

# PROSPECTUS

Navigator Resources Limited (to be renamed "AF Legal Group Ltd")

ACN 063 366 487



For the offer of between 20,000,000 and 32,500,000 fully paid ordinary shares (**New Shares**) at an issue price of 20 cents (\$0.20) per New Share to raise between \$4,000,000 (**Minimum Raise**) and \$6,500,000 (**Maximum Raise**), hereinafter referred to as the **Public Offer**.

For the offer of 10,875,000 fully paid ordinary shares (**Consideration Shares**) at a deemed issue price of 20 cents (\$0.20) per Share, to the AFL Vendor (or its nominee) as part of the consideration payable by the Company for the acquisition of the AFL Shares, hereinafter referred to as the **Consideration Offer**.

Completion of all the Offers under this Prospectus is conditional upon satisfaction of certain conditions (which are set out in Section 8.1 of this Prospectus) including Shareholders of the Company passing all the Resolutions at the Extraordinary General Meeting to be held on 8 April 2019 (**EGM**). The Resolutions include a proposed 20 for 1 consolidation (**Consolidation**). All securities offered under this Prospectus are described and offered on a post-Consolidation basis.

## Important information:

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

**The Securities offered by this Prospectus should be considered highly speculative.**

# Important Information

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the Shares of Navigator Resources Limited ACN 063 366 487 (**NAV** or the **Company**). There are risks associated with an investment in the Company's Shares, which may be regarded as a highly speculative investment. Some of the key risks that should be considered are set out in Section 5. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Company.

No person named in this Prospectus warrants or guarantees the Company's performance, the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

## Proposed Transaction and re-compliance with Chapters 1 and 2 of the Listing Rules

A Notice of Meeting (**NOM**) has been dispatched to Shareholders of NAV, with respect to an Extraordinary General Meeting scheduled to be held on 8 April 2019 (**EGM**).

At the EGM, Shareholders will be asked to approve resolutions (**Resolutions**) that will allow the Company to acquire 100% of the issued capital of AF Legal Pty Ltd ACN 604 485 154 (**AFL**), an Australian law firm. The proposed acquisition of AFL is referred to as the **Proposed Transaction** in this Prospectus.

As part of the Proposed Transaction, the Company proposes to change its name to "AF Legal Group Ltd" and also change its ASX ticker code from "NAV" to "AFL".

Completion of the Proposed Transaction will significantly change the scale and nature of the Company's activities. Accordingly, in the event that Shareholders approve all the Resolutions at the EGM, the Company's Shares will continue to be suspended until the Company has re-complied with the admission requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation on the ASX. In the event that the conditions to the Offers are not satisfied or the Company does not receive conditional approval for re-quotation on the ASX then the Company will not proceed with the Offers and will repay all Application Monies received without interest.

## Offers

This Prospectus contains the following offers; the Public Offer and the Consideration Offer (together referred to as the **Offers**). This Prospectus is issued by the Company for the purposes of Chapter 6D of the Corporations Act.

The Public Offer contained in this Prospectus is an invitation to apply for fully paid ordinary shares in the Company. The Public Offer is for between 20,000,000 (Minimum Raise) and 32,500,000 (Maximum Raise) New Shares at 20 cents (\$0.20) per New Share to raise between \$4,000,000 (Minimum Raise) and \$6,500,000 (Maximum Raise).

The Consideration Offer is for 10,875,000 fully paid ordinary shares (**Consideration Shares**) at a deemed issue price of 20 cents (\$0.20) per Consideration Share to the AFL Vendor (or its nominee) as part of the consideration payable by the Company for the acquisition of the AFL Shares.

## Lodgement and Listing

This Prospectus is dated 29 March 2019 (**Prospectus Date**) and a copy of this Prospectus was lodged with ASIC on that date. The Company will apply to ASX for quotation of its Shares on ASX within seven days after the date of this Prospectus. Neither ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

## Expiry Date

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

## Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

No person or entity is authorised to give any information or to make any representation in connection with the Offers or the Shares described in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offers.

## Foreign offer restrictions

This Prospectus does not constitute an offer or invitation to apply for Securities in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify

# Important Information

Continued

the Shares or the Offers, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Shares in certain jurisdictions outside of Australia please refer to Section 8.11.

## Notice to United States residents

The Shares being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act.

## Financial information and amounts

Section 7 of this Prospectus sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

The financial information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, except where otherwise stated.

The financial information is presented in abbreviated form. It does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The financial information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 7.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$'000 (thousand) unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

## Disclaimer

No person is authorised by the Company to give any information or make any representation in connection with the Offers that is not contained in the Prospectus. Only information or representations contained in this Prospectus may be relied on as having been authorised by the Company or its Directors or any other person in connection with the Offers. The Company's business, financial condition, results of operations and prospects may have changed since the Prospectus Date.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and conditions. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company proposes to operate in and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 5. Potential Applicants and other readers are urged to consider these factors carefully in evaluating the forward-looking statements set out in this Prospectus and are cautioned not to place undue reliance on such forward-looking statements.

These forward-looking statements speak only as at the Prospectus Date. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASX after the Prospectus Date.

Certain numerical figures included in this Prospectus may have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

# Important Information

Continued

## Past performance

This Prospectus includes information regarding the past performance of the Company. Applicants should be aware that past performance should not be relied upon as being indicative of future performance.

## Exposure period

Exposure period does not apply to this Prospectus as the Shares are quoted securities.

## Electronic prospectus

This Prospectus will be available in electronic form on the following website:

[www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au)

## Obtaining a copy of the Prospectus

A hard copy of this Prospectus will be available for Australian residents free of charge during the Offer Period by contacting the Share Registry on 1300 737 760 between 8.30am and 5.00pm (Sydney time), Monday to Friday (excluding public holidays). If you are eligible to participate in the Public Offer and are calling from outside Australia, please call +61 2 9290 9600.

The Offers constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia.

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company on +61 2 8072 1400.

Applications for Shares under the Public Offer in this Prospectus may only be made on either a printed copy of the Application Form attached to or accompanying this Prospectus or via the electronic Application Form attached to the electronic version of this Prospectus, available at:

[www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au)

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with Section 724 of the Corporations Act.

## Cooling off rights

Cooling off rights do not apply to an investment in Shares pursuant to the Offers. This means that, in most circumstances you cannot withdraw your Application once it has been accepted.

## Privacy

The Company may collect, hold, use and disclose personal information provided by Applicants to allow them to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Shares that you hold). Under the Corporations Act some of this information must be included in the Company's Share register, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company may not be able to process your Application.

The Company and the Share Registry may also share your personal information with agents and service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside Australia where personal information may not receive the same level of protection as that afforded under Australian law.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located at:

[www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au)

Alternatively, you can contact the Company's registered office by telephone on +61 2 8072 1400 from 8:30am to 5:30pm (Sydney time), Monday to Friday (excluding public holidays) and the Company will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's Privacy Policy, which is located at:

[www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au)

The Company's Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with your complaint.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

# Important Information

Continued

## Definitions, abbreviations and time

Defined terms and abbreviations used in this Prospectus (unless specified otherwise) are explained in Section 12.

All references to time in this Prospectus refer to time in Sydney, New South Wales, Australia, unless stated otherwise.

## Photographs, data and diagrams

Photographs and diagrams used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale and may not accurately reflect the final appearance of the subject matter which it depicts.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus.

## Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.

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# Indicative Timetable and Important Dates

## Important Dates\*

|                                                                                           |               |
|-------------------------------------------------------------------------------------------|---------------|
| Extraordinary General Meeting                                                             | 8 April 2019  |
| Lodgement of Prospectus with ASIC                                                         | 29 March 2019 |
| Offers open ( <b>Opening Date</b> )                                                       | 3 April 2019  |
| Offers close ( <b>Closing Date</b> )                                                      | 29 April 2019 |
| Allotment of New Shares under the Public Offer                                            | 30 April 2019 |
| Allotment of New Shares under the Consideration Offer                                     | 30 April 2019 |
| Completion of Proposed Transaction                                                        | 30 April 2019 |
| Dispatch of holding statements                                                            | 1 May 2019    |
| Anticipated date the Company's Shares re-commence trading on ASX under the ASX code "AFL" | 10 May 2019   |

\* The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable laws. In particular, the Company reserves the right to close the Offers early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Potential Applicants who wish to submit an Application are encouraged to do so as soon as practicable after the Public Offer opens.

## Key Offer Statistics

|                                                                                          |                                                                                                        |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| Company                                                                                  | Navigator Resources Limited ACN 063 366 487<br>(proposed to be renamed to "AF Legal Group Ltd")        |
| Proposed ASX Code for the Shares                                                         | AFL                                                                                                    |
| <b>PUBLIC OFFER</b>                                                                      |                                                                                                        |
| Shares offered                                                                           | 20,000,000 – 32,500,000 New Shares                                                                     |
| Issue price per New Share                                                                | 20 cents (\$0.20)                                                                                      |
| Gross proceeds from the Public Offer                                                     | \$4,000,000 – \$6,500,000 (before costs)                                                               |
| <b>CONSIDERATION OFFER</b>                                                               |                                                                                                        |
| Shares offered                                                                           | 10,875,000 Consideration Shares                                                                        |
| Deemed issue price per Consideration Share                                               | 20 cents (\$0.20)                                                                                      |
| Gross proceeds from the Consideration Offer                                              | Nil                                                                                                    |
| <b>TOTAL</b>                                                                             |                                                                                                        |
| Total number of Shares on issue at completion of the Offers and the Proposed Transaction | 50,536,185 Shares (approximate) for Minimum Raise<br>63,036,185 Shares (approximate) for Maximum Raise |
| Indicative market capitalisation* on completion of the Offers                            | \$10,107,237 (approximate) for Minimum Raise<br>\$12,607,237 (approximate) for Maximum Raise           |

\* Market capitalisation is usually determined by multiplying the number of Shares on issue by the price that the Shares trade on the ASX from time to time. For indicative purposes only, market capitalisation is based on the Issue Price of the New Shares pursuant to the Public Offer. Shares may not trade at the Issue Price after re-instatement to the ASX. If Shares trade below the Issue Price, the market capitalisation will be lower than the amount shown.

Unless otherwise stated, all numbers in the above tables and elsewhere in this Prospectus assume that the 1 for 20 Consolidation has taken place (see Section 2).

# Chairman's Letter

29 March 2019

Dear Investor,

It is with great pleasure that I invite you to become a shareholder and participate in the exciting future of AF Legal Group Ltd (name proposed to be changed from Navigator Resources Limited) (**Company**). As announced on 19 December 2018, the Company has entered into a Share Purchase Deed to acquire AF Legal Pty Ltd (**AFL**).

AFL (also known as Australian Family Lawyers) is an Australian law firm that specialises in family and relationship law. The firm provides advice to clients in respect of divorce, separation, property and children's matters together with related and ancillary services such as litigation.

AFL is a law firm with a difference. It was established in 2015 by Edward Finn (Founder and Managing Director) who identified an opportunity to create a disruptive law firm that challenged the conventional wisdom of relationship driven business development and instead applied an alternative model driven by data and digital marketing. AFL's business model combines cost effective revenue generation and operating efficiencies to achieve higher profitability metrics than benchmarked traditional competitors.

AFL uses innovative and cost-effective digital marketing techniques to acquire clients through a client acquisition model it refers to as **DSAS** (**D**ata, **S**trategy, **A**cquisition and **S**ales Conversion). This is distinct from traditional, referral-based law firms which primarily rely on relationships held by senior lawyers or key partners to originate new clients.

AFL operates differently to the traditional law firm model and appeals to an emerging generation of lawyers who eschew the notion of the "BigLaw", timesheet driven model. AFL staff are measured on client outputs and deliverables rather than time inputs. Work-life balance, team culture and support are prioritised by AFL. A flexible working practice also promotes diversity and enables fee earners to perform their tasks in conjunction with family and other commitments.

