and the Options issued pursuant to the Debt Conversion and the Placement and the BGOF Options are not exercised.

Following the issue of the Shares and Options to White Oak (or its nominee) pursuant to the terms of the Debt Conversion and where White Oak (or its nominee) exercises those Options and BGOF exercises the BGOF Options, White Oak and its associates will hold the following shareholding and resulting voting power in the Company:

Entity	Shares (on a post- Consolidation basis)	Options (on a post- Consolidation basis)	Voting Power
White Oak	45,000,000	Nil	59.05%
BGOF	443,250	Nil	0.58%
Total	45,443,250	Nil	59.63%

Note: On the basis that the Placement is fully subscribed for and the Options issued pursuant to the Placement are not exercised.

In addition to the above, where one or more members of the White Oak Group (or their respective nominees) also subscribe for all Shares under the Placement, the White Oak Group and their respective associates will hold the following shareholding and resulting voting power in the Company:

Entity	Shares (on a post- Consolidation basis)	Options (on a post- Consolidation basis)	Voting Power
The White Oak Group	45,000,000	33,333,334	88.13%
BGOF	303,250	140,000	0.59%
Total	45,303,250	33,473,334	88.72%

Notes: On the basis that the Placement is fully subscribed for and the Options issued pursuant to the Debt Conversion and the Placement and the BGOF Options are not exercised.

Where those members of the White Oak Group (or their nominees) who together subscribe for all Shares under the Placement subsequently exercise those Options issued pursuant to the Placement and BGOF exercises the BGOF Options, the White Oak Group and their respective associates will hold the following shareholding and resulting voting power in the Company:

Entity	Shares (on a post- Consolidation basis)	Options (on a post- Consolidation basis)	Voting Power
The White Oak Group	78,333,334	Nil	92.66%
BGOF	443,250	Nil	0.52%
Total	78,776,584	Nil	93.19%

Notes: On the basis that the Placement is fully subscribed for and all Options issued pursuant to the Debt Conversion and the Placement and the BGOF Options are exercised.

It should be noted that Winton Willesee's relevant interest in the Company (by virtue of being an associate of White Oak) will only increase to the extent that White Oak's (and not any other White Oak Group member's) voting power increases.

(d) Relevant interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

(i) are the holder of the securities;

- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

4.4 Reason Section 611 approval is required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition (set out at section 4.3(a) above, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Resolution 3 - Debt Conversion

As set out at section 4.1, White Oak does not currently hold any Shares in the Company. However, BGOF, an associate of White Oak, currently holds the BGOF Shares and the BGOF Options.

Accordingly, upon the issue of 20,000,000 Shares and 25,000,000 Options pursuant to the terms of the Debt Conversion, White Oak and its associates may acquire a relevant interest (on a post-Consolidation basis) in:

- (a) 45,000,000 Shares (on the basis that the Options issued pursuant to the Debt Conversion are exercised); and
- (b) 443,250 Shares, being the total of the BGOF Shares and the BGOF Options if exercised.

representing a voting power of 59.63%. This assumes that no other Shares are issued or transferred other than those Shares issued pursuant to the Placement and no other options (including the Options issued pursuant to the Placement) are exercised.

Resolution 3 seeks Shareholder approval for the purposes of Item 7 of Section 611 and all other purposes in order to permit the voting power of White Oak and its associates in the Company to increase up to 59.63% by virtue of the Company issuing White Oak (or its nominee) the Shares and Options pursuant to the terms of the Debt Conversion.

Resolution 4 - Placement

In addition to the above, in the event that one or more members of the White Oak Group (or their respective nominees) also subscribe for all Shares offered under the Placement, the White Oak Group and their respective associates may acquire a further relevant interest in 33,333,334 Shares (on the basis that the Options issued under the Placement are exercised by those members of the White Oak Group (or their respective nominees) who

participate in the Placement) (all on a post-Consolidation basis), representing a voting power of 93.19% (combined with the Shares and Options issued under the Debt Conversion the subject of Resolution 3). This assumes that no other Shares are issued or transferred and no other options are exercised other than the Options issued to White Oak (or its nominee) pursuant to the Debt Conversion and the Options issued to the members of the White Oak Group (or their respective nominees) who participate in the Placement and the BGOF Options.

Resolution 4 seeks Shareholder approval for the purposes of Item 7 of Section 611 and all other purposes in order to permit the voting power of the White Oak Group and its associates in the Company to increase to up to 93.19% where one or more members of the White Oak Group (or their respective nominees) subscribe for up to all Shares offered under the Placement (and exercise the Options attaching to the Shares issued under the Placement).

4.5 Specific Information required by Item 7 of Section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval under Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by BDO Perth enclosed at Schedule 1.

(a) Identity of White Oak Ridge Capital LLC

Absent this transaction the members of the White Oak Group and their respective associates are not related parties of the Company.

However, the members of the White Oak Group are related parties of the Company under section 228 of the Corporations Act by virtue of them having a reasonable basis to believe that they will control the Company in the future as a result of the respective issue and acquisition of Shares and Options the subject of Resolution 3 (to White Oak) and Resolution 4 (to the White Oak Group) as set out above.

The associates of each member of the White Oak Group are set out at section 4.1 above.

(b) Relevant Interest and Voting Power

(i) Relevant Interest

The relevant interests of the White Oak Group and their respective associates, in voting shares in the capital of the Company (both current, and following the issue of the Shares and Options to White Oak (or its nominee) pursuant to the terms of the Debt Conversion and where one or more members of the White Oak Group (or their respective nominees) subscribe for all Shares on offer under the Placement), is set out in the table below:

Party	Capacity	Relevant interest as at the date of this Notice of Meeting (pre-Consolidation basis)	Relevant interest after the issue of Shares (on a post- Consolidation basis)
The White Oak Group (or their nominees)	Legal and beneficial holder	Nil	78,333,334²
BGOF	Legal and beneficial holder	60,650,0001	443,250 ³
Total		60,650,000	78,776,584

Note:

- 1. This represents the BGOF Shares (on a pre-Consolidation basis) only and assumes the BGOF Options are not exercised;
- 2. On the basis that one or more members of the White Oak Group (or their respective nominees) subscribe for all Shares on offer under the Placement and White Oak exercises all Options it is issued pursuant to the Debt Conversion and those members of the White Oak Group who participate in the Placement exercise all Options they are issued pursuant to the Placement; and
- 3. This represents the total of the BGOF Shares and BGOF Options if exercised (all on a post-Consolidation basis).

(ii) Voting Power

The voting power of the White Oak Group and their respective associates in the Company (both current, and following the issue of the Shares and Options to White Oak (or its nominee) pursuant to the terms of the Debt Conversion and where one or members of the White Oak Group (or their respective nominees) subscribe for all Shares on offer under the Placement) is set out in the table below:

Party	Voting Power as at the date of this Notice of Meeting (on a pre-Consolidation basis)	Voting Power after the issue of Shares (on a post- Consolidation basis)
The White Oak Group (or their nominees)	0%	92.66%²
BGOF	5% ¹	0.52% ³
Other Shareholders	95%	6.81%
TOTAL	100%	100%

Note:

- 1. This represents the voting power of the BGOF Shares (on a pre-Consolidation basis) only and assumes the BGOF Options are not exercised;
- 2. On the basis that that one or more members of the White Oak Group (or their respective nominees) subscribe for all Shares on offer under the Placement and White Oak exercises all Options it is issued pursuant to the Debt Conversion and those members of the White Oak Group who participate in the Placement exercise all Options they are issued pursuant to the Placement; and
- 3. This represents the total voting power of the BGOF Shares and BGOF Options if exercised (all on a post-Consolidation basis).

For the purposes of determining the voting power of the White Oak Group and their respective associates, any nominees are deemed to be associates as at the date that they receive their Shares in the Company.

As set out above it should be noted that Winton Willesee's relevant interest in the Company (by virtue of being an associate of White Oak) will only increase to the extent that White Oak's (and not any other White Oak Group member's) voting power increases.

Further details on the voting power of the White Oak Group and their respective associates is set out in the Independent Expert's Report prepared by BDO Perth enclosed at Schedule 1.

(iii) Summary of Increases

From the tables set out in section 4.3 above, it can be seen that the maximum relevant interest that White Oak and its associates will hold after the issue of the Shares and Options pursuant to the Debt Conversion, assuming that those Options are exercised and the BGOF Options are exercised (and that the Placement is fully subscribed for by parties other than the White Oak Group or their respective associates and the Options issued pursuant to the Placement are not exercised), is 59.63% (on a post-Consolidation basis).