Research conducted by AFL management indicates that the Family Law market in Australia is worth an estimated \$1.1 billion in revenue and is highly fragmented and well suited for consolidation. No family law firm currently has an identified national presence. AFL's objective is to become the market leading provider of Family Law services in Australia.

An opportunity exists to participate as an investor to help achieve that objective. To that end the Company is raising between \$4.0-\$6.5 million through the Public Offer. The funds raised will be used to pay consideration to the AFL Vendor, meet transaction costs and to provide working capital for the Company's expansion.

In addition to raising sufficient funds to complete the Proposed Transaction as per the Share Purchase Deed, this Prospectus is also being issued to assist the Company in re-complying with the ASX Listing Rules. This Prospectus contains detailed information about the Offers and the financial position, management team and future plans for AFL.

I encourage you to read the Prospectus carefully and in its entirety before making your investment decision, particularly Section 5 which includes a description of the key risks associated with an investment in the Company which include reliance on marketing strategy, potential regulatory environment and legal reform, and reliance on key personnel. If required, please consult with your stockbroker, solicitor, accountant or other independent professional adviser before making an investment decision.

On behalf of the Directors, I invite you to consider this opportunity to invest in AF Legal Group Ltd and look forward to welcoming you as a Shareholder.

Kind Regards,



Gregory Ruddock  
Chairman



The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus.

In deciding whether to apply for Shares under the Offers, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

## About the Company

| Question                                      | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | More information  |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| <b>Who is the issuer of this Prospectus?</b>  | <p>Navigator Resources Limited ACN 063 366 487 (proposed to be renamed to “AF Legal Group Ltd”) (<b>NAV</b> or <b>Company</b>).</p> <p>NAV is an ASX listed company which is currently suspended but operates under the ASX ticker code “NAV”. Upon completion of the Proposed Transaction and re-quotation, the Company proposes to trade under the ticker “AFL”.</p>                                                                                                                                                                                                                                                                                                  | Section 2         |
| <b>What is the purpose of the Prospectus?</b> | This Prospectus has been issued pursuant to Chapter 6D of the Corporations Act to provide disclosure to investors about the Company’s intention to raise capital pursuant to the Public Offer, and to qualify the Consideration Shares issued to the AFL Vendor (or its nominee) under the Consideration Offer for secondary trading.                                                                                                                                                                                                                                                                                                                                   | Sections 2, 8     |
| <b>What is the Proposed Transaction?</b>      | <p>On 19 December 2018, the Company announced that it had entered into a share purchase deed to acquire 100% of the issued capital of AFL from the AFL Vendor (<b>Proposed Transaction</b>).</p> <p>Completion of the Proposed Transaction and the Offers under this Prospectus are subject to a number of conditions precedent being satisfied and/or waived, including obtaining NAV shareholder approval (which is being sought at the upcoming Extraordinary General Meeting to be held on 8 April 2019). If Shareholder approval is obtained for all the Resolutions at the EGM, it is proposed that the Company will change its name to “AF Legal Group Ltd”.</p> | Sections 2, 8 & 9 |
| <b>Who is the AFL Vendor?</b>                 | The AFL Vendor is an entity, Oscar Churchill Pty Ltd as trustee for the Finn Family Trust, owned and controlled by Edward Finn, the proposed Managing Director and Chief Executive Officer of the Company following completion of the Proposed Transaction. As Edward Finn is a proposed director of the Company, the AFL Vendor, an entity associated with and controlled by Mr Finn, is a “related party” of the Company for the purposes of the Corporations Act and the ASX Listing Rules.                                                                                                                                                                          | Section 2.1       |
| <b>What is AFL?</b>                           | AFL (also known as Australian Family Lawyers) is an Australian law firm that practices family and relationship law. The firm, which also owns the registered business name ‘Estate Lawyers Melbourne’, provides advice to clients in respect of divorce, separation, property and children’s matters together with ancillary services such as litigation, wills and estates.                                                                                                                                                                                                                                                                                            | Section 4         |

| Question                                                                                                     | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | More information |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>What industry will NAV operate in following completion of the Proposed Transaction?</b>                   | <p>Completion of the Proposed Transaction will result in the nature and scale of NAV's activities being significantly changed.</p> <p>The Company will move to the professional services industry, more particularly the Family Law industry, and it will no longer operate in the mineral exploration industry.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Section 4        |
| <b>What is the Company's (and AFL's) strategy?</b>                                                           | <p>AFL's strategy is to become the largest family and relationship law firm in Australia, and to 'roll-out' its innovative client acquisition model into other areas of law and other professional services sectors. There are a number of distinct phases to the Company's strategy.</p> <ol style="list-style-type: none"> <li><b>1. Establish:</b> In the past three years, AFL has successfully delivered the establishment phase of this strategy including development and validation of the marketing model, building a high-performance team and obtaining profitability.</li> <li><b>2. Build scale:</b> The next phase to be supported by the completion of the Offers and the Proposed Transaction is to build scale. This will be achieved by expansion of its existing markets in Victoria and in particular NSW (where it presently has only four lawyers), and entry into new geographies, especially Queensland. This will be achieved by a combination of organic growth, lateral hires of family law specialists and their teams, and the execution of complementary acquisitions.</li> <li><b>3. Leverage scale and brand equity:</b> A final phase will be the expansion into complementary legal and other professional services sectors. It is considered that the client acquisition model could be easily transferred and used for other personal legal services verticals. The model could, as easily, be transferred into other areas of professional services, and in particular those firms that predominantly service personal clients.</li> </ol> | Section 4.6      |
| <b>How will the Company generate income following the completion of the Proposed Transaction and Offers?</b> | <p>Should Shareholders approve all of the Resolutions at the EGM, which includes the significant change to the nature and scale of activities, the Company will provide services in family and relationship law. This primarily comprises advice to clients in respect of divorce, separation, property and children's matters together with ancillary services such as litigation.</p> <p>The AFL revenue model benefits from the:</p> <ul style="list-style-type: none"> <li>■ ability to hire appropriate resources based on volume and value of leads forecast using data analytics;</li> <li>■ effective use of information technology;</li> <li>■ reduced reliance on administrative staff through efficient resourcing and software;</li> <li>■ reduced requirement for solicitors to generate referral work, decreasing costs and increasing responsiveness; and</li> <li>■ lack of requirement for large business development teams to generate work.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Section 4        |

| Question                                                           | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | More information                                                                   |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>What are the key strengths of AFL?</b>                          | <p>AFL considers itself to be a Law firm with a difference, as evidenced by:</p> <p><b>Innovative client acquisition model</b> – AFL's client acquisition model utilises digital marketing techniques employed in various industries in a unique way in the context of the legal industry.</p> <p><b>Overhead cost efficiency</b> – Staff resourcing is dictated by lead generation metrics allowing the workforce to be scaled to match volume of leads. Cost efficiencies also reduces reliance on permanent administrative staff.</p> <p><b>Revenue and growth forecasting</b> – AFL's client acquisition model provides more reliable revenue generation and facilitates more accurate growth forecasts in both existing and new markets.</p> <p><b>Profitability</b> – AFL's business model, combining cost effective revenue generation and operating efficiencies, achieves profitability metrics considered unlikely to be achieved using the traditional models of its competitors.</p> <p><b>Scalability</b> – AFL's client acquisition model is well suited to expansion into new geographies to create Australia's first specialist national family and relationship law practice.</p>                                                                                                                                                                                                                                             | Section 4.3, 4.4                                                                   |
| <b>What are the key risks associated with the Company and AFL?</b> | <p>A list of key risks associated with an investment in AFL under this Prospectus is provided in Section 5.</p> <p>Key risk factors include:</p> <p><b>Reliance on marketing strategy</b></p> <p>A key pillar underpinning AFL's business model is the client acquisition model. There is no guarantee, however, that AFL's marketing strategy will continue to be successful and lead to attracting clients.</p> <p><b>Regulatory environment and legal reform</b></p> <p>AFL operates in the legal industry, which is subject to significant regulatory and legal oversight. Its business operations could be adversely affected by actions of State, Territory and Commonwealth governments as well as other regulatory bodies. The Australian Government has already announced a proposal for structural reforms to the federal courts (including the Family Court of Australia). A review of the Family Law System is currently being conducted by the Australian Law Reform Commission, with final recommendations due to be tabled in March 2019.</p> <p><b>Conflict of duties</b></p> <p>Lawyers have a primary duty to the Courts and a secondary duty to their clients. There could be circumstances in which the lawyers of AFL are required to act in accordance with these duties and contrary to other corporate responsibilities and against the interests of Shareholders and the short-term profitability of the Company.</p> | <p>Section 5</p> <p>Section 5.1(a)</p> <p>Section 5.1(b)</p> <p>Section 5.1(c)</p> |

| Question                                                                       | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | More information |
|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>What are the key risks associated with the Company and AFL? (continued)</b> | <b>Reliance on key personnel</b><br>AFL relies on the experience and knowledge of its management team and lawyers. In particular, AFL is substantially dependent on the continued service of its founder and Managing Director, Edward Finn, as well as other existing legal personnel.                                                                                                                                                                                                                           | Section 5.1(d)   |
|                                                                                | <b>Professional liability and uninsured risk</b><br>The provision of legal advice by AFL gives rise to the risk of potential liability for negligence or other similar client claims. Any such claims may cause financial and reputational damage to AFL.                                                                                                                                                                                                                                                         | Section 5.1(e)   |
|                                                                                | <b>Reliance on third party service providers</b><br>AFL's competitive edge is its innovative digital marketing strategy that is distinct from how traditional law firms acquire clients. However, in implementing this strategy, AFL relies on third parties to provide paid marketing services. If there was a significant disruption to, or decline in the quality of, these services, it is likely that AFL would suffer a disruption to its operations and financial performance could be adversely impacted. | Section 5.1(f)   |
|                                                                                | <b>Failure to retain or attract clients</b><br>AFL's business depends on its ability to retain existing clients and, more importantly, attract new clients. There is a risk that AFL's clients reduce the use of its services or that AFL fails to attract new clients, both of which will have an adverse impact on revenue and growth.                                                                                                                                                                          | Section 5.1(g)   |
|                                                                                | <b>Changes in technology</b><br>The use of technology in the legal industry has evolved in recent years. AFL's success will depend, in part, on its ability to grow its business in response to changing technologies, client and/or user demands and competitive pressures. Failure to do so may impact the success of AFL's business.                                                                                                                                                                           | Section 5.1(h)   |
|                                                                                | <b>Competition</b><br>The legal industry is a highly competitive global industry. There is a risk that existing or new global and domestic competitors could gain market share through product innovation, price discounting or aggressive marketing campaigns which would have an adverse impact on AFL's revenue and profitability.                                                                                                                                                                             | Section 5.1(i)   |
|                                                                                | <b>Brand and reputation</b><br>AFL believes that establishing and maintaining its brand in the family law sector is critical to growing its business. This will depend largely on its ability to deliver successful marketing campaigns and produce outstanding results to its existing client base.                                                                                                                                                                                                              | Section 5.1(j)   |