In the event that one or more members of the White Oak Group (or their respective nominees) also subscribe for all Shares on offer under the Placement, then the maximum relevant interest that the White Oak Group and their respective associates will hold after the issue of the Shares and Options pursuant to both the Debt Conversion and the Placement, assuming all Options and the BGOF Options are exercised, is 93.19% (on a post-Consolidation basis).

(iv) Assumptions

Note that the following assumptions have been made in calculating the above:

- (A) the Company has 1,212,532,147 Shares on issue as at the date of this Notice of Meeting;
- (B) the Consolidation is completed;
- (C) no other options other than those issued pursuant to the Debt Conversion and the Placement and the BGOF Options are exercised;
- (D) the Company has agreed to issue 20,000,000 Shares and 25,000,000 Options to White Oak (or its nominee) (on a post-Consolidation basis) pursuant to the Debt Conversion as contemplated by the DOCA;
- (E) no other Shares are issued other than those issued pursuant to the Debt Conversion and the Placement;

- (F) the White Oak Group or their respective associates do not acquire any additional Shares other than as set out in Resolution 3 and Resolution 4; and
- (G) BGOF does not acquire any additional Shares other than the BGOF Shares and the BGOF Options if exercised.

(c) Reasons for the proposed issue of securities

The Shares and Options to be issued to White Oak to facilitate the Debt Conversion form part of the proposed restructure of the Company in accordance with the DOCA. Accordingly, Resolution 3 seeks Shareholder approval for White Oak (or its nominee) to be issued the Shares and Options pursuant to the Debt Conversion and respectively increase its voting power in the Company.

The DOCA (amongst other things) also provides that the Company is to complete the Placement.

The White Oak Group has indicated to the Company that they may wish to acquire additional Shares (and, as a result, free attaching Options) under the terms of the Placement as continued efforts to provide financial support to the Company as BGOF had done prior to the appointment of the Administrators. Accordingly, Resolution 4 seeks Shareholder approval for the White Oak Group (or their respective nominees) to participate in the Placement and respectively increase their voting power in the Company, in addition to White Oak's voting power by virtue of the Debt Conversion and BGOF's current voting power by virtue of holding the BGOF Shares and BGOF Options if exercised.

(d) Material terms of proposed issue of securities

The conditions precedent of the DOCA are set out in section 1.4 above and a summary of the key terms of the DOCA is set out in the Administrators' Report.

As noted above, the DOCA is conditional on the Essential Resolutions being approved by Shareholders. Resolution 3 is one of the Essential Resolutions.

(e) Date of proposed issue of securities

The Company will not issue any Shares or Options pursuant to the Debt Conversion or the Placement until the all conditions precedent under the DOCA have been satisfied, including that all necessary Shareholder approvals have been obtained.

The issue of Shares and Options pursuant to the Debt Conversion and the Placement respectively will take place upon effectuation of the DOCA which is currently anticipated to occur 5 business days after satisfaction (or waiver) of the last of the conditions precedent.

(f) Interests of Directors

(i) The Directors recommend that Shareholders vote in favour of Resolution 3 and Resolution 4, apart from Winton Willesee who abstains from making any recommendations on these resolutions as Mr Willesee is the manager of White Oak and has an interest in the performance of the White Oak Group.

(iii) Neither the White Oak Group nor the Directors are aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3 and Resolution 4.

(g) Intentions of the White Oak Group

Other than as disclosed elsewhere in this Explanatory Statement, the White Oak Group:

- (i) has no present intention of making any significant changes to the Company or its employees;
- (ii) has intentions to make available capital for the Company (by way of the Placement) which is sufficient to ensure that the Company can explore new business opportunities and fund the Company's working capital;
- (iii) does not intend to redeploy any fixed assets of the Company;
- (iv) does not intend to transfer any property between the Company and any member of the White Oak Group or their respective associates other than as contemplated in the DOCA; and
- (v) does not intend the Company to pay dividends and does not intend to set a dividend distribution policy for the Company until such time as the Company is profitable and has a positive cash flow.

These intentions are based on information concerning the Company, its business and the business environment which is known to the White Oak Group at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time. Accordingly, the statements set out above are statements of current intentions only.

(h) Capital Structure

The effect which Resolution 3 (ie the Debt Conversion) and Resolution 4 (ie the Placement) will have on the Company's capital structure is set out in section 1.6 above.

4.6 Advantages of the Issue

The advantages (which are non-exhaustive) of the proposed Debt Conversion and allowing the White Oak Group (or their respective nominees) to increase their voting power by participating in the Placement include:

(a) the Debt Conversion and the completion of the recapitalisation proposals as contemplated by the Essential Resolutions should avoid the Company entering into liquidation and will give the Company the opportunity to explore new business opportunities and possibly return value to Shareholders over the ensuing years;

- (b) the Company may be better placed to raise further funds by way of share equity and/or debt as a result of the recapitalisation of the Company;
- (c) following their appointment, the Administrators commenced a sales and marketing program seeking expressions of interest in the sale of the Company's business. However, after discussions and negotiations with stakeholders of the Company, the only proposal which remained at the date of the Administrators' Report was the DOCA proposal put forward by White Oak. The Administrators recommended that creditors vote in favour of the DOCA on the basis that the DOCA is in the best interests of creditors as it provides for consideration to be made in respect of amounts owed by the Company to White Oak, the Company's secured creditor, and other creditors of the Company are no worse off than they would be otherwise in a liquidation scenario; and
- (d) the White Oak Group intends to support the Company and assist its venture into new business operations.

BDO Perth has concluded that the transactions contemplated by Resolution 3 and Resolution 4 are **FAIR** and **REASONABLE** to the non-associated Shareholders. A copy of the Independent Expert's Report prepared by BDO Perth is enclosed at Schedule 1.

4.7 Disadvantages of the Issue

The disadvantages (which are non-exhaustive) of the proposed Debt Conversion and allowing the White Oak Group (or their respective nominees) to increase their voting power by participating in the Placement include:

- (a) the voting power of existing Shareholders will significantly dilute. However, as noted, where the Company does not undertake the recapitalisation the Company could ultimately enter into liquidation; and
- (b) having a cornerstone investor such as the White Oak Group has advantages but it may also limit the opportunities for other parties to bid for all or part of the Company's Shares in the future. However, based on the outcome of the Administrators' sales and marketing campaign it appears that the White Oak Group may be the only investor who is willing to support the restructure and recapitalisation of the Company.

4.8 Independent Expert's Report

The Independent Expert's Report prepared by BDO Perth (a copy of which is enclosed at Schedule 1) assesses whether the transactions contemplated by Resolution 3 and Resolution 4 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolution 3 and Resolution 4 are **FAIR** and **REASONABLE** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation, the sources of information and assumptions made and the advantages and disadvantages of the proposed Resolution 3 and Resolution 4.

4.9 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

A related party is defined widely in section 228 of the Corporations Act and includes, relevantly, a director of a public company or an entity that controls a public company. This definition is extended to persons who believe, or has reasonable grounds to believe, that it is likely to become a related party in the future.

The issue of Shares and Options the subject of Resolution 3 and Resolution 4 constitutes giving a financial benefit and the White Oak Group is a related party on the basis that, if Shareholders approve Resolution 3 and Resolution 4, the White Oak Group will control the Company (as that term is defined in the Corporations Act).

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the giving of the financial benefit is on arm's length terms by virtue of the DOCA being recommended by the Administrators, approved by the creditors of the Company at the second meeting of creditors held on 14 August 2018 and the subsequent execution of the DOCA. Winton Willesee was not involved in making this determination given he is the manager of White Oak and has an interest in the performance of the White Oak Group.

As Resolution 3 and Resolution 4 contemplate the issue of Shares and Options respectively to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.10 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of Shares and Options the subject of Resolution 3 and Resolution 4:

- (a) the Shares and Options will be issued to the White Oak Group (or their respective nominees), who are related parties by virtue of having a reasonable basis to believe that they will become related parties in the future, by virtue of them being in a position to control the Company if the Shares and Options contemplated by Resolution 3 are issued to White Oak (or its nominee) and the Shares and Options contemplated by Resolution 4 are issued to one or more members of the White Oak Group (or their respective nominees);
- (b) the maximum number of Shares to be issued and upon exercise of the Options is:
 - (i) 45,000,000 Shares (on a post-Consolidation basis) pursuant to the Debt Conversion, to be issued to White Oak (or its nominee) only;
 - (ii) 33,333,334 Shares (on a post-Consolidation basis) where one or more members of the White Oak Group subscribe for all Shares on offer under the Placement;
- (c) the Shares and the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Shares and Options issued:

- (i) pursuant to the Debt Conversion are issued in accordance with the terms of the DOCA so as to convert White Oak's debt to equity;
- (ii) pursuant to the Placement will be issued at an issue price of \$0.02 per Share with one (1) free attaching Option for every three (3) Shares subscribed for:
- (e) the Shares issued will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (post-Consolidation) and the terms and conditions of the Options are set out in Schedule 2: and
- (f) funds raised from the issue of Shares to the White Oak Group (or their respective nominees) under the Placement will be used by the Company as set out in section 1.5. No funds will be raised from the issue of the Shares and Options to White Oak (or its nominee) pursuant to the Debt Conversion, as this issue is to facilitate the debt for equity conversion contemplated by the DOCA.

4.11 ASX Listing Rule 7.1 (Resolution 3)

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of Shares and Options subject of Resolution 3 as approval is being obtained for the purposes of Item 7 of Section 611 of the Corporations Act, which is an exception to ASX Listing Rule 7.1. Accordingly, the issue of Shares and Options to White Oak (or its nominees) the subject of Resolution 3 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Recommendation: The Deed Administrators and the Directors unanimously recommend that Shareholders vote in favour of Resolution 3 and Resolution 4, apart from Winton Willesee who abstains from making any recommendations on these resolutions as Mr Willesee is the manager of White Oak and has an interest in the performance of the White Oak Group.

GLOSSARY

\$ means Australian dollars.

Administrators means Martin Jones and Wayne Rushton of Ferrier Hodgson, Level 28, 108 St Georges Terrace, Perth WA 6000 in their capacities as joint and several administrators of the Company.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

BDO Perth means BDO Perth of 38 Station Street, Subiaco WA 6008.

BGOF means Bergen Global Opportunity Fund LP of 1450 Broadway, 36th Floor, New York, NY 10018 USA.

Board means the current board of directors of the Company.

BSOF means Bergen Special Opportunity Fund LP of 1450 Broadway, 36th Floor, New York, NY 10018 USA.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means XTV Networks Limited (Subject to Deed of Company Arrangement) (ACN 124251396) of care of Ferrier Hodgson, Level 28, 108 St Georges Terrace, Perth WA 6000.

Corporations Act means the Corporations Act 2001 (Cth).

Deed Administrators means Martin Jones and Wayne Rushton of Ferrier Hodgson, Level 28, 108 St Georges Terrace, Perth WA 6000 in their capacities as joint and several deed administrators of the Company.

Directors means the current directors of the Company.

Essential Resolutions means Resolution 1, Resolution 2 and Resolution 3.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Independent Expert's Report means the expert's report prepared by BDO Perth, a copy of which is attached as Schedule 1 to this Explanatory Statement.

Notice or **Notice** of **Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Official List means the official list of the ASX.

Option means an option to acquire a Share on the terms set out in Schedule 2.

Optionholder means a holder of an Option as the context requires.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Securities means Shares and/or listed and unlisted options to acquire a Share, as the context requires.

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

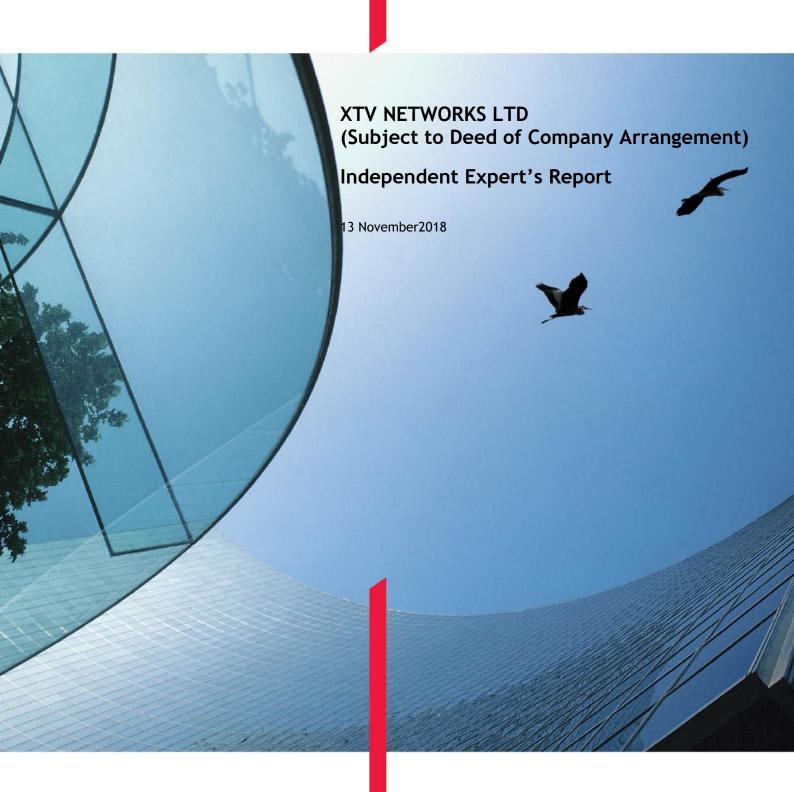
Shareholder means a registered holder of a Share.

White Oak means White Oak Ridge Capital LLC, a Delaware limited liability company, of 1450 Broadway, 36th Floor, New York, NY 10018, USA

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – INDEPENDENT EXPERT'S REPORT

xTV - Notice of Meeting 2018 (Final) (Signed) 27







Financial Services Guide

13 November 2018

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by XTV Networks Limited (Subject to Deed of Company Arrangement) ('XTV' or 'The Company') to provide an independent expert's report on the proposal to restructure the Company as a result of which the voting interests in XTV of White Oak Ridge Capital LLC ('White Oak'), Bergen Global Opportunity Fund LP ('BGOF') and Bergen Special Opportunity Fund LP ('BSOF'), collectively known as the White Oak Group ('White Oak Group') and its respective associates will increase over the 20% voting interest threshold from 5% to a maximum of 93.19%. You will be provided with a copy of our report as a retail client because you are a shareholder of XTV.

Financial Services Guide

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

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158:
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.



Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$15,000.

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

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from XTV for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

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

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

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

Referral to External Dispute Resolution Scheme

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on the 1 November 2018 to allow for the amalgamation of all FOS schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA is available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

AFCA Free call: 1800 931 678 Website: www.afca.org.au

Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3- Control Premium Assessment

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13 November 2018

The Directors
XTV Networks Limited
(Subject to Deed of Company Arrangement)
Care of Ferrier Hodgson
Level 28, 108 St Georges Terrace
PERTH WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 14 August 2018, the creditors of XTV Networks Limited ('XTV' or 'the Company') resolved to execute a deed of company arrangement ('DOCA') as part of the overall process to restructure the Company and this was duly executed on 31 August 2018. The DOCA requires, as conditions precedent, XTV shareholders to approve at general meeting various resolutions facilitating the restructure of the Company as a result of which the voting interests in XTV of White Oak Ridge Capital LLC ('White Oak') will increase from 5% over the 20% voting interest threshold up to 59.63%.

White Oak, Bergen Global Opportunity Fund LP ('BGOF') and Bergen Special Opportunity Fund LP ('BSOF') make up a group of companies, referred to as the White Oak Group ('White Oak Group').

One of the conditions precedent of the DOCA contemplates that the Company undertakes a capital raising. XTV shareholders will also be asked to consider at general meeting whether to approve White Oak Group participating in the capital raising, which will result in the voting interests in XTV of White Oak Group and its associates increasing from 59.63% up to a maximum of 93.19%.

2. Summary and Opinion

2.1 Requirement for the report

The directors of XTV have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the implementation of key elements of the DOCA and allowing White Oak Group to participate in the capital raising to be undertaken by XTV, through resolutions to be approved by XTV shareholders ('the Proposed Transaction'), is fair and reasonable to the non-associated shareholders of XTV ('Shareholders').

Our Report is prepared pursuant to section 611 of the Corporations Act 2001 Cth ('Corporations Act' or 'the Act') and is to be included in the Notice of General Meeting and Explanatory Statement for XTV in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.



2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 74 'Acquisitions Approved by Members' ('RG 74'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of a XTV share prior to the Proposed Transaction on a control basis compares to the value of a XTV share on a minority basis following the Proposed Transaction;
- Other factors which we consider to be relevant to Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

Under RG111.31 we are required to assess the value of a XTV share prior to the Proposed Transaction on a controlling basis and the value of a XTV share following the Proposed Transaction on a minority basis.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the Proposed Transaction is fair and reasonable to Shareholders.

The DOCA represents the only course of action available to the Company, with the possibility of value accruing to Shareholders.