| Question                                                                       | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | More information |
|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>What are the key risks associated with the Company and AFL? (continued)</b> | <b>Data loss or corruption and security breaches</b>                                                                                                                                                                                                                                                                                                                                                                                                                                           | Section 5.1(k)   |
|                                                                                | AFL's computer systems and the systems of its service providers are integral to its business operations. The provision of legal services is dependent on the proper functioning of these systems. Failures or breaches of those computer systems have the ability to cause disruptions to AFL's business operations.                                                                                                                                                                           |                  |
|                                                                                | <b>Concentration of ownership</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Section 5.1(l)   |
|                                                                                | In the event that the Proposed Transaction completes, there will be a concentration of ownership with the AFL Vendor (or its nominee) and Mr Edward Finn, the proposed Managing Director and Chief Executive Officer of the Company.                                                                                                                                                                                                                                                           |                  |
|                                                                                | <b>Additional requirements for capital</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Section 5.1(m)   |
|                                                                                | While the Board of the Company believes that it will have sufficient funds to meet its growth strategy in relation to the AFL business and has sufficient working capital for the near term, there can be no assurance that such growth strategies can be met without further financing.                                                                                                                                                                                                       |                  |
|                                                                                | <b>Future profitability or dividends are not assured</b>                                                                                                                                                                                                                                                                                                                                                                                                                                       | Section 5.1(n)   |
|                                                                                | No assurance as to future profitability or dividends can be given as these are dependent on future earnings and working capital requirements of the Company and AFL, which are affected by factors beyond the Company's and AFL's control.                                                                                                                                                                                                                                                     |                  |
|                                                                                | <b>Change in strategy</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Section 5.1(o)   |
|                                                                                | AFL's strategy may evolve over time due to a review and assessment of, among other things, market trends, technical challenges, changes in regulations, the level of market acceptance in particular jurisdictions or markets and the emergence of new or improved technology. As a result, the current strategies, approaches, markets, products and plans of AFL may not reflect the strategies, approaches, markets, products and plans in this document and may be changed without notice. |                  |
|                                                                                | <b>Contractual and acquisition risk – Share Purchase Deed</b>                                                                                                                                                                                                                                                                                                                                                                                                                                  | Section 5.1(p)   |
|                                                                                | Pursuant to the Share Purchase Deed (SPD), the material terms of which are summarised in Section 9.1, the Company has agreed to acquire 100% of the issued capital of AFL subject to the fulfilment of certain conditions. There is a risk that the SPD conditions cannot be fulfilled and, in turn, the Proposed Transaction is not completed.                                                                                                                                                |                  |
|                                                                                | If the Proposed Transaction is not completed, the Offers and listing of the Company will not proceed, and funds will be returned in accordance with the Corporations Act.                                                                                                                                                                                                                                                                                                                      |                  |

| Question                                                                                           | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | More information |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>What are the key risks associated with the Company and AFL? (continued)</b>                     | <b>General Investment Risks</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Section 5.2      |
|                                                                                                    | Some of the general risks of investment which are considered beyond the control of the Company are as follows:                                                                                                                                                                                                                                                                                                                                                                                                            |                  |
|                                                                                                    | <b>Economic and government risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Section 5.2(a)   |
|                                                                                                    | The future viability of the Company after completion of the Proposed Transaction depends upon a number of factors affecting performance of all industries including, but not limited to, the following:                                                                                                                                                                                                                                                                                                                   |                  |
|                                                                                                    | <ul style="list-style-type: none"> <li>■ general economic conditions;</li> <li>■ the strength of the equity and share markets in Australia and throughout the world;</li> <li>■ movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company and AFL operate; and</li> <li>■ natural disasters, social upheaval, terrorism or war in jurisdictions in which the Company and AFL operate.</li> </ul>                                                                               |                  |
|                                                                                                    | <b>Taxation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Section 5.2(b)   |
|                                                                                                    | There is a potential for changes in Australia's tax laws. Any current rate of taxes imposed on the Company and AFL is likely to affect returns to Shareholders.                                                                                                                                                                                                                                                                                                                                                           |                  |
|                                                                                                    | <b>General economic conditions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Section 5.2(c)   |
|                                                                                                    | Both Australian and world economic conditions may negatively affect the Company's and AFL's performance.                                                                                                                                                                                                                                                                                                                                                                                                                  |                  |
|                                                                                                    | <b>Accounting standards</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Section 5.2(d)   |
|                                                                                                    | Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this presentation may adversely impact on the Company's reported financial performance and/or financial position.                                                                                                                                                                                                                                                                                        |                  |
|                                                                                                    | <b>Force majeure events</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Section 5.2(e)   |
|                                                                                                    | Events such as acts of terrorism, an outbreak of international hostilities or natural disasters may occur within or outside Australia that have an impact on the Company's and AFL's business.                                                                                                                                                                                                                                                                                                                            |                  |
| <b>What are the Company's material contracts following completion of the Proposed Transaction?</b> | <p>The material contracts are set out in Section 9, which include:</p> <ul style="list-style-type: none"> <li>■ Share Purchase Deed between Navigator Resources Limited and AFL;</li> <li>■ Employment Agreement with Mr Edward Finn;</li> <li>■ Consultancy Agreements for services to be delivered by Mr Grant Dearlove and Mr Peter Bergin;</li> <li>■ Lease Agreement; and</li> <li>■ A Business Sale agreement under which AF Legal will acquire the brand and specified assets of Walls Bridges Lawyers.</li> </ul> | Sections 6 & 9   |

| Question                               | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | More information |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Will the Company pay dividends?</b> | <p>The Proposed Directors can provide no guarantee as to the future dividend policy, the extent of future dividends or the level of franking or imputation of such dividends, as these will depend on the future profits of AFL and the Company's financial and taxation position at that time.</p> <p>The level of payout ratio is expected to vary between periods depending on various factors including the general business environment, the operating results and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations and any contractual, legal or regulatory restrictions on the payment of dividends by the Company and other factors the Proposed Directors may consider relevant.</p> | Section 5.1(n)   |

## Directors, management and their interests

| Question                                 | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | More information |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Who are the directors of NAV?</b>     | <p>The Board currently consists of the following Directors:</p> <ul style="list-style-type: none"> <li>■ Mr Gregory Ruddock – Non-Executive Chairman</li> <li>■ Mr Glen Dobbie – Managing Director</li> <li>■ Mr Malcolm Keefe – Non-Executive Director</li> <li>■ Mr Joshua McKean – Non-Executive Director</li> </ul> <p>Following completion of the Proposed Transaction, the Board will comprise of the following directors (<b>Proposed Directors</b>):</p> <ul style="list-style-type: none"> <li>■ Mr Grant Dearlove – Executive Director and Chairman</li> <li>■ Mr Edward Finn – Managing Director and Chief Executive Officer</li> <li>■ Mr Glen Dobbie – Non-Executive Director</li> </ul> <p>Please refer to Section 6 for further details regarding the background and expertise of each Proposed Director.</p> | Section 6.1      |
| <b>Who will be AFL's key management?</b> | <ul style="list-style-type: none"> <li>■ Mr Grant Dearlove – Executive Director and Chairman</li> <li>■ Mr Edward Finn – Managing Director and Chief Executive Officer</li> <li>■ Mr Peter Bergin – Chief Financial Officer</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Sections 6.3     |

| Question                                                                                      | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | More information                  |                                   |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|----------------------------------------------------|-----------------------------------|-----------------------------------|-------------------|-----------|------|------|----------------|------------|-------|-------|----------------|-----------|
| What will the interests of the New Board be following completion of the Proposed Transaction? | The Proposed Directors will receive directors' fees and remuneration at commercial terms as described in Section 6                                                                                                                                                                                                                                                                                                                                                       | Section 6.11                      |                                   |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |
|                                                                                               | The relevant interests of the Proposed Directors will be as follows:                                                                                                                                                                                                                                                                                                                                                                                                     |                                   |                                   |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |
|                                                                                               | <table><thead><tr><th>Proposed Directors</th><th>Maximum securities (on a post-consolidation basis)</th><th>Total % Min. Raise<sup>(a)</sup></th><th>Total % Max. Raise<sup>(b)</sup></th></tr></thead><tbody><tr><td>Mr Grant Dearlove</td><td>1,000,000</td><td>2.0%</td><td>1.6%</td></tr><tr><td>Mr Edward Finn</td><td>10,875,000</td><td>21.5%</td><td>17.3%</td></tr><tr><td>Mr Glen Dobbie</td><td>2,075,000</td><td>4.1%</td><td>3.3%</td></tr></tbody></table> |                                   | Proposed Directors                | Maximum securities (on a post-consolidation basis) | Total % Min. Raise <sup>(a)</sup> | Total % Max. Raise <sup>(b)</sup> | Mr Grant Dearlove | 1,000,000 | 2.0% | 1.6% | Mr Edward Finn | 10,875,000 | 21.5% | 17.3% | Mr Glen Dobbie | 2,075,000 |
| Proposed Directors                                                                            | Maximum securities (on a post-consolidation basis)                                                                                                                                                                                                                                                                                                                                                                                                                       | Total % Min. Raise <sup>(a)</sup> | Total % Max. Raise <sup>(b)</sup> |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |
| Mr Grant Dearlove                                                                             | 1,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2.0%                              | 1.6%                              |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |
| Mr Edward Finn                                                                                | 10,875,000                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 21.5%                             | 17.3%                             |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |
| Mr Glen Dobbie                                                                                | 2,075,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 4.1%                              | 3.3%                              |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |
|                                                                                               | (a) – Minimum Raise \$4.0m.<br>(b) – Minimum Raise \$6.5m.                                                                                                                                                                                                                                                                                                                                                                                                               |                                   |                                   |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |
| Does the Company have an employee incentive plan?                                             | Shareholder approval is being sought at the EGM to adopt an employee incentive plan titled “Long Term Incentive Plan” ( <b>LTIP</b> ) under which, in the future, after the Company’s reinstatement to the Official List of ASX, Proposed Directors, senior management, and other key employees or contractors of the Company will be invited to share in the ownership of the Company.                                                                                  | Section 6.10                      |                                   |                                                    |                                   |                                   |                   |           |      |      |                |            |       |       |                |           |

## About the Offers

| Question                                           | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | More information |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>What are the Offers?</b>                        | <p>The Offers are comprised of:</p> <ul style="list-style-type: none"> <li>■ <b>Public Offer</b> – the offer of between 20,000,000 and 32,500,000 New Shares to investors at an issue price of 20 cents (\$0.20) per New Share to raise between \$4,000,000 and \$6,500,000.</li> <li>■ <b>Consideration Offer</b> – the offer of 10,875,000 Consideration Shares at a deemed issue price of 20 cents (\$0.20) per Consideration Share, to the AFL Vendor (or its nominee) as part of the consideration payable by the Company for the acquisition of AFL.</li> </ul> | Section 8.2      |
| <b>What are the main conditions of the Offers?</b> | <p>The Offers are conditional upon:</p> <ul style="list-style-type: none"> <li>■ approval from Shareholders of the Company of all Resolutions at the EGM;</li> <li>■ re-compliance with Chapters 1 and 2 of the ASX Listing Rules; and</li> <li>■ satisfaction of conditions precedent detailed in the Share Purchase Deed dated 18 December 2018 between the Company and AFL.</li> </ul>                                                                                                                                                                             | Section 8.1      |