2.4 Fairness

In section 12 we determined how the value of a XTV share prior to the Proposed Transaction on a controlling basis compares to the value of a XTV share following the Proposed Transaction on a minority basis, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of a XTV share prior to the Proposed Transaction on a controlling basis	10.2	nil	nil	nil
Value of a XTV share following the Proposed Transaction on a minority basis	11	\$0.0059	\$0.0082	\$0.0088

Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the Proposed Transaction is fair to Shareholders.

2.5 Reasonableness

We have considered the analysis in section 13 of the Report, in terms of both:



- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

Section	Advantage	Section	Disadvantage
13.4	The Proposed Transaction is fair	13.5	Dilution of percentage voting interest
13.4	Only available strategy which provides possibility of value to Shareholders	13.5	Cornerstone investor may reduce the possibility of a takeover offer in the future
13.4	Support from cornerstone investor	13.5	Unknown future activities
13.4	Removal of debt through the terms of the DOCA		
13.4	Cash injection		
13.4	Key step towards reinstatement of shares to the ASX and recommencement of trading		

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of XTV, by either:

- undertaking a detailed examination of the Proposed Transaction themselves, if they consider that they have sufficient expertise, experience and resources; or
- commissioning an Independent Expert's Report.

The directors of XTV have commissioned this Independent Expert's Report to satisfy this obligation.



3.2 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. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest as such the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a XTV share prior to the Proposed Transaction on a controlling basis and the value of a XTV share following the Proposed Transaction on a minority basis (fairness see Section 12 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolutions, after reference to the value derived above (reasonableness see Section 13 'Is the Proposed Transaction Reasonable?').

3.4 APES 225 Compliance

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.



4. Outline of the Proposed Transaction

On 10 July 2018, the Directors of XTV determined that the Company may have had financial difficulties in meeting future expenses without continued reliance on external funding and resolved to appoint Wayne Rushton and Martin Jones as Administrators to the Company.

The events leading up to the appointment of the Administrators to the Company are detailed in the Voluntary Administrators' Report lodged with ASX on 10 August 2018 ('VA Report').

The Directors consider that it is necessary to undertake a capital restructure of the Company and that the administration process can be used to facilitate this outcome.

Deed of Company Arrangement

On 14 August 2018, a meeting of the Company's creditors was held to determine the future of the Company ('Creditors' Meeting'). At the Creditors' Meeting, the creditors of the Company resolved that the Company execute a deed of company arrangement ('DOCA') on the terms of the proposal put forward by White Oak.

Amongst other things, the purpose of the DOCA is to facilitate the return of control of the Company to the Directors following the termination of the DOCA and is part of the overall process to restructure the Company and restore quotation of the Company's shares on the ASX.

The DOCA was executed on 31 August 2018. A summary of the key terms of the DOCA is set out in the VA Report.

Resolutions arising from Deed of Company Arrangement

Resolutions 1 to 3 (Essential Resolutions) are contemplated by the DOCA (which are conditions precedent to the DOCA) in order to facilitate a capital restructure of the Company and consist of the following:

- Resolution 1 the consolidation of the Company's existing issued share capital on a one (1) for two hundred (200) basis ('Consolidation');
- Resolution 2 a capital raising pursuant to which the Company will offer shares at an issue price of \$0.02 per share with one free attaching option for every three shares subscribed for and issued to raise a minimum of \$500,000 (all on a post-Consolidation basis) ('Placement');
- Resolution 3 a debt for equity swap with White Oak pursuant to which White Oak agrees to convert
 its debt, the details of which are set out in the VA Report, in consideration for the Company issuing
 White Oak:
 - 20,000,000 shares (on a post-Consolidation basis) ('Debt Conversion Shares'); and
 - 25,000,000 options (on a post-Consolidation basis) ('Debt Conversion Options').

Resolution 3, if passed, will result in White Oak increasing its voting power in XTV from 5.00% up to 59.63%.

In addition to the Essential Resolutions, Shareholders are also being asked to approve White Oak Group participating in the Placement by Resolution 4. If passed and White Oak Group subscribes for all the shares and options under the Placement, this will result in White Oak Group increasing its voting power in XTV from 59.63% up to a maximum of 93.19%.



5. Profile of XTV Ltd

5.1 History

XTV was founded in the United States of America ('USA'), with initial involvement in the development and distribution of cloud television technologies. In February 2015 the USA based company entered into a reverse takeover transaction with Intercept Minerals Limited ('Intercept'), an ASX listed company. The newly established ASX listed entity was renamed XTV Networks Limited and was predominately used to raise funds for investments in Australia and overseas.

In March 2016, XTV received \$3 million in financing from East West Bank. The loans had been secured and were subject to certain liquidity and financial covenants. However, in June 2016, East West Bank informed the Company that it was in default of its loan agreement and therefore the loan was repaid in full from cash reserves.

In May 2016, XTV entered into an agreement with BGOF to raise US\$2 million through an unsecured interest free convertible instrument, in order to assist with working capital.

XTV managed to raise approximately \$19 million in equity from the market throughout 2015 and 2016, until June 2016 when it ceased trading on the ASX.

XTV has maintained its ASX listing with the support of BGOF. In July 2018, BGOF assigned its debt and security position to White Oak. Following this the Directors resolved to appoint Ferrier Hodgson as administrators, as they believed that the Company would likely become insolvent without continued reliance on external funding.

The current Directors and senior management of XTV are as follows:

• Mr Winton Willesee: Chairman;

• Mr Harry Hill: Non-Executive Director; and

• Miss Erlyn Dale: Non-Executive Director & Company Secretary.



5.2 Historical Balance Sheet

	Report as to affairs	Reviewed as at	Audited as at
Statement of Financial Position	17-Jul-18	31-Dec-17	30-Jun-17
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8,797	62,211	53,894
Trade and other receivables	-	8,744	6,328
Loans to Directors	123,160	-	-
Other current assets	-	-	8,018
TOTAL CURRENT ASSETS	131,957	70,955	68,240
TOTAL ASSETS	131,957	70,955	68,240
CURRENT LIABILITIES			
Trade and other payables	226,698	223,858	152,455
Financial liabilities	5,052,640	3,764,914	3,505,547
Provisions	-	-	-
Other liabilities	-	-	-
TOTAL CURRENT LIABILITIES	5,279,338	3,988,772	3,658,002
TOTAL LIABILITIES	5,279,338	3,988,772	3,658,002
NET ASSETS	(5,147,381)	(3,917,817)	(3,589,762)
EQUITY			
Issued capital	-	19,286,516	19,286,516
Reserves	-	994,710	994,709
Accumulated losses	-	(24,199,043)	(23,870,987)
TOTAL EQUITY	-	(3,917,817)	(3,589,762)

Source: XTV's audited financial statements for 30 June 2017, reviewed financial statements for 31 December 2017 and the report as to affairs prepared by XTV Directors as outlined in the VA Report

We note that in the audited financial statements for 30 June 2017, the Company's auditors expressed a disclaimer of opinion. This was due to the fact that the financial report of the Company had not been prepared on a going concern basis, nor had it been prepared on a consolidated basis as required by AASB 10.

The Company's auditors disclaimed providing a review conclusion on the financial report for the half year to 31 December 2017. The basis for this decision is that the auditors were 'not able to obtain sufficient appropriate audit evidence to provide a basis for a conclusion. In turn the inability to obtain sufficient appropriate audit evidence was because, as a result of the liquidation of the Company's US subsidiary and management's inability to access sufficiently verifiable records of that subsidiary, management were unable to provide sufficiently complete information in respect of creditor claims arising in a liquidation scenario, and the financial report was not prepared on a consolidated basis.

The VA Report addresses the book values of assets and liabilities as at the date of that report based on the Report as to Affairs prepared by Directors and the additional current information of the Voluntary Administrators. The following comments reflect the values as identified.



We note the following in relation to XTV's financial position:

- Cash and cash equivalents of \$8,797 at 17 July 2018 is comprised of two bank accounts held with National Australia Bank, one of which is denominated in US\$.
- Other assets of \$123,160 at 17 July 2018 comprises loans made in 2015 to former Directors of XTV Tom Reynolds and Joseph Ward of \$3,982 and \$119,177 respectively. The loans were provided to fund the purchase of options in XTV shares. The proposed DOCA provides for these amounts to be assigned to White Oak or its nominee at its election, although the Administrators conclude that recoverability is uncertain. The Company has informed us that these are standard full recourse loans but the supporting documentation does not present an unequivocal view of this.
- Trade and other payables of \$226,698 at 17 July 2018 comprises unsecured creditors of XTV, being predominately outstanding consulting and Director fees owed to Azalea Consulting and Harry Hill.
 The Administrators note that as at the date of the VA Report they had proof of debts totalling \$309,600. The additional amount of \$82,902 relates to a proof of debt received from a US insurance company.
- Financial liabilities of \$5,052,640 at 17 July 2018 is comprised of secured creditors of XTV, with the secured creditor being BGOF. XTV entered into a Convertible Securities Subscription Agreement with BGOF in May 2016 for up to US\$10 million in convertible securities. BGOF provided the first tranche of payments in the amount of US\$2 million in June 2016. BGOF also assisted the Company with its subsequent funding requirements through periodic loans which were used to pay the Company's legal and consulting costs and fees associated with its ASX listing, totalling approximately US\$0.25 million.

5.3 Historical Statement of Comprehensive Income

	Reviewed for the	Audited for the
	half year ended	year ended
Statement of Comprehensive Income	31-Dec-17	30-Jun-17
	\$	\$
Revenue		
Interest revenue	-	3
Expenses		
Employee benefits expense	(10,892)	(26,808)
Compliance and regulatory expenses	-	(52,703)
Legal & consultant costs	(75,805)	(198,131)
Corporate and administrative costs	(31,188)	(53,892)
Finance costs	(206,876)	(372,395)
Other expenses	*5,613	(299)
Loss before income tax	(319,148)	(704,225)
Income tax benefit/(expense)	-	-
Loss for the period	(319,148)	(704,225)
Other comprehensive income for the period	-	-
Total comprehensive loss for the year	(319,148)	(704,225)

Source: XTV's audited financial statements for 30 June 2017 and reviewed financial statements for 31 December 2017

^{*} We note that there is a discrepancy in the 31 December 2017 accounts due to the foreign exchange adjustments being shown as income rather than an expense, as well as the exclusion of insurance and sundry expenses



As stated above, we note that in the audited financial statements for 30 June 2017, the Company's auditors expressed a disclaimer of opinion. This was due to the fact that the financial report of the Company had not been prepared on a going concern basis, nor had it been prepared on a consolidated basis as required by AASB 10.

The Company's auditors disclaimed providing a review conclusion on the financial report for the half year to 31 December 2017. The basis for this decision is that the auditors were 'not able to obtain sufficient appropriate audit evidence to provide a basis for a conclusion. In turn the inability to obtain sufficient appropriate audit evidence was because, as a result of the liquidation of the Company's US subsidiary and management's inability to access sufficiently verifiable records of that subsidiary, management were unable to provide sufficiently complete information in respect of creditor claims arising in a liquidation scenario, and the financial report was not prepared on a consolidated basis.

We note the following in relation to XTV's historical statement of comprehensive income:

- The Company has not traded since June 2016 and no revenue has been generated over the last two financial years.
- Legal & consultants' costs predominately relate to expenses incurred in complying with the Company's and Directors' duties under the Corporations Act and with the ASX.
- Interest expenses relate to accruing interest on the secured loan from White Oak.
- Other expenses predominately relate to foreign exchange adjustments.

5.4 Capital Structure

The share structure of XTV as at 10 July 2018 is outlined below:

	Number
Total ordinary shares on issue	1,212,532,147
Top 20 shareholders	742,101,985
Top 20 shareholders - % of shares on issue	61.20%

Source: Share registry information

The range of shares held in XTV as at 10 July 2018 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	240	105,916	0.01%
1,001 - 5,000	234	600,369	0.05%
5,001 - 10,000	79	597,853	0.05%
10,001 - 100,000	604	32,342,767	2.67%
100,001 - and over	807	1,178,885,242	97.23%
TOTAL	1,964	1,212,532,147	100.00%

Source: Share registry information



The ordinary shares held by the most significant shareholders as at 10 July 2018 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Lindfield Nom SVCS PI	309,305,069	25.51%
UST-Global Private Limited	158,984,159	13.11%
BNP Paribas Noms PL	60,650,000	5.00%
BNP Paribas Nom PL IB Au Noms Retail C	49,542,185	4.09%
Subtotal	578,481,413	47.71%
Others	634,050,734	52.29%
Total ordinary shares on Issue	1,212,532,147	100.00%

Source: Share registry information

The option holder of XTV as at 10 July 2018 is outlined below:

Name	Number of Options	Exercise Price (\$)	Expiry Date
Bergen Global Opportunity Fund LP	28,000,000	\$0.013	31 May 2019

Source: Share registry information



6. Profile of White Oak Ridge Capital LLC

6.1 History

White Oak is a private investment company based in New York, USA. As mentioned above, on 14 August 2018, a Creditors Meeting was held at which the creditors of the Company resolved that the Company execute a DOCA on the terms of the proposal put forward by White Oak.

White Oak, BGOF and BSOF form the White Oak Group which is ultimately controlled by Bergen Asset Management LLC ('BAM'). The deemed associates of the White Oak Group are summarised below:

Entity	Associate	Relationship
White Oak	BGOF	BGOF is the ultimate parent entity of White Oak and has the power to control White Oak. BGOF is also controlled by BAM.
White Oak	BAM	BAM is the manager of BGOF with the power to control the vote and disposal of shares held by BGOF. Accordingly, BAM controls White Oak.
White Oak	BSOF	BAM is the manager of BSOF with the power to control the vote and disposal of shares held by BSOF. Accordingly, White Oak and BSOF are controlled by the same entity.
White Oak	Eugene Tablis	Mr Tablis controls BAM. Accordingly, he has the power to control White Oak.
White Oak	Winton Willesee	Mr Willesee is the manager of White Oak with the power to control the vote and disposal of shares held by White Oak.
BGOF	White Oak	BGOF is the ultimate parent entity of White Oak and has the power to control White Oak. BGOF is also controlled by BAM.
BGOF	BAM	BAM is the manager of BGOF with the power to control the vote and disposal of shares held by BGOF.
BGOF	BSOF	BAM is the manager of BSOF with the power to control the vote and disposal of shares held by BSOF. Accordingly, BGOF and BSOF are controlled by the same entity.
BGOF	Eugene Tablis	Mr Tablis controls BAM. Accordingly, he has the power to control BGOF.
BSOF	White Oak	BSOF and White Oak are both ultimately controlled by the same entity.
BSOF	BAM	BAM is the manager of BSOF with the power to control the vote and disposal of shares held by BSOF.
BSOF	BSOF	BSOF and BGOF are controlled by the same entity, as BGOF is also controlled by BAM.
BSOF	Eugene Tablis	Mr Tablis controls BAM. Accordingly, he has the power to control BSOF.



7. Economic analysis

In the following paragraphs we have set out an overview of the economic outlook for both Australia and the United States. These are general commentaries addressing the high level outlook for the two economies. At this stage it is not clear which industry sector or country the post Proposed Transaction XTV will participate in so we consider that a general overview for both is appropriate.

7.1 Australia

The Australian economy remains on track to achieve lower unemployment and higher inflation over time. Supported by accommodative domestic monetary policy and a positive international outlook, Gross Domestic Product ('GDP') growth is expected to be a little above 3 per cent in both 2018 and 2019, which will reduce spare capacity. The unemployment rate is therefore forecast to decline, reaching around 5 per cent by end 2020. As the labour market tightens, wages growth and inflation should increase gradually. The global economic outlook remains positive, despite the recent increase in trade tensions. Output growth has been quite strong in a number of key trading partners in the June quarter. Global growth is expected to slow a little, but remain above trend, over coming years. At present, central banks in the major advanced economies are at different stages of their monetary policy cycles, with some reducing policy accommodation and others adding to it.

Resource export volumes increased strongly over the first half of 2018, as new production capacity continued to come on line and previous supply disruptions were resolved. Resource exports are forecast to contribute to growth over the next two years, after which they are expected to stabilise at a high level as major projects reach their targeted production levels. Mining investment is still expected to reach its trough in late 2018 or early 2019. Further out, it should increase moderately as companies invest to sustain production at current levels. Business conditions remain positive. Surveyed business conditions are above average, especially for goods-related sectors. Non-mining business investment increased by 10 per cent over the year to the March quarter. It is expected to continue to grow over the next few years, but at a more moderate pace. In the near term, non-residential building activity is likely to be supported by the existing pipeline of work yet to be done, even though new building approvals have trended down. Private infrastructure investment has also increased of late, led by investment in electricity projects (including renewable energy). Machinery and equipment investment is forecast to pick up as the economy continues to expand.