| Question                                                                     | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | More information       |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|-------------------------------------------------|-------------|-------------|---------------------------------------|---|-------------|---------------------------------|-----------|-----------|-----------------|-----------|-------------|-------------------|-----------|-------------|--------------|--------------------|--------------------|-------------|
| <b>Who can participate in the Offers?</b>                                    | Investors that have a registered address in Australia can participate in the Public Offer.<br><br>Only the AFL Vendor (or its nominee) will be invited to participate in the Consideration Offer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Section 8.7            |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| <b>Is there a minimum amount to be raised under the Offers?</b>              | The minimum amount to be raised under the Public Offer is \$4,000,000, comprised of 20,000,000 New Shares to investors at an issue price of 20 cents (\$0.20) per Share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Section 8.2            |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| <b>What do Applicants pay when applying under the Offers?</b>                | Applicants under the Public Offer will pay 20 cents (\$0.20) per New Share.<br><br>The Company will retain any interest earned on the Application Monies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Section 8.7            |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| <b>What is the purpose of the Public Offer?</b>                              | The purpose of the Public Offer is to raise additional capital to grow the Business into the future, reduce debt, pay consideration to the AFL Vendor, meet costs associated with the Proposed Transaction and the Offers and assist the Company in re-complying with the ASX Listing Rules.                                                                                                                                                                                                                                                                                                                                                                                                                                 | Sections 2 & 8         |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| <b>Who is the Lead Manager to the Public Offer?</b>                          | Bell Potter Securities Limited ACN 006 390 772.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Section 8.5            |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| <b>What will the Company use the funds raised from the Public Offer for?</b> | <p>The Company intends to use the funds raised in the following manner:</p> <table> <tr> <th>Description</th><th>\$4.0m Capital Raising</th><th>\$6.5m Capital Raising</th></tr> <tr> <td>Payment of Cash Consideration to the AFL Vendor</td><td>\$2,500,000</td><td>\$2,500,000</td></tr> <tr> <td>Repayment of debt in the AFL business</td><td>–</td><td>\$1,200,000</td></tr> <tr> <td>Repayment of related party debt</td><td>\$325,000</td><td>\$325,000</td></tr> <tr> <td>Working capital</td><td>\$206,502</td><td>\$1,316,542</td></tr> <tr> <td>Transaction costs</td><td>\$968,498</td><td>\$1,158,458</td></tr> <tr> <td><b>Total</b></td><td><b>\$4,000,000</b></td><td><b>\$6,500,000</b></td></tr> </table> | Description            | \$4.0m Capital Raising | \$6.5m Capital Raising | Payment of Cash Consideration to the AFL Vendor | \$2,500,000 | \$2,500,000 | Repayment of debt in the AFL business | – | \$1,200,000 | Repayment of related party debt | \$325,000 | \$325,000 | Working capital | \$206,502 | \$1,316,542 | Transaction costs | \$968,498 | \$1,158,458 | <b>Total</b> | <b>\$4,000,000</b> | <b>\$6,500,000</b> | Section 8.6 |
| Description                                                                  | \$4.0m Capital Raising                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$6.5m Capital Raising |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| Payment of Cash Consideration to the AFL Vendor                              | \$2,500,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$2,500,000            |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| Repayment of debt in the AFL business                                        | –                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | \$1,200,000            |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| Repayment of related party debt                                              | \$325,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$325,000              |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| Working capital                                                              | \$206,502                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$1,316,542            |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| Transaction costs                                                            | \$968,498                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$1,158,458            |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| <b>Total</b>                                                                 | <b>\$4,000,000</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>\$6,500,000</b>     |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |
| <b>What is the purpose of the Consideration Offer?</b>                       | To fulfil part of the consideration under the Share Purchase Deed dated 18 December 2018 in respect of the acquisition of AFL by the company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Sections 2 & 8         |                        |                        |                                                 |             |             |                                       |   |             |                                 |           |           |                 |           |             |                   |           |             |              |                    |                    |             |

| Question                                                                                                                  | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | More information       |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------|------------|--------------------|------------|----------------------------------------------------|--------------------------|----------|----------|----------------------------------|----------|----------|-----------------------------|----------|----------|-----------|-----------|-----------|--------------------|-----------|-----------|------------------|----------|-----------|--------------|------------------|--------------------|--------------|
| What will be the capital structure of the Company before and after completion of the Proposed Transaction and the Offers? | <p>The capital structure of the Company will be as set out below:</p> <table><tr><th>Class of security*</th><th>Before</th><th>After (Minimum Raise)</th><th>After (Maximum Raise)</th></tr><tr><td>Ordinary Shares</td><td>19,661,185</td><td>50,536,185</td><td>63,036,185</td></tr><tr><td>Unlisted Options over Ordinary Shares<sup>#</sup></td><td>Nil</td><td>Nil</td><td>Nil</td></tr></table> <p>* Assuming 1 for 20 share Consolidation has occurred and certain number of existing unlisted Options have been cancelled as agreed with existing Optionholders.</p> <p># Subject to the Proposed Transaction completing, as at the date of this Prospectus all existing optionholders have executed deeds to cancel their outstanding Options, which will result in the cancellation for nil consideration of 50,000,000 unlisted Options (on a pre-Consolidation basis) exercisable at \$0.02 per Option on or before 18 March 2020.</p> | Class of security*     | Before                 | After (Minimum Raise)  | After (Maximum Raise) | Ordinary Shares | 19,661,185 | 50,536,185         | 63,036,185 | Unlisted Options over Ordinary Shares <sup>#</sup> | Nil                      | Nil      | Nil      | Section 10.4 & 10.5              |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Class of security*                                                                                                        | Before                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | After (Minimum Raise)  | After (Maximum Raise)  |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Ordinary Shares                                                                                                           | 19,661,185                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 50,536,185             | 63,036,185             |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Unlisted Options over Ordinary Shares <sup>#</sup>                                                                        | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Nil                    | Nil                    |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| How do I apply for Securities under the Offers?                                                                           | <p>The process for applying for New Shares under the Public Offer is set out in Section 8. The Company may seek to obtain identification information from Applicants. The Company reserves the right to reject an Application if that information is not provided.</p> <p>Only the AFL Vendor (or its nominee) will be invited to participate in the Consideration Offer.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Section 8.7            |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| What are the fees and costs of the Offers?                                                                                | <table><tr><th>Description</th><th>\$4.0m Capital Raising</th><th>\$6.5m Capital Raising</th></tr><tr><td>Legal</td><td>\$154,000</td><td>\$154,000</td></tr><tr><td>Independent Expert</td><td>\$30,000</td><td>\$30,000</td></tr><tr><td>Investigating Accountant</td><td>\$40,000</td><td>\$40,000</td></tr><tr><td>Investor Relations &amp; Other Costs</td><td>\$45,000</td><td>\$45,000</td></tr><tr><td>ASX Fees (Listing &amp; Review)</td><td>\$95,453</td><td>\$98,144</td></tr><tr><td>Brokerage</td><td>\$240,000</td><td>\$410,000</td></tr><tr><td>Project Management</td><td>\$276,000</td><td>\$276,000</td></tr><tr><td>Attributable GST</td><td>\$88,045</td><td>\$105,314</td></tr><tr><td><b>Total</b></td><td><b>\$968,498</b></td><td><b>\$1,158,458</b></td></tr></table>                                                                                                                                                   | Description            | \$4.0m Capital Raising | \$6.5m Capital Raising | Legal                 | \$154,000       | \$154,000  | Independent Expert | \$30,000   | \$30,000                                           | Investigating Accountant | \$40,000 | \$40,000 | Investor Relations & Other Costs | \$45,000 | \$45,000 | ASX Fees (Listing & Review) | \$95,453 | \$98,144 | Brokerage | \$240,000 | \$410,000 | Project Management | \$276,000 | \$276,000 | Attributable GST | \$88,045 | \$105,314 | <b>Total</b> | <b>\$968,498</b> | <b>\$1,158,458</b> | Section 10.9 |
| Description                                                                                                               | \$4.0m Capital Raising                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$6.5m Capital Raising |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Legal                                                                                                                     | \$154,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | \$154,000              |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Independent Expert                                                                                                        | \$30,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$30,000               |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Investigating Accountant                                                                                                  | \$40,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$40,000               |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Investor Relations & Other Costs                                                                                          | \$45,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$45,000               |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| ASX Fees (Listing & Review)                                                                                               | \$95,453                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$98,144               |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Brokerage                                                                                                                 | \$240,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | \$410,000              |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Project Management                                                                                                        | \$276,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | \$276,000              |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Attributable GST                                                                                                          | \$88,045                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$105,314              |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| <b>Total</b>                                                                                                              | <b>\$968,498</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>\$1,158,458</b>     |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Is the Public Offer underwritten?                                                                                         | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Section 8.5            |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |
| Is there a minimum amount of Shares which I must apply for under the Public Offer?                                        | Under the Public Offer, each Applicant must apply for at least \$2,000 worth of New Shares (at least 10,000 New Shares).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Section 8.7            |                        |                        |                       |                 |            |                    |            |                                                    |                          |          |          |                                  |          |          |                             |          |          |           |           |           |                    |           |           |                  |          |           |              |                  |                    |              |

| Question                                     | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | More information      |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>Is there a cooling off period?</b>        | No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Important Information |
| <b>How can I obtain further information?</b> | <p>If you would like more information or have any questions relating to the Offers, you can contact the Company on +61 2 8072 1400.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>                                                                                                                                                                                 | Section 8.7           |
| <b>Will the Shares be listed?</b>            | <p>The Company will apply to the ASX within seven days after the date of this Prospectus for admission to the ASX's Official List and re-quotation of its Shares under the code AFL.</p> <p>If approval is not given by ASX within three months after such application is made (or any longer period permitted by law), the Public Offer will be withdrawn, and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> | Section 8.9           |

## Key financial information

| Question                                                                                                       | Answer                                                                                                                                                                                                                                                                       | More information |
|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| What is the key financial information you need to know about the Company's financial position and performance? | The historical and pro-forma information of NAV, AFL and the acquisition of the Walls Bridges Family law practice (collectively the AF Legal Group) is set out in the investigating Accountant's Report in Section 7 of the Prospectus.                                      | Section 7        |
|                                                                                                                | A summary is provided below of the historical performance of AF Legal Group (excluding NAV) on a reported and underlying basis.                                                                                                                                              |                  |
|                                                                                                                | The underlying EBITDA, EBIT and PBT results demonstrate an estimate of what the historical results would have been had the AF Legal Group operated as an ASX listed entity and also adjusting for the non-recurring costs itemised in the Investigating Accountant's Report. |                  |
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## 2.1 Acquisition of AFL

On 19 December 2018, the Company announced that it had entered into the Share Purchase Deed with AFL Legal Pty Ltd and Oscar Churchill Pty Ltd, the sole shareholder of AF Legal Pty Ltd (**AFL Vendor**), to acquire 100% of the issued shares of AFL (**AFL Shares**). The AFL Vendor is an entity owned and controlled by Edward Finn, the proposed Managing Director and Chief Executive Officer of the Company following completion of the Proposed Transaction. As Edward Finn is a Proposed Director of the Company, the AFL Vendor, an entity associated with and controlled by Mr Finn, is a “related party” of the Company for the purposes of the Corporations Act and the ASX Listing Rules. A summary of the material terms of the Share Purchase Deed is set out below and Section 9.1.

Pursuant to the Share Purchase Deed, as consideration for 100% of the issued shares of AFL, the Company will be:

- a. making a cash payment of \$2,500,000 (**Cash Consideration**);
- b. making a cash payment to extinguish the debt facility held by the AFL Vendor secured by an agreement over the business and assets of AFL (which must not exceed \$325,000); and
- c. issuing on a post-Consolidation basis, based on a deemed issue price of \$0.20 per Share, 10,875,000 Shares (**Consideration Shares**) to the AFL Vendor (or its nominee).

In addition to the above, provided that AFL’s last six month’s Normalised EBITDA exceeds \$1,000,000 in any half-yearly period, the Company must make an additional cash payment of \$500,000 to the AFL Vendor (or its nominee), payable in two equal instalments once the audited accounts are finalised (**Deferred Cash Consideration**).

If the Proposed Transaction successfully completes and the Company is reinstated to the Official List of ASX, it is anticipated that the Deferred Cash Consideration, if payable, will be paid after the Company has been reinstated to the Official List of ASX.

Completion of the Proposed Transaction is subject to a number of conditions being satisfied and/or waived, including the raising of capital (which is being conducted under this Prospectus) and receipt of Shareholder approval at the upcoming Extraordinary General Meeting scheduled to take place on 8 April 2019 (**EGM**). Further details of the EGM are provided in Section 2.2.