Labour market conditions have improved. Although employment growth has not been as fast as in 2017, it exceeded growth in the working-age population over the first half of 2018 and has been sufficient to see the unemployment rate decline a touch in recent months. Labour force participation has increased and is now around its historical high. Leading indicators of employment growth point to above-average growth in the period ahead; job vacancies have reached a high level relative to the size of the labour force. Above-trend GDP growth should result in a gradual decline in the unemployment rate to 5 per cent in 2020.

The Reserve Bank of Australia's forecasts are for Consumer Price Index ('CPI') inflation to pick up to be around 2½ per cent in both 2019 and 2020. Underlying inflation is also expected to increase, from close to 2 per cent over the year to June 2018 to around 2½ per cent in 2020. Overall, the Australian economy remains on the path it has been for at least the past year and a half. Although inflation is likely to be a bit lower in the near term, this is expected to be temporary. Further gradual progress on both lowering unemployment and bringing inflation closer to the midpoint of the target is expected over coming years. The current accommodative stance of monetary policy will assist this outcome.



The Reserve Bank of Australia Board has for some time been of the view that holding the cash rate steady at 1½ per cent would support the gradual progress being made on unemployment and inflation, with steady monetary policy promoting stability and confidence. Higher interest rates are likely to be appropriate at some point, if the economy continues to evolve as expected. Given the gradual nature of the improvement, however, the Reserve Bank of Australia Board does not see a strong case to adjust the cash rate in the near term.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 4 September 2018

7.2 United States of America

Real GDP is reported to have increased at an annual rate of 2 percent in the first quarter of 2018, and recent indicators suggest that economic growth has increased in the second quarter. Gains in consumer spending slowed early in the year, but they rebounded in the spring, supported by strong job gains, recent and past increases in household wealth, favourable consumer sentiment, and higher disposable income due in part to the implementation of the Tax Cuts and Jobs Act. Business investment growth has remained robust, and indexes of business sentiment have been strong. Foreign economic growth has remained solid, and net exports had a roughly neutral effect on real U.S. GDP growth in the first quarter. However, activity in the housing market has levelled off this year.

The CPI has increased from a little below the 2 percent objective at the end of 2017 to 2.3 percent in May of this year, boosted by a sizable increase in consumer energy prices. The 12-month measure of inflation that excludes food and energy items, which historically has been a better indicator of where overall inflation will be in the future than the total figure, was 2 percent in May. This reading was 1/2 percentage point above where it had been 12 months earlier, as the unusually low readings from last year were not repeated. Measures of longer-run inflation expectations have been generally stable.

Fiscal policy is set to loosen substantially. As spending appropriations are determined, they should prioritise boosting the productive capacity of the economy, such as by supporting infrastructure investment. Fiscal policy combined with structural policies can also help those on the margins of the labour force into employment. As macroeconomic policy rebalances, the projected gradual withdrawal of monetary accommodation is needed to ensure that inflation returns to target and inflation expectations rise to their historical norms. Heightened risks in the non-financial corporate sector have emerged.

The labour market has continued to strengthen off the back of economic activity rising at a strong rate. Job gains have been strong, on average, in recent months, and the unemployment rate has stayed low. Household spending and business fixed investment have grown strongly. On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2 percent. Indicators of longer-term inflation expectations are little changed, on balance.

Over the first half of 2018, the FOMC has continued to gradually increase the target range for the federal funds rate. Specifically, the Committee decided to raise the target range for the federal funds rate at its meetings in March and June, bringing it to the current range of 1 3/4 to 2 percent. The decisions to increase the target range for the federal funds rate reflected the economy's continued progress toward the Committee's objectives of maximum employment and price stability. Even with these policy rate increases, the stance of monetary policy remains accommodative, thereby supporting strong labour market conditions and a sustained return to 2 percent inflation. Interest rates now stand at 1.95% as of August 2018.

Source: www.federalreserve.gov Statement by Federal Open Market Committee: Monetary Policy Decision 1 August 2018 and www.oecd.org US Economic Forecast Summary May 2018



8. Industry analysis

We have not addressed an industry analysis since the Company does not currently have any operations and decisions in relation to the direction of the Company with regard to any industry or market in which it may participate in the future are yet to be made.

9. Valuation approach adopted

There are a number of methodologies which can be used to value the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME');
- Discounted cash flow ('DCF');
- Quoted market price basis ('QMP');
- Net asset value ('NAV'); and
- Market based assessment.

A summary of each of these methodologies is outlined in Appendix 2.

9.1 Valuation of Shares in XTV prior to the Proposed Transaction

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of XTV shares, both prior to and following the Proposed Transaction, we have chosen to employ the following Net Asset Value methodology.

We have chosen this methodology for the following reasons:

- XTV is currently subject to a DOCA with no immediate prospect of earnings or cashflows. It is
 therefore not possible to consider the FME or DCF valuation approaches as appropriate valuation
 methodologies;
- For the QMP methodology to be considered relevant, a company's shares must be listed on a regulated and observable market where the company's shares can be traded. XTV shares were suspended from official quotation on the ASX in June 2016. The Company's shares have not traded again on the ASX so the QMP methodology is not relevant to consider as there has been no trading in the Company's shares since June 2016. Additionally, we do not believe the pre-suspension price is a valid indication of the value of a XTV share due to the Administration proceedings;
- A market based assessment cannot be completed as the Company is currently in a DOCA and subject to a proposed capital restructure;
- We are unable to identify a reliable secondary valuation methodology to adopt as a useful cross-check of the NAV valuation.
- The NAV methodology has therefore been considered as the only appropriate valuation methodology to undertake in order to value the shares of the Company. All assets and liabilities of the entity are valued at market value under this methodology and this combined market value forms the basis for the entity's valuation. Under this basis we assume a knowledgeable and willing, but not anxious, seller acting at arm's length. No realisation costs are taken into account under this approach. The



DOCA, which XTV is subject to, provides some indication of the value of assets and liabilities after the DOCA has been completed and so can be used to assist with a NAV valuation of XTV.

9.2 Valuation of shares in the Company following the Proposed Transaction

In our assessment of the value of a XTV share following the Proposed Transaction, we have adopted the sum-of parts approach which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The value of a XTV share following the Proposed Transaction consists of the following components:

- The value of XTV prior to the Proposed Transaction using the NAV methodology;
- Adjustments to the value of XTV following the Proposed Transaction;
- Cash raised in the capital raising; and
- Adjustment to the number of shares on issue as a result of the Proposed Transaction.



10. Valuation of XTV prior to the Proposed Transaction

10.1 Net Asset Valuation of XTV

The value of XTV assets on a going concern basis is reflected in our valuation below:

Report as to affairs			
17-Jul-18	Low value	Preferred value	High value
\$	\$	\$	\$
8,797	8,797	8,797	8,797
123,160	-	123,160	123,160
131,957	8,797	131,957	131,957
131,957	8,797	131,957	131,957
226,698	309,600	226,698	226,698
5,052,640	5,052,640	5,052,640	5,052,640
5,279,338	5,362,240	5,279,338	5,279,338
5,279,338	5,362,240	5,279,338	5,279,338
(5,147,381)	(5,353,443)	(5,147,381)	(5,147,381)
1,212,532,147	1,212,532,147	1,212,532,147	1,212,532,147
	(\$0.004) or \$nil	(\$0.004) or \$nil	(\$0.004) or \$nil
	17-Jul-18 \$ 8,797 123,160 131,957 131,957 226,698 5,052,640 5,279,338 5,279,338 (5,147,381)	17-Jul-18 Low value \$ \$ \$ 8,797 8,797 123,160 - 131,957 8,797 131,957 8,797 226,698 309,600 5,052,640 5,052,640 5,279,338 5,362,240 (5,147,381) (5,353,443) 1,212,532,147 1,212,532,147	17-Jul-18 Low value Preferred value \$ \$ \$ \$ 8,797 8,797 8,797 123,160 - 123,160 131,957 8,797 131,957 131,957 8,797 131,957 226,698 309,600 226,698 5,052,640 5,052,640 5,052,640 5,279,338 5,362,240 5,279,338 5,279,338 5,362,240 5,279,338 (5,147,381) (5,353,443) (5,147,381) 1,212,532,147 1,212,532,147 1,212,532,147

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of XTV since 17 July 2018. The table above indicates the net asset value of an XTV share is \$nil.

In determining our preferred value, we note that we did not make any adjustments to the net asset values as presented in the VA Report.

Although the VA Report was prepared for the purpose of determining the possible returns for secured and unsecured creditors, it nevertheless represents the most up-to-date financial information on XTV and consequently we have utilised the financial information it contains as the basis for our net assets valuation prior to the Proposed Transaction.