## 2.2 Shareholder approvals

In accordance with a Notice of Meeting dated 8 March 2019, the Company is scheduled to hold the EGM on 8 April 2019. At the EGM, Shareholders will be asked to approve the following resolutions which relate to the Proposed Transaction:

- consolidation of the Company’s existing share capital on a 1 for 20 basis;
- significant change to the nature and scale of the Company’s activities that will result from the Company completing the Proposed Transaction;
- acquisition of a relevant interest above 20% in the Company by the AFL Vendor (or its nominee) to satisfy the Consideration Share requirement of the Proposed Transaction pursuant to the terms of the Share Purchase Deed;
- appointments of Grant Dearlove and Edward Finn to the board as directors (as part of the New Board);
- change of the Company’s name from “Navigator Resources Limited” to “AF Legal Group Ltd”;
- approval for issue of up to 32,500,000 New Shares at \$0.20 per Share pursuant to the capital raising that is the subject of the Public Offer under this Prospectus;
- participation by current Directors (Greg Ruddock and Joshua McKean) to subscribe for New Shares under the Public Offer; and
- adoption of an employee incentive scheme entitled the “Long Term Incentive Plan”.

## 2.3 Directors' interest in the Company's Securities at the date of Prospectus

The table below shows the interests of each Director and Proposed Director in the Securities of the Company at the date of this Prospectus:

| Director/Proposed Director | Securities<br>(on a post-consolidation basis) | Shareholding % <sup>(a)</sup> |
|----------------------------|-----------------------------------------------|-------------------------------|
| Mr Gregory Ruddock         | 1,250,000 Shares                              | 6.4%                          |
| Mr Malcolm Keefe           | 1,250,000 Shares                              | 6.4%                          |
| Mr Joshua McKean           | 1,230,000 Shares                              | 6.3%                          |
| Mr Grant Dearlove          | Nil                                           | 0.0%                          |
| Mr Edward Finn             | Nil                                           | 0.0%                          |
| Mr Glen Dobbie             | 2,075,000 Shares                              | 10.6%                         |

a. These percentages are based on a total sum of 19,661,185 fully paid ordinary shares of the Company (post-Consolidation).

## 2.4 Directors' interest in the Company's Securities after completion of Proposed Transaction

The table below shows the maximum interest of each Director and Proposed Director in the Securities of the Company after completion of the Proposed Transaction.

| Director/Proposed Director | Securities <sup>#</sup> | Shareholding % <sup>(a)</sup> | Shareholding % <sup>(b)</sup> |
|----------------------------|-------------------------|-------------------------------|-------------------------------|
| Mr Gregory Ruddock         | 2,583,333 Shares        | 5.1%                          | 4.1%                          |
| Mr Malcolm Keefe           | 1,083,333 Shares        | 2.1%                          | 1.7%                          |
| Mr Joshua McKean           | 1,563,333 Shares        | 3.1%                          | 2.5%                          |
| Mr Grant Dearlove          | 1,000,000 Shares        | 2.0%                          | 1.6%                          |
| Mr Edward Finn             | 10,875,000 Shares       | 21.5%                         | 17.3%                         |
| Mr Glen Dobbie             | 2,075,000 Shares        | 4.1%                          | 3.3%                          |

a. Following completion of the Proposed Transaction, assuming that the minimum of \$4,000,000 is raised under the Capital Raising. These percentages are based on a total sum of 50,536,185 fully paid ordinary shares of the Company (post-Consolidation), which has been calculated as follows: 19,661,185 (existing number of Shares on issue) + 10,875,000 (Consideration Shares pursuant to the Proposed Transaction) + 20,000,000 (New Shares pursuant to the Capital Raising to raise the minimum of \$4.0m).

b. Following completion of the Proposed Transaction, assuming that the maximum of \$6,500,000 is raised under the Capital Raising. These percentages are based on a total sum of 63,036,185 fully paid ordinary shares of the Company (post-Consolidation), which has been calculated as follows: 19,661,185 (existing number of Shares on issue) + 10,875,000 (Consideration Shares pursuant to the Proposed Transaction) + 32,500,000 (New Shares pursuant to the Capital Raising to raise the maximum of \$6.5m).

# Subject to the Proposed Transaction completing, as at the date of this Prospectus all existing optionholders have executed deeds to cancel their outstanding Options, which will result in the cancellation for nil consideration of 50,000,000 unlisted Options (on a pre-Consolidation basis) exercisable at \$0.02 per Option on or before 18 March 2020.

As set out in the table above, Mr Edward Finn and his associated entities could have a combined direct and indirect interest of more than 20% in the Company following completion of the Proposed Transaction (up to approximately 21.5% of the issued share capital of the Company).

Shareholder approval is being sought at the EGM for Mr Gregory Ruddock to subscribe up to \$300,000 worth of New Shares under the Public Offer (which equates to 1,500,000 New Shares), and for Mr Joshua McKean to subscribe up to \$100,000 worth of New Shares under the Public Offer (which equates to 500,000 New Shares). The table has been prepared on the assumption that Shareholder approval has been obtained, and Mr Ruddock and Mr McKean have subscribed for their maximum proposed subscriptions.

Mr Grant Dearlove will be eligible to purchase 500,000 Shares (on a post-consolidation basis) from existing Directors (Messrs Ruddock, Keefe and McKean) for total nominal consideration of \$1.00. In addition, Mr Dearlove has indicated as part of his appointment, he will subscribe for up to \$100,000 worth of New Shares under the Public Offer (which equates to 500,000 New Shares on a post-consolidation basis). The table has been prepared on the assumption that Mr Dearlove has subscribed for his maximum proposed subscription.

The legal sector has undergone a transformation, both globally and in Australia over the past 10 years. As described in the 'Future of Law and Innovation report', commissioned by the Law Society of NSW ("FLIP report"):

**“It is no understatement to say that the legal profession...across Australia is undergoing change at a pace never experienced and in ways most lawyers would have found hard to predict at the beginning of the 21st century”.**

The sector has undergone a phase of unparalleled transformation impacted by globalisation, disruption, increased competition, commoditisation and technology.

### 3.1 Legal services in Australia

Research conducted by AFL management indicates that the size of the Australian market for legal services is estimated at approximately \$20bn, delivered by in excess of 21,000 businesses. Industry revenue is forecast to grow by 2% annually for the next five years and approach \$22bn in FY24. Significant segments of this market include commercial law services (approximately 32%) and the personal legal and industrial relations services (15-16%). AFL primarily operates in the Personal Legal Services market. Despite the wave of consolidation in the industry, particularly in commercial law services, the Australian legal services market remains highly fragmented. The research also indicates that approximately 45% of the firms in the industry employ 20 or fewer staff, and there is a preponderance of sole proprietorships.

### 3.2 Personal Legal Services in Australia

Legal firms in the Personal Legal Services market service individuals and households rather than corporations. The Personal Legal Services market includes advice in relation to personal injury law, property law, class actions, family law, wills, estates and probate and other personal legal services.

Research conducted by AFL management indicates that revenue for the Personal Legal Services market is estimated to approach \$7bn annually, with 0.4% annual growth anticipated over the next five years. Family Law is estimated to comprise around 16% of this market or approximately \$1.1bn, and is broadly commensurate with revenues derived from personal injury law.

Although there are several large law firms recognised for their personal injury and class action services, the Personal Legal Services Market is primarily comprised of sole proprietors and small firms that employ less than 20 people.

### 3.3 The traditional law firm Model under siege, “BigLaw” and ‘NewLaw’

‘BigLaw’ is a colloquial term in the legal industry that refers to the largest and most successful firms globally. The prevalence of BigLaw through global consolidation, has highlighted aspects of the operational model that might be regarded as unsustainable. This has led to the emergence of ‘NewLaw’ firms that offer alternative service delivery models often accompanied by the introduction of, or innovative use of, technology.

**The AFL Business Model embraces many of the elements of ‘NewLaw’ and addresses many of the potential shortcomings of the traditional law firm model.**

The traditional law firm model is often characterised by:

- Partnership structures that often embody Lock-Step rather than merit-based remuneration
- Time based billings for service offerings represented as bespoke, that in more competitive landscapes might be considered homogeneous and capable of commoditisation
- Billing rates that are reinforced and protected by the perceived elitism of the industry
- Intense competition for admission to limited equity participation
- Networking and referral-based business development activities that reward the ‘rainmaker’ rather than the technically competent
- Cultural consequences such as lack of work life balance for fee earners

It has been increasingly recognised that input or time-based billing systems do not sufficiently align with client service and outputs and arguably provide a disincentive to employ an efficient process. NewLaw is also increasingly recruiting a higher standard of lawyer, who is interested in a more flexible and less hierarchical work environment.

In the 2018 Australia: State of the Legal Market Report, 80 legal technology and NewLaw companies were revealed, and the report concluded the following:

**“NewLaw providers focused on the private client and SME markets will continue to boom. There is latent demand for legal services that is being tapped into by these new providers offering lower cost and more accessible offerings.”**

**“We predict that there will be a shake-up in the NewLaw space as those with access to capital are likely to outperform.”**

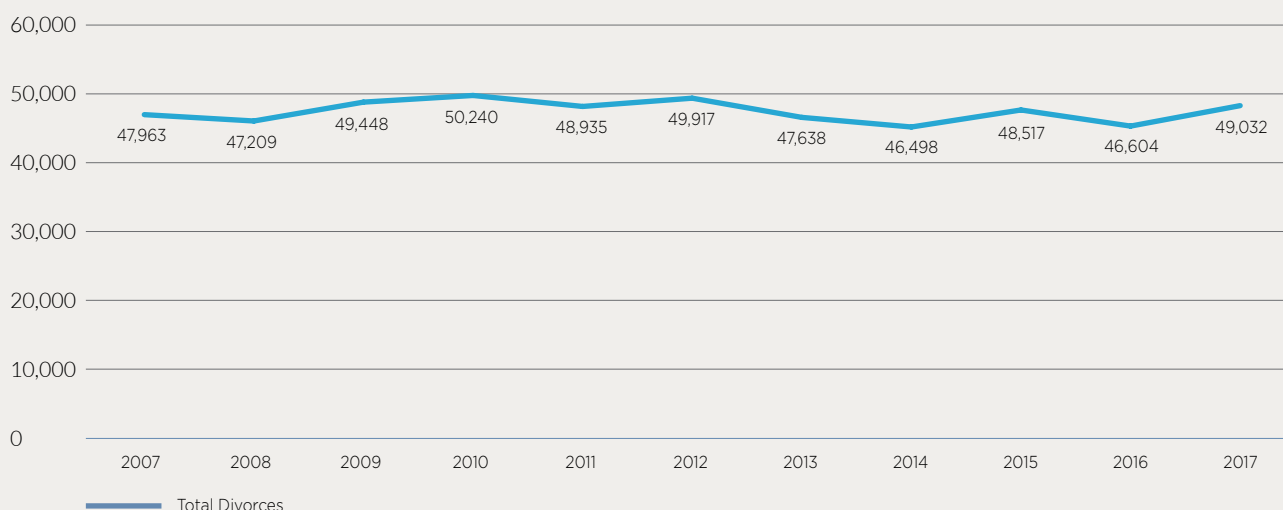
### 3.4 Family law in Australia

Family law services involve matters concerning the family court, such as divorce, property settlement and children's matters. While some marriages and de-facto relationships end amicably, divorce processes can often be complex and involve the dividing of matrimonial assets and arrangements for children of the relationship. Hence, individuals separating often require legal advice.

Research conducted by AFL management indicates that family law is the third largest segment of the Personal Legal Services market behind property law and personal injury law. This equates to 15.5% of total revenue and a family law market size of approximately \$1.1 billion of fees per annum. This segment has increased as a proportion of revenue over the past five years.

Divorces, and the breakdown of de-facto relationships largely account for the demand for law firms and practitioners that specialise in family law. As shown below, the total number of divorces granted per calendar year has been relatively stable over the last 10 years, but increased in 2017. According to ABS Data in 2017, there were 49,032 divorces granted in Australia, an increase of 2,428 (5.0%) from the 46,604 divorces granted in 2016. Whilst the reasons for the increase have not been empirically established, the rise of social media has been regarded as a contributor.