We considered whether adjustments were required to any of the balances and concluded that for our low value we have adopted the following:



- value of \$nil for the other assets based on assumed non-recoverability of the debts owed by the two directors. As stated in section 5 above, the Company considers that these are standard full recourse loans but the supporting documentation leaves doubt as to recoverability
- value of \$309,600 for unsecured creditors, based on the full amount of Proofs of Debt submitted to the Administrators.

10.2 Assessment of Value of XTV

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Value per XTV share (net assets value methodology)	nil	nil	nil

Source: BDO analysis

Based on the results above we consider the value of a XTV share to be \$nil. We note that a net assets value is a control value and therefore no control premium adjustment is required.



11. Valuation of XTV following the Proposed Transaction

We have employed the sum-of-parts valuation method in estimating the fair market value of XTV following the Proposed Transaction as shown below.

	Reference/	Low value	Preferred value	High value
	Notes	\$	\$	\$
NAV of XTV prior to the Proposed Transaction	10.1	(5,353,443)	(5,147,381)	(5,147,381)
Adjustments:				
Cash raised under the Placement	Note a)	500,000	500,000	500,000
Costs associated with Proposed Transaction and the Placement	Note b)	(81,100)	(63,600)	(46,100)
Reduction of debt as a result of replacement of secured creditor by equity	Note c)	5,052,640	5,052,640	5,052,640
Reduction of debt as a result of elimination of unsecured creditors through the DOCA	Note d)	309,600	226,698	226,698
NAV of XTV following the Proposed Transaction (control basis)		427,697	568,357	585,857
Discount for minority interest	Note e)	29%	26%	23%
NAV of XTV following the Proposed Transaction (minority interest basis)		303,665	420,584	451,110
Number of shares on issue post the Proposed Transaction	Note f)	51,062,661	51,062,661	51,062,661
Value of a XTV share following the Proposed Transaction (minority interest basis)		\$0.0059	\$0.0082	\$0.0088

Source: BDO analysis

Based on the above, we consider the value of a share in XTV following the Proposed Transaction on a minority interest basis to be between \$0.0059 and \$0.0088 with a preferred value of \$0.0082.

We note the following in relation to the sum-of-parts valuation above.

Note a) Cash raised under the Placement

We have adjusted the cash and cash equivalents of XTV at 17 July 2018, to account for the Placement, which will raise a minimum of \$500,000. This amount is set out in the DOCA so raising a lesser amount would require a variation to the DOCA. Refer to Resolution 2 in the Notice of Meeting for further details of the capital raising.

Note b) Costs associated with Proposed Transaction and the Placement

We have adjusted the cash and cash equivalents of XTV at 17 July 2018, to account for costs associated with the Proposed Transaction and the Placement. The above values have been estimated by the Administrators and are outlined in the DOCA, with a preferred value of \$63,600 being the midpoint of the low and high value of the Administrator's estimates.

Note c) Reduction of debt as a result of replacement of secured creditor by equity debt

We have adjusted the financial liabilities of XTV at 17 July 2018, to account for a debt for equity swap with White Oak pursuant to which White Oak agrees to convert its debt in exchange for equity in XTV, the details of which are set out in the VA Report. Refer to Resolution 3 in the Notice of Meeting for further details of the debt for equity swap.



Note d) Reduction of debt as a result of elimination of unsecured creditors through the DOCA

We have adjusted the trade and other payables of XTV at 17 July 2018, to account for the elimination of unsecured creditors. The discrepancy between the low value of \$309,600 and the high value of \$226,698 relates to a proof of debt received from a US insurance company for policies taken out in March 2016, which was included in our low value pre the Proposed Transaction.

Note e) Discount for minority interest

The NAV of XTV is reflective of a controlling interest. In order to convert XTV's NAV to a minority interest basis, we must apply a minority interest discount, which is the inverse of a premium for control and is calculated using the formula:

Minority interest discount = 1 - (1/(1+control premium))

As discussed in Appendix 3, the median announced control premium paid by acquirers of all ASX listed companies since 2010 is 36%.

Based on our analysis, we consider an appropriate control premium for XTV to be between 30% and 40%, giving rise to a minority interest discount in the range of 23% to 29%.

Note f) Number of shares on issue post the Proposed Transaction

The number of shares on issue post the Proposed Transaction is set out in the table below.

Number of shares on issue following the Transaction	Number
Number of shares on issue prior to the Transaction	1,212,532,147
Consolidation of existing shares on a one for 200 basis	(1,206,469,486)
Number of shares after consolidation	6,062,661
Placement shares issued	25,000,000
Debt conversion shares	20,000,000
Number of shares on issue following the Transaction	51,062,661

We have not included the exercise of options issued as part of the Placement, the Debt Conversion Options or options currently on issue in XTV, because at the date of our report, they are out-of-themoney.



12. Is the Proposed Transaction fair?

The value of a XTV share prior to the Proposed Transaction on a controlling basis and the value of a XTV share following the Proposed Transaction on a minority basis is compared below.

	Ref	Low \$	Preferred \$	High \$
Value of a XTV share prior to the Proposed Transaction on a controlling basis	10.2	nil	nil	nil
Value of a XTV share following the Proposed Transaction on a minority basis	11	0.0059	0.0082	0.0088

We note from the table above that the value of a XTV share following the Proposed Transaction on a minority basis is greater than the value of a XTV share prior to the Proposed Transaction on a controlling basis. The above pricing indicates that, in the absence of any other relevant information, the Proposed Transaction is fair.

Effectively prior to the Proposed Transaction and without the DOCA there is nil value for a XTV share. Following the Proposed Transaction there is some value based on the terms of the DOCA and as set out in the VA Report.



13. Is the Proposed Transaction reasonable?

13.1 Alternative Proposal

In the VA Report dated 3 August 2018, the Administrators outlined the steps that were taken upon their appointment to resolve the future of the Company. Initially the Administrators embarked on a sales process in respect of the Company and its available assets. The VA Report states that:

"We received several enquiries with regard to the sale, however after further discussions with relevant stakeholders, the only proposal remaining was that of the secured creditor, White Oak."

The proposal from White Oak formed the DOCA which is the basis of the Proposed Transaction.

Effectively therefore there are no alternative proposals.

13.2 Practical Level of Control

If the Proposed Transaction is approved, then White Oak Group and its associates will hold an interest of approximately 88.72% in XTV (assuming all Placement shares are subscribed for by White Oak Group) and up to 93.19% if all options are exercised.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Proposed Transaction is approved, then White Oak Group will be able to pass ordinary resolutions and special resolutions.

We understand that there is presently no intention to make any changes to the composition of the board of directors.

13.3 Consequences of not Approving the Proposed Transaction

If XTV had recent/current trading in XTV shares it would be possible to assess the reaction of the market to the Proposed Transaction through any movements in the share price since its announcement. However as XTV shares have not traded on the ASX since June 2016 there is no post announcement trading. If the Proposed Transaction does not proceed it is likely that the Company could enter into liquidation with little prospect of any return to XTV shareholders.

13.4 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
The Proposed Transaction is fair	As set out in Section 12 the Proposed Transaction is fair. RG 111 states that an offer is reasonable if it is fair.
Only available strategy which provides possibility of value to Shareholders	The VA Report concludes that there are three alternatives available for the future of XTV:



Advantage	Description			
	 Execution of the DOCA which is encapsulated in the Proposed Transaction; 			
	 The Administration should end without any resolution of the Company's insolvency; or 			
	 The Company should be wound up. 			
	In neither the second option nor the third option will there be any return to Shareholders. The DOCA option is the only options which provides a possibility of a return to Shareholders.			
Support from cornerstone investor	White Oak Group will be the cornerstone investor and given its current commitment, it is likely that it will continue to support XTV at least in the short to medium term.			
Removal of debt through the terms of the DOCA	The Proposed Transaction provides for the removal of debt - the secured creditor is converted to equity and the claims of unsecured creditors are extinguished.			
Cash injection	The DOCA as a whole provides for the injection of cash which is applied to the payment of various costs but the majority of which is available for XTV to pursue a new business direction.			
Key step towards reinstatement of shares to the ASX and recommencement of trading	The Proposed Transaction represents a key step towards reinstatement of XTV shares to the ASX and recommencement of trading in the shares. Once the directors have identified a new business direction the Company will be able to undertake the compliance steps necessary for re-listing. However, it should be noted that there is no guarantee that re-listing will be achieved as it is subject to legal and regulatory compliance and the approval of the ASX.			

13.5 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of percentage voting interest	The voting power of Shareholders will be diluted by the Proposed Transaction. However, the clear alternative is liquidation.