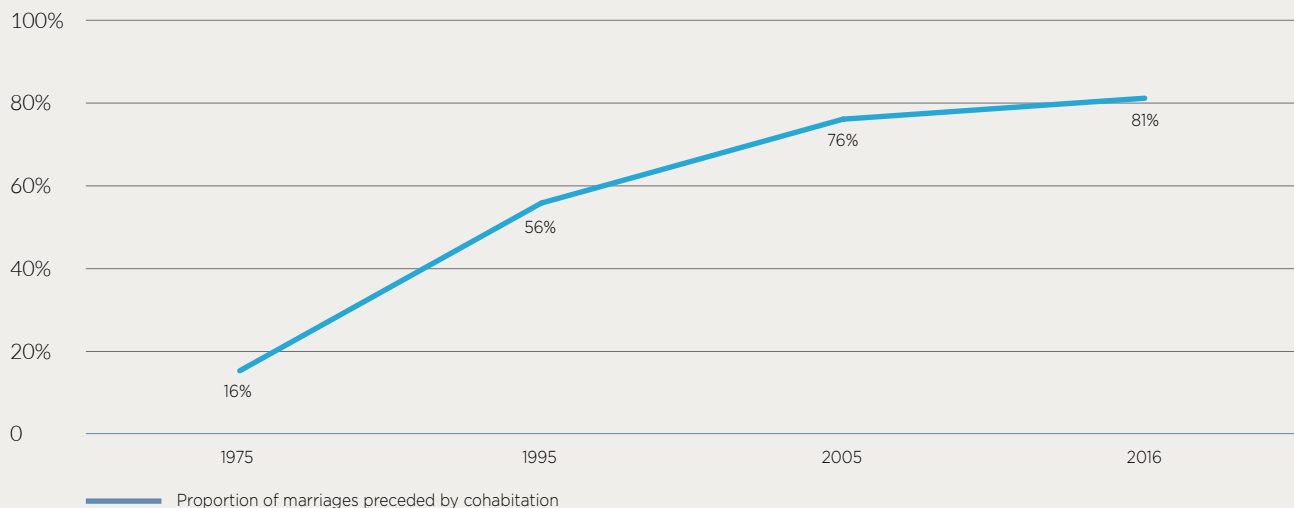
#### Total Divorces granted – 2007 to 2017



Source: Australian Bureau of Statistics, 'Marriages and Divorces, Australia, 2017' (3310.0).

Importantly, the number of total divorces cannot be viewed in isolation as there is an increased prevalence and breakdown of de facto relationships (which are treated akin to marriage) that are not captured in the number of total divorces. Many couples now live together before getting married, and cohabitation prior to registered marriage has increased over the last twenty years. In the early 1990s, just over half of all registered marriages were preceded by a period of cohabitation (56% in 1995) and by 2016 it was over 80%.

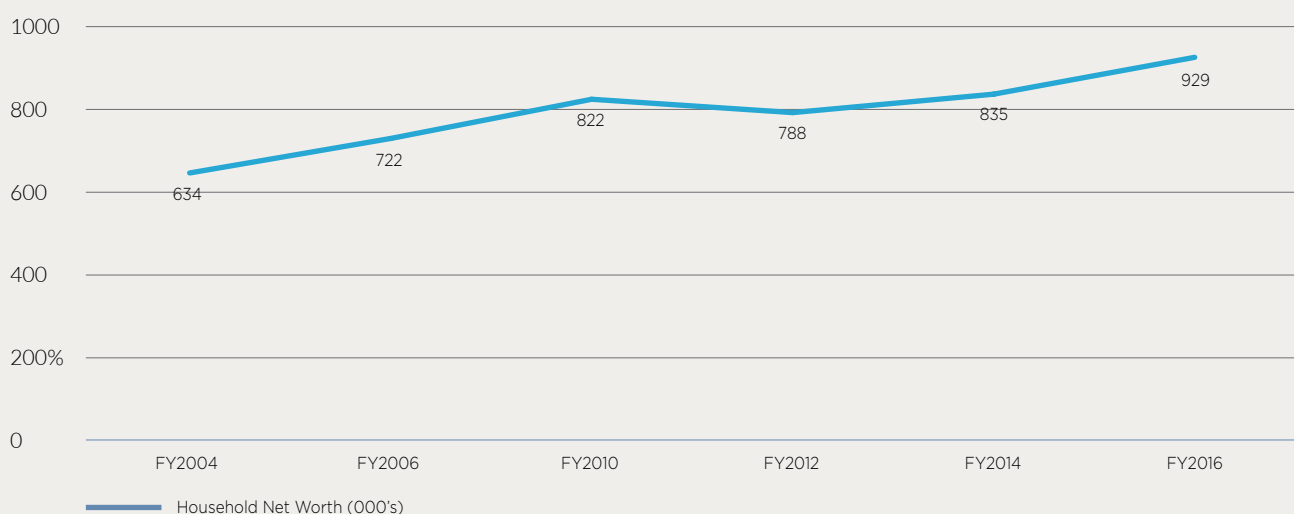
### Proportion of marriages preceded by cohabitation – 1975 to 2016



Source: Australian Institute of Family Studies, 'Marriage and divorce rates', <<https://aifs.gov.au/facts-and-figures/marriage-and-divorce-rates.html>>.

The size of the asset pool is also an important determinant of whether a party to a separation is likely to seek legal representation. Rising household net worth leads to increased asset pools in separation. Larger asset pools typically involve protracted and complex negotiations. Clients benefit greatly from the assistance of lawyers in these types of negotiations. ABS Data reveals that the median household net worth has risen from \$634,000 in FY04 to \$929,000 in FY16, an increase of 47%. In addition, the age at which people are getting married and therefore divorced is rising, further increasing the size of asset pools as household wealth is skewed by age. ABS Data indicated that the median age at which a male divorced in 2017 was 45.5 years in 2017, compared to 40.3 years in 1997. The Median age at which a female divorced in 2017 was 42.9 years compared to 37.6 years in 1997.

### Household Net Worth – FY2004 to FY2016



Source: Australian Bureau of Statistics, 'Household Income and Wealth, Australia: Summary of Results, 2015-16' (6523.0).

The combination of the demographic factors above, especially the increase in cohabitation, the numbers of separating couples and the increased size of asset pools is likely to drive continued demand for family law services. There are also a number of additional factors that may contribute to the future demand of family law services worth noting:

- the 'Yes' vote and subsequent change to the *Marriage Act 1961* (Cth) in 2017, means that the right to marry under Australian law was no longer determined by sex or gender;
- increase in the number of second and third marriages and the need for documenting "Binding Financial Arrangements" such as "Pre-Nuptial" Agreements. While only 30% of first-time marriages end in divorce, up to 60% of second marriages ended in divorce;
- new provisions in the *Family Law Act 1975* (Cth) require individuals seeking parenting orders to attend family alternative dispute resolution sessions before bringing the matter to court; and
- increased awareness in relation to domestic violence issues.

### 3.5 Family law competitive landscape

As mentioned in Section 3.1, the Australian legal services market remains highly fragmented. The level of fragmentation is even more pronounced in the Personal Legal Services market, and its Family Law segment.

There are two main categories of competitors in the family law market:

1. Large generalist firms:
  - a. Offer family law as an ancillary service rather than core value proposition
  - b. Less focussed on non-recurrent client acquisition, which is contrary to recurrent client work experienced in other practice areas
  - c. Lack core value proposition
  - d. Lack breadth of high-level expert resources
  - e. High operating costs which in turn inflates fees in a competitive marketplace
2. Small specialised firms:
  - a. Typically 3-10 person firms that practice family law exclusively
  - b. Key partner / owner reliance and dependency
  - c. Capital constraints due to private sole ownership model
  - d. No or limited brand recognition outside their local areas
  - e. Difficulty in retaining quality staff

- f. Limited by geography and inability to scale due to entrenched work practices

Despite the fact that Family Law is primarily federally legislated by the *Family Law Act 1975* (Cth), very few family law firms operate outside their home states, or only intermittently engage interstate on individual matters in locations where they do not have offices.

In contrast to the personal injury sector in Australia which has a number of dominant and high-profile market players (e.g. Slater & Gordon, Shine and Maurice Blackburn), there is no dominant or national player in the family law market. This is despite the fact that the two markets are of a similar size. This contrasting phenomenon highlights the unique opportunity that exists for AFL to lead consolidation in the sector and become the first player of scale in the family law market in Australia.

**There exists a unique opportunity to become Australia's only nationally branded family law firm.**

### 3.6 The regulation of family law

The *Family Law Act 1975* (Cth) (**Act**) is the primary piece of legislation pertaining to Family Law matters including divorce, children's orders, property division and spousal maintenance. The Family Court of Australia and the Federal Circuit Court both exercise jurisdiction under the Act, with more complicated matters generally heard in the Family Court of Australia.

The family law industry has been the subject of recent regulatory interest and scrutiny driven by the proliferation in family law disputes and the increased need for family law legal services. The Family Court of Australia has strained under the volume of court matters causing issues in areas such as: delays in a party's ability to access justice, children rights, cost and time, integrating services and clarifying legislative principles. (*Review of the family law system: Issues and opportunities Presentation to the Australian Institute of Family Studies 2018 Conference -Professor Helen Rhoades Commissioner, Australian Law Reform Commission*).

In 2006, a range of family law pathways initiatives were introduced to change the ways in which separation and post separation child-related issues were managed, resulting in the establishment of Family Relationship Centres, and a range of allied services which supported a policy to divert matters from litigation.

Despite such efforts, in 2017 the then Attorney General, George Brandis, stated that there was a “broad consensus that the system is now in many ways dysfunctional and a comprehensive overhaul is needed”. As a result, a review of the family law system is currently being conducted by the Australian Law Reform Commission. A discussion paper was issued in October 2018, inviting submissions on the proposals and recommendations.

Much of the commentary and attendant recommendations have justifiably centred upon the issues of domestic violence and the paramount importance of protecting the needs of children of separating families. The following proposal areas have potential repercussions for the operation of a commercial family law practice:

**Getting advice and support (Proposals 4-1 to 4-8),**

including assurance that separating families are aware of the legal and support services available, the use of digital technologies to support the assessment of client needs, and an expansion of the services provided by the Family Advocacy and Support Service (FASS) in each state and territory.

**Dispute resolution (Proposals 5-1 to 5-9),** and in particular a requirement that parties attempt family dispute resolution prior to lodging a court application for property and financial matters.

**Reshaping the adjudication landscape (Proposals 6-1 to 6-12),** and in particular the establishment of an appropriate triage process to ensure that matters are directed to appropriate alternative dispute resolution processes and specialist pathways within the court as needed. Proposals 6-3 to 6-6 advocate a simplified process for matters involving smaller property pools.

The final report and recommendations are scheduled to be delivered in March 2019 after an industry consultative process. It is not expected or anticipated the proposals represent a material risk to either the current AFL business or its future growth prospects because many of the proposals reinforce dispute resolution systems already in existence and encourage further negotiations rather than Court mandated outcomes which is supported by AFL. AFL ordinarily seeks to resolve matters before reaching final hearing. Often AFL is engaged because the mediation and/or collaborative processes have proven unsuccessful.

## 4.1 Summary

AFL (also known as Australian Family Lawyers) is an Australian law firm that practices family law. AFL also owns and has previously traded under the registered business name 'Estate Lawyers Melbourne'. The firm provides advice to clients in respect of divorce, separation, property and children's matters together with ancillary services such as estate planning and litigation.

**In 2015, Edward Finn identified an opportunity to create a disruptive law firm that challenged the conventional wisdom of relationship driven business development and instead applied a different model driven by data and digital marketing.**

AFL was established in 2015 by Edward Finn (Founder and Managing Director). Edward's background in law and eCommerce enabled him to devise an alternative means of acquiring clients through digital marketing and combine this with a cost effective and scalable operating model. The initial target market selected was family law, a fast growing, less competitive and fragmented area of law well suited to disruption.

AFL has developed an innovative method for the acquisition of clients requiring family law advice. The method is substantive in its design and application which would make it difficult to replicate in the short term. This client acquisition model is titled "DSAS". DSAS harmonises 4 components that can capture and convert new clients in any jurisdiction in Australia. Its process is depicted diagrammatically below in Section 4.4. The key components include:

| Key Component           | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Data</b>             | AFL has acquired in excess of three (3) years of data related to the online characteristics and search patterns of its target demographic through a considered and methodical application of best practice digital marketing techniques since inception. This includes tens of thousands of enquiries and online interactions which put AFL in a unique position to optimise digital marketing campaigns based on the volume of data which, in turn, reduces its cost of client acquisition.                                                           |
| <b>Strategy</b>         | AFL's marketing strategy is devised internally. AFL does not rely on outsourced third-party providers to develop the strategy. Instead, third-party providers are chosen to execute the strategy with highly-specialised expertise as and when required. This enables AFL to control the entire marketing process which in turn enhances our competitive advantage and ensures our strategy closely aligns with our operating model. It also means that the process by which clients are acquired is complemented by the sales and conversion process. |
| <b>Acquisition</b>      | AFL uses an array of sophisticated techniques to originate clients. These include search engine optimisation (SEO), pay per click (PPC), social media, prospecting, retargeting and electronic direct mail (EDM) campaigns. Many of these techniques are underpinned by algorithmic procedures to synthesise common data points and improve the efficiency of campaigns whilst also continuously reducing the cost of originating clients.                                                                                                             |
| <b>Sales Conversion</b> | AFL has implemented a systemised sales and conversion process which improves the prospect of an initial enquiry progressing to an ongoing client.                                                                                                                                                                                                                                                                                                                                                                                                      |

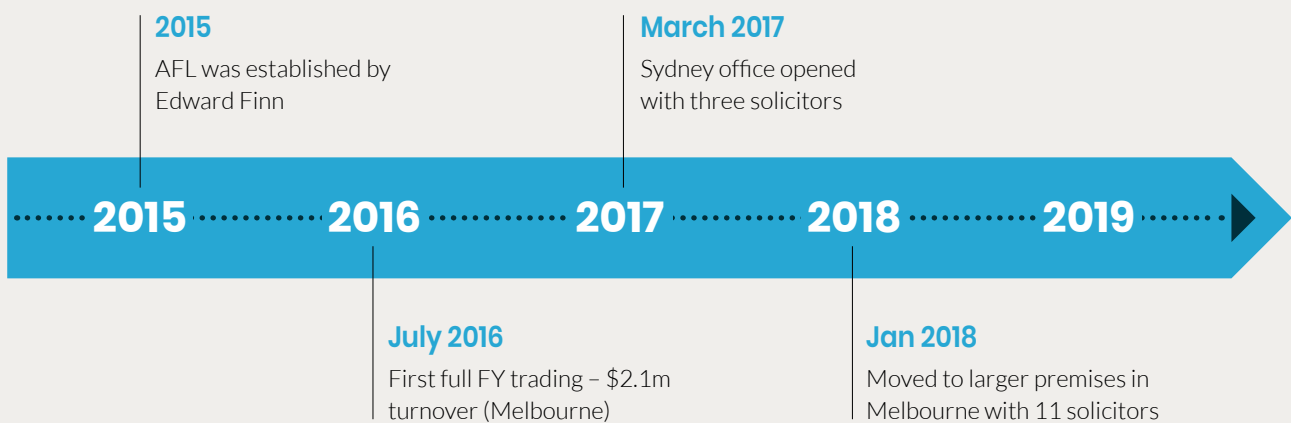
The DSAS Equation:

$$\text{Data} + \text{Strategy} + \text{Acquisition} + \text{Sales Conversion} = \text{Client Retainer}$$

DSAS uses sophisticated and cost-effective digital marketing techniques to acquire clients, discussed in greater detail in section 4.4 below. This is distinct from traditional, referral-based law firms which rely primarily on relationships held by senior lawyers or key partners to originate new clients. AFL believes that its business model combines cost effective revenue generation and operating efficiencies to achieve higher profitability than benchmarked traditional competitors.

AFL operates differently to the traditional law firm model and appeals to an emerging generation of lawyers who eschew the notion of the “BigLaw”, timesheet driven model. AFL staff are measured on client outputs and deliverables rather than time inputs. Work-life balance, team culture and support are prioritised at AFL. A flexible working practice also promotes diversity and enables fee earners to perform their tasks in conjunction with family and other commitments.

At present, AFL has offices in Melbourne, Sydney, Werribee and Frankston, and is currently investigating opening further offices in Greater Sydney, Brisbane and the Gold Coast. As at March 2019, the firm employed 19 staff including 12 lawyers in Melbourne and 4 lawyers in Sydney. AFL’s strategy is to become the leading provider of family law services in Australia.



## 4.2 AFL areas of specialisation

AFL specialises in the following service lines:

- **Divorce & separation** – advice and guidance through the process of applying for divorce for married couples and the legal effect of divorce including time limits and what constitutes separation under the Act for both married and de facto relationships.
- **Property settlement** – assistance in resolving property matters following separation where possible, advice as to entitlements, how the Act applies in the specific circumstances, negotiating a just and equitable settlement, or litigating at Court if necessary or negotiating an agreement via alternate dispute resolution including using collaborative practice.
- **Children’s matters** – assistance with resolving children’s matters including parenting orders, parenting plans, re-location issues, and who children should live with and how much time they spend with each parent or not in circumstances where children are exposed to unacceptable risk and acting in litigated parenting proceedings including child recovery proceedings.
- **Maintenance** – advice surrounding financial support for a spouse/de facto spouse following the breakdown of a relationship, including applying for and defending maintenance applications or maintenance agreements.
- **Same-sex and de facto couples** – advice in relation to same sex married couples under the Act in relation to property & children’s matters. AFL is experienced in providing advice in this area.
- **Intervention Orders/Apprehended Domestic Violence Orders** – AFL provides the legal and emotional support to assist in an application for, or defence of, an Intervention Order at Court.
- **Child support** – advice surrounding how much child support should be received or paid, child support options including preparing and negotiating child support agreements, advising on international child support arrangements where there is reciprocity with Australia, appealing child support decisions in the Administrative Appeal Tribunal and Court.
- **Mediation** – AFL can help parties to mediate to resolve children or property issues following separation, without the need to go to Court.
- **Collaborative practice** – AFL’s collaborative practitioners can help separated parties resolving their family law issues via a collaborative pathway over a series of structured meetings and within the collaborative practice framework.

### 4.3 AFL's points of difference

This Section outlines what AFL believes to be its points of difference versus traditional legal firms.

|                                        | Traditional Firms                                                                                                                                                                                                                                                                             | AFL                                                                                                                                                                                                                                                                                   |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Client acquisition model – DSAS</b> | <ul style="list-style-type: none"> <li>■ Referral based, non-targeted</li> <li>■ High cost per acquisition</li> <li>■ Requires dedicated business development teams</li> </ul>                                                                                                                | <ul style="list-style-type: none"> <li>■ Very targeted using DSAS</li> <li>■ Low cost per acquisition</li> <li>■ Business development staff not required</li> </ul>                                                                                                                   |
| <b>Key person risk</b>                 | <ul style="list-style-type: none"> <li>■ Majority of revenue generated by individuals</li> <li>■ Goodwill remains in the individual not the firm</li> </ul>                                                                                                                                   | <ul style="list-style-type: none"> <li>■ Majority of revenue generated from corporate marketing model</li> <li>■ Limited key person risk; goodwill remains in the firm</li> </ul>                                                                                                     |
| <b>Organisational chart</b>            | <ul style="list-style-type: none"> <li>■ Hierarchical – decreases leverage and profitability</li> <li>■ Large amounts of paralegal and support staff</li> </ul>                                                                                                                               | <ul style="list-style-type: none"> <li>■ Flat – maximises leverage and reduces reliance on individuals</li> <li>■ Minimal support staff (business process outsourcing model)</li> </ul>                                                                                               |
| <b>Fee model</b>                       | <ul style="list-style-type: none"> <li>■ Often fees are not received until completion</li> <li>■ Can be contingent on a “no win no fee” basis</li> </ul>                                                                                                                                      | <ul style="list-style-type: none"> <li>■ Minimal work is done on contingency</li> <li>■ Clients are engaged on a cost agreement and encouraged to pay in trust upfront</li> </ul>                                                                                                     |
| <b>Work In Progress recoverability</b> | <ul style="list-style-type: none"> <li>■ Typically, high work in progress amounts (particularly in personal injury) due to length of cases and uncertainty of success</li> <li>■ Subjective revenue recognition, given the difficulty in estimating the “probability” of success</li> </ul>   | <ul style="list-style-type: none"> <li>■ Clear milestones that enable work to be billed throughout the client matter</li> <li>■ More objective revenue recognition, as billings based on work performed in accordance with cost agreements and not contingent upon success</li> </ul> |
| <b>Resourcing</b>                      | <ul style="list-style-type: none"> <li>■ Consistently manage resourcing and utilisation based on unclear forward demand for work</li> </ul>                                                                                                                                                   | <ul style="list-style-type: none"> <li>■ Staff resourcing and expansion dictated by lead generation metrics</li> </ul>                                                                                                                                                                |
| <b>Scalability</b>                     | <ul style="list-style-type: none"> <li>■ Expansion limited to hiring of key partners in new regions, states etc</li> </ul>                                                                                                                                                                    | <ul style="list-style-type: none"> <li>■ Client acquisition model provides the opportunity to scale into existing and new geographic regions with reduced reliance on senior lawyers generating work</li> </ul>                                                                       |
| <b>Cultural</b>                        | <ul style="list-style-type: none"> <li>■ Driven by billable hours &amp; utilisation</li> <li>■ Work life balance issues that have given rise to significant issues of anxiety and depression</li> <li>■ Extreme rewards of partnership arguably motivate self-interested behaviour</li> </ul> | <ul style="list-style-type: none"> <li>■ Flexible working arrangements encourage workplace diversity</li> <li>■ Not a partnership</li> <li>■ Staff generally exhibit great empathy and compassion to clients</li> </ul>                                                               |

## Traditional Firms

## AFL

## Corporatised model

- Firms have generally struggled to adapt from a partnership model where all profits are distributed to partners, to a corporatised model where profits are retained by shareholders

- AFL is not a partnership, and practitioners are not generally remunerated by drawings calculated on the basis of profits

AFL's points of difference drive superior financial performance to its peers as benchmarked against the Australasian Legal Practice Management Association (ALPMA) 2017 survey conducted by Crowe Horwath. A summary of the results for the industry cohort of less than \$5m turnover is shown below.

| % of revenue                             | Industry <sup>1</sup> | AFL <sup>2</sup> |
|------------------------------------------|-----------------------|------------------|
| Indirect labour cost                     | 16%                   | 2%               |
| Total labour cost                        | 54%                   | 45%              |
| Overhead costs (ex. premises)            | 38%                   | 25%              |
| Marketing expenses                       | 3%                    | 6%               |
| Lock-Up (WIP & Debtor) days <sup>3</sup> | 176                   | 79               |
| Profit before tax <sup>4</sup>           | 12%                   | 36%              |

Source: Australian Legal Practice Management Association (ALPMA) 2017 survey conducted by Crowe Horwath

1. Australasian Legal Practice Management Association (ALPMA) Benchmark Data 2017 <\$5m turnover cohort.

2. Management estimates from H1FY19 auditor reviewed accounts for AFL and management accounts for Walls Bridges (excludes pro-forma head offices costs).