Disadvantage	Description
Cornerstone investor may reduce the possibility of a takeover offer in the future	Post the Proposed Transaction, White Oak Group will have a dominant shareholding position.
Unknown future activities	There is no certainty as to the future activities that will be undertaken by XTV. This uncertainty may not suit certain Shareholders.

14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of XTV.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement dated on or about the date of this report;
- Interim Financial Report for the half year ended 31 December 2017 for XTV Networks Limited;
- Voluntary Administrators Report on XTV Networks Limited (Administrators Appointed) by Ferrier Hodgson dated 3 August 2018;
- Deed of Company Arrangement for XTV Networks Limited (Administrators Appointed) dated 31 August 2018:
- Annual Financial Report for XTV Networks Limited for the year ended 30 June 2017 (audit opinion disclaimed);
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of XTV Networks Limited.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$15,000 (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, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by XTV Networks Limited (Subject to Deed of Company Arrangement) in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by XTV Networks Limited (Subject to Deed of Company Arrangement), including the non-provision of material information, in relation to the preparation of this report.



Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to XTV Networks Limited (Subject to Deed of Company Arrangement) and White Oak Ridge Capital LLC and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of XTV Networks Limited (Subject to Deed of Company Arrangement) and White Oak Ridge Capital LLC and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with XTV Networks Limited (Subject to Deed of Company Arrangement), or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to XTV Networks Limited (Subject to Deed of Company Arrangement) and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Sherif Andrawes of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of Chartered Accountants Australia & New Zealand. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These expert's reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Global Natural Resources Leader for BDO.



18. Disclaimers and consents

This report has been prepared at the request of XTV Networks Limited (Subject to Deed of Company Arrangement) for inclusion in the Notice of Meeting and Explanatory Statement which will be sent to all shareholders of XTV Networks Limited (Subject to Deed of Company Arrangement). XTV Networks Limited (Subject to Deed of Company Arrangement) engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Proposed Transaction for the restructure of the Company with White Oak Ridge Capital LLC to become the major shareholder.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting and Explanatory Statement. 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 BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting and Explanatory Statement other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to XTV Networks Limited (Subject to Deed of Company Arrangement). BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of XTV Networks Limited (Subject to Deed of Company Arrangement), or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising subsequent to the date of this report and prior to the date of the meeting.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Adam Myers

Director

Sherif Andrawes

Director



Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
Administrators' Report	VA Report - refer below
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
BGOF	Bergen Global Opportunity Fund LP
BSOF	Bergen Special Opportunity Fund LP
The Company	XTV Networks Limited (Subject to Deed of Company Arrangement)
Consolidation	Resolution 1 - the consolidation of the Company's existing issued share capital on a one for 200 basis
Corporations Act	The Corporations Act 2001 Cth
CPI	Consumer Price Index
Creditor's Meeting	On 14 August 2018, a meeting of the Company's creditors was held to determine the future of the Company
DCF	Discounted Future Cash Flows
Debt Conversion Options	The Company issuing White Oak, 25,000,000 Options
Debt Conversion Shares	The Company issuing White Oak, 20,000,000 Shares
DOCA	Deed of Company Arrangement dated 31 August 2018
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
GDP	Gross Domestic Product
Intercept	Intercept Minerals Limited
NAV	Net Asset Value
Placement	Resolution 2 - a capital raising pursuant to which the Company will offer shares at an issue price of \$0.02 per share with one free attaching option for every three shares subscribed for and issued to raise a minimum of \$500,000 (all on a post-Consolidation basis)
The Proposed Transaction	The implementation of key elements of the DOCA through resolutions to be approved by XTV shareholders
QMP	Quoted market price
RBA	Reserve Bank of Australia



Reference	Definition		
Regulations	Corporations Act Regulations 2001 (Cth)		
Our Report	This Independent Expert's Report prepared by BDO		
RG 74	Acquisitions approved by Members (December 2011)		
RG 111	Content of expert reports (March 2011)		
RG 112	Independence of experts (March 2011)		
Section 611	Section 611 of the Corporations Act		
Shareholders	Shareholders of XTV not associated with White Oak Group		
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies		
USA	United States of America		
Valuation Engagement	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.		
VA Report	Voluntary Administrators' Report dated 3 August 2018		
VWAP	Volume Weighted Average Price		
WACC	Weighted Average Cost of Capital		
White Oak	White Oak Ridge Capital LLC		
White Oak Group	White Oak Ridge Capital LLC, Bergen Global Opportunity Fund LP and Bergen Special Opportunity Fund LP		
XTV	XTV Networks Limited (Subject to Deed of Company Arrangement)		

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The Directors BDO Corporate Finance (WA) Pty Ltd 38 Station Street SUBIACO, WA 6008 Australia



Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



Appendix 3 - Control Premium Assessment

Control Premium

The value per share, derived from the NAV of XTV, reflects the value to minority interest shareholders. In order to value a XTV share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed the control premiums on completed transactions, paid by acquirers of all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium).

We have summarised our findings below:

All ASX listed companies

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2018	20	1754.69	52.72
2017	26	1048.03	44.56
2016	40	753.74	48.70
2015	28	999.75	35.21
2014	42	535.71	40.67
2013	36	140.92	49.03
2012	52	472.10	51.68
2011	65	739.79	43.98
2010	50	591.60	46.52
	Mean	697.14	45.94
	Median	117.63	36.22

Source: Bloomberg, BDO analysis

In arriving at an appropriate control premium to apply, we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trading of the acquiree's securities.



When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.

The table above indicates that the long term average control premium paid by acquirers of all ASX listed companies is approximately 46%. However, in assessing the transactions included in the table, we noted transactions that appear to be extreme outliers. These outliers included 26 all ASX listed company transactions in which the announced premium was in excess of 100%.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the last ten years was approximately 39% for all ASX listed companies.

Based on the above analysis, we consider an appropriate premium for control to be applied is between 30% and 40%, with a midpoint of 35%.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

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

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.06 (Exercise Price)

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date which is four (4) years from the date of issue of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within three Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company

must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the Official List of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(I) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Unquoted

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.





PROXY FORM

XTV NETWORKS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) ACN 124 251 396

GENERAL MEETING

I/We						
of:						
being a Sho	reholder entitled to a	ttend and vote at	the Meeting, here	by appoint:		
Name:						
L						
OR:	the Chair of the I	Meeting as my/our	proxy.			
accordance v laws as the pr	person so named or, vith the following direct oxy sees fit, at the Me uary 2019 at 4:00 pm	ctions, or, if no directed to be held of the control of the held o	tions have been g at Suite 5 CPC, 14	iven, and sul 5 Stirling High	oject to the rel	evant
AUTHORITY FO	R CHAIR TO VOTE UND	DIRECTED PROXIES C	ON REMUNERATION	I RELATED RES	SOLUTIONS	
default), I/we	ave appointed the Chexpressly authorise the conditional control of the condition of the con	ne Chair to exercise	e my/our proxy o			
CHAIR'S VOTIN	IG INTENTION IN RELA	TION TO UNDIRECTE	D PROXIES			
Chair may cl	nds to vote undirected nange his/her voting nt will be made imme	intention on any	Resolution. In	the event t	nis occurs ar	
Voting on b	usiness of the Meeting	j		FOR	AGAINST	ABSTAIN
Resolution 1	Consolidation of Cap	oital				
Resolution 2	Placement Issue of	Shares and Options				
Resolution 3	Debt Conversion Approval for White Oak Ridge Capital LLC to increase its voting power in the Company					
Resolution 4	Participation in Placement Approval for the V Group to increase its voting power in the Comp					
	ou mark the abstain bo show of hands or on a p					
If two proxies o	are being appointed, the	proportion of voting	rights this proxy repr	esents is:		%
Signature of S	Shareholder(s):					
Individual or	Shareholder 1	Shareholder 2		Sharehold	er 3	
Sole Director/C	Company Secretary	Director		Director/Co	ompany Secreto	ary
Date:			_			
Contact nam	e:		Contact ph (day	/time):		
E-mail addre	ss:		Consent for con in relation to this			10 🗆

Instructions for completing Proxy Form

- 1. (Appointing a proxy): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
- 2. (**Direction to vote**): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (Signing instructions):

- (Individual): Where the holding is in one name, the Shareholder must sign.
- (**Joint holding**): Where the holding is in more than one name, all of the Shareholders should sign.
- (**Power of attorney**): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- (Companies): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
- 4. (Attending the Meeting): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
- 5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to XTV Networks Limited (Subject to Deed of Company Arrangement), P.O. Box 3144, Nedlands WA 6009; or
 - (b) facsimile to the Company on facsimile number +61 8 9389 3199; or
 - (C) email to the Company at winton@azc.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.