3. Lock-up days (Debtors & WIP) only provided in 2016 survey.

4. Profit before tax based on H1FY19 auditor reviewed accounts for AFL and management accounts for Walls Bridges (excludes pro-forma head offices costs).

AFL believes its model is **more scalable and profitable than competitors** due to its:

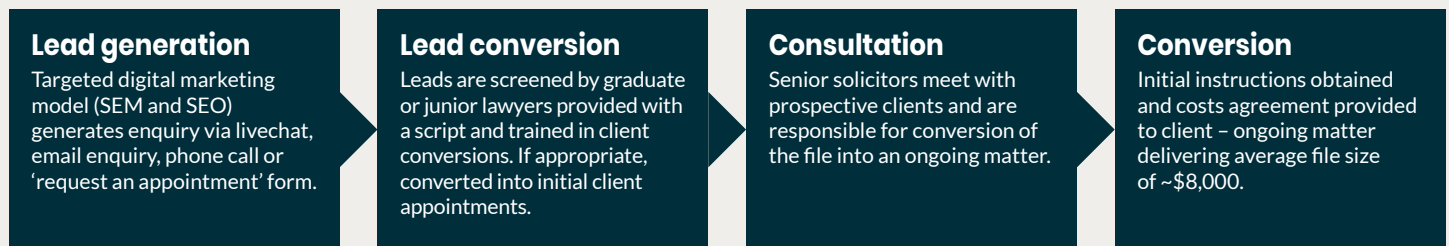
- ability to hire appropriate resources based on volume and value of leads forecast using data analytics;
- effective use of information technology;
- reduced reliance on administrative staff through efficient resourcing and software;
- reduced requirement for solicitors to generate referral work decreases costs and increases responsiveness and file velocity; and
- lack of requirement for large business development teams to generate work.

## 4.4 Client Acquisition Model

AFL, through its innovative method DSAS, has disrupted the way family law firms acquire clients by combining digital marketing techniques employed by various online industries in the context of the legal industry with data, marketing strategy and sales techniques. This is distinct from traditional, referral-based law firms which mainly rely on referrals generated by senior lawyers or key partners to originate new clients.

### **AFL's digital marketing tool "DSAS" underpins its innovative business model tailored specifically to the family and relationship law market.**

AFL's digital marketing strategies are commonly used in retail eCommerce and online businesses and include Search Engine Optimisation, Social Media Prospecting and Retargeting, Pay per Click, Programmatic and AdWords. The digital strategy is managed daily to continuously optimise and improve the volume and quality of leads. Once received, the leads are screened through a conversion process to assess suitability and, if appropriate, converted into clients.



**AFL through “DSAS” utilises digital marketing techniques employed by various online industries in a unique way in the context of the legal industry.**

The Client Acquisition Model delivers the following key operational benefits to the business:

- **Staff resourcing:** DSAS enables staff resourcing to be dictated by lead generation metrics. Unlike traditional law firms that are required to consistently manage resourcing and utilisation based on unclear forward demand for work, the volume of leads provides a clear reference point for workforce planning.
- **Scalability:** DSAS provides the opportunity for AFL to scale its business in existing and new geographic regions with reduced reliance on senior lawyers generating work, which in turn enables senior lawyers to focus on file work and provide exceptional client service. This mitigates key personnel risk usually faced by law firms as the firm’s revenue stream is not dependent on any single partner. As the business grows and establishes offices in new geographic regions, the existing marketing infrastructure can be rolled out in new geographies with minimal additional fixed costs.



**The strength of the AFL digital marketing strategy is evidenced by the fact that in May 2017, the highest biller for AFL was in her second month of service.**

## 4.5 Organisational Chart

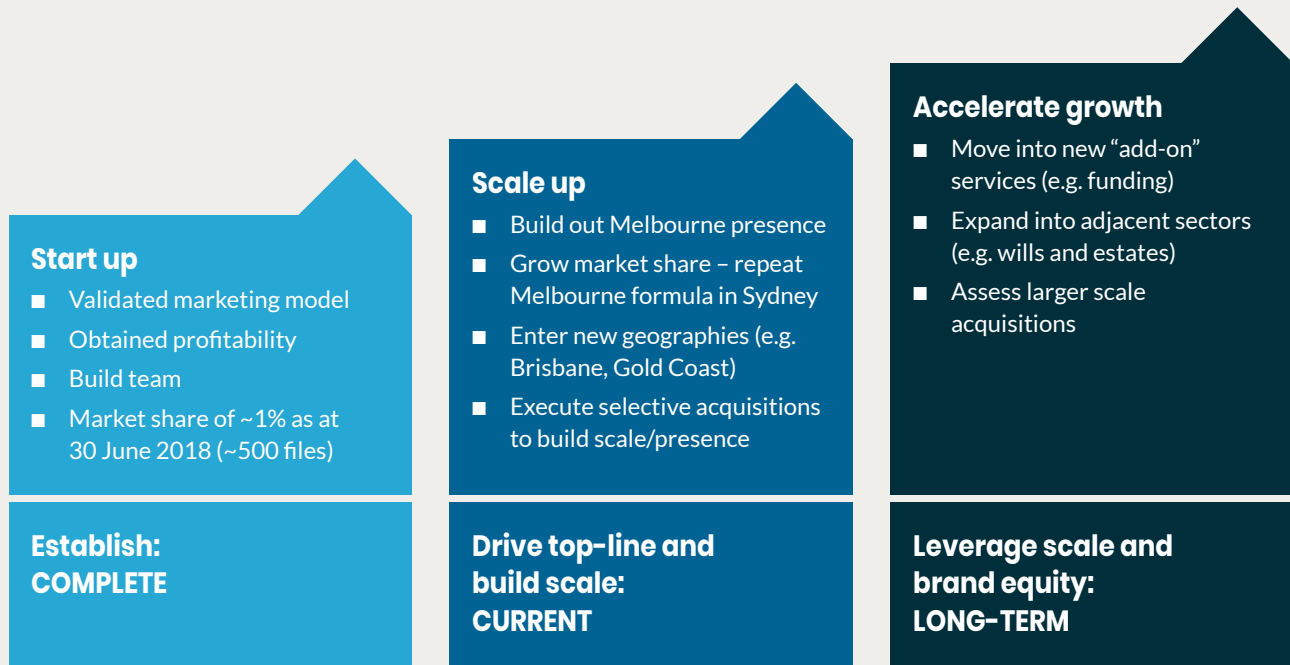
AFL's client acquisition model alone does not deliver its strategic goals unless the work generated is undertaken by skilled legal practitioners providing the highest quality service and advice.

Many of AFL's solicitors are senior lawyers who formerly worked in renowned family law firms in both Melbourne and Sydney. Several solicitors at AFL formerly held the position of Head of Family Law at either large full service or specialist family law firms. AFL currently has four (4) Accredited Family Law Specialists. These specialists are supported by high calibre associates and junior lawyers. The team prioritises responsiveness, innovation and client service. Staff frequently comment on matters related to family law in the media.

An overview of the organisational chart is outlined below.



## 4.6 Growth Strategy



In 2015, when it commenced, AFL embarked upon a strategy with a view to substantially increase its market share. The strategy contains three distinct stages:

1. **Establish:** In the past three years, AFL has successfully delivered the establishment phase of this strategy including development and validation of the marketing model, building a high-performance team and obtain profitability.
2. **Build scale:** The next phase to be supported by the completion of the Offers and the Proposed Transaction is to build scale. This will be achieved by expansion of its existing markets in Victoria and in particular NSW (where it presently has only four lawyers), and entry into new geographies, especially Queensland. This will be achieved by a combination of organic growth, lateral hires of family law specialists and their teams, and the execution of complementary acquisitions.
3. **Leverage scale and brand equity:** A final phase will be the expansion into complementary legal and other professional services sector. It is considered that the client acquisition model could be easily transferred and used for other personal legal services verticals. The model could, as easily, be transferred into other areas of professional services, and in particular those firms that predominantly service personal clients.

As mentioned above, AFL’s strong organic growth platform will be supplemented by acquisitions for entry into new markets. It is anticipated that the acquisition strategy will provide AFL with the following benefits:

- First mover advantage – the first national specialist family law firm with a view to expand into other sectors
- Critical mass – the largest network of accredited family law specialists in Australia
- Economies of scale – cost savings from the replication of the model can be reinvested into marketing without diluting margins
- Value arbitrage – AFL will be able to transact at “small business” multiples before any synergies

AFL has a selective and disciplined acquisition criteria focused on three key pillars:

1. Value – meet earnings accretion metrics for shareholders.
2. Model – provide clear path to implement AFL client acquisition and business model (e.g. culture, people, systems etc.).
3. Strategy – add to strategic purpose (e.g. new geography, add scale, new business line etc.).

**There exists an unprecedented opportunity to re-imagine legal services and meet market demand in new and innovative ways.**

**AFL considers itself at the forefront of that innovation and disruption.**

This Section identifies the areas the Directors regard as many of the major risks associated with an investment in the Company (and AFL) post-completion of the Proposed Transaction. Given the nature and scale of the Proposed Transaction, there will be a strong correlation between the risks faced by AFL and the Company.

Potential Applicants should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Potential Applicants should read the whole of this Prospectus and consult with their professional advisers for legal, business, financial or tax advice in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Securities.

The following summary, which is not exhaustive, represents some of the major risk factors that potential Applicants need to be aware of. These risks have been separated into:

- (a) specific risks; and
- (b) general risks.

The specific risks considered, and others not specifically referred to in this Prospectus, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with AFL and its involvement in the professional services industry.

An investment in the Company should be regarded as speculative. Potential Applicants should realise that the value of their investment may fluctuate considerably due to many factors.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions, however these mitigations may not be sufficient to fully protect the Company. In addition, some of the risks may be outside the control of the Company and not capable of mitigation. No assurances can be given that any of the risk factors will not adversely impact the Company.

## 5.1 Specific Risk Factors Relating to the Company

The success of the Company's business following the completion of the Proposed Transaction is directly related to its family law business.

### (a) Reliance on marketing strategy

A key pillar underpinning AFL's business model is its innovative digital marketing strategy. AFL uses innovative and cost-effective digital marketing techniques to acquire clients. There is no guarantee, however, that AFL's marketing strategy will continue to be successful and lead to attracting clients. If the strategy (or subsequent revised strategies) is not successful, AFL's future profitability will be adversely impacted.

### (b) Regulatory environment and legal reform

AFL operates in the legal industry, which is subject to significant regulatory and legal oversight. Its business operations could be adversely affected by actions of State, Territory and Commonwealth governments as well as other regulatory bodies. Changes in government legislation, guidelines and regulations in the areas of law in which the firm practises, such as decreases in the maximum amount of legal fees which can be recovered could also adversely affect the Company. The Australian Government has already announced a proposal for structural reforms to the federal courts (including the Family Court of Australia). This is expected to remove the backlog of cases currently in the system and allow a smoother passage of cases through the Family Court.

A review of the family law system is currently being conducted by the Australian Law Reform Commission. A discussion paper was issued in October 2018, inviting submissions on the proposals and recommendations, and final recommendations are due to be tabled in March 2019. A number of proposals may impact upon the AFL business including raising awareness of the 'Advice and Support' systems available, and reshaped dispute resolution and adjudication procedures, and simplification of processes for smaller property pools.

### (c) Conflict of duties

Lawyers have a primary duty to the Courts and a secondary duty to their clients. There could be circumstances in which the lawyers of AFL are required to act in accordance with these duties and contrary to other corporate responsibilities

and against the interests of Shareholders and the short-term profitability of the Company. An example is in settlement negotiations where AFL's duty to its client would be favoured over any short-term cash flow or funding needs of AFL's business.

#### **(d) Reliance on key personnel**

AFL relies on the experience and knowledge of its management team. In particular, AFL is substantially dependent on the continued service of its founder and Managing Director, Edward Finn, as well as other existing legal personnel. AFL is also dependent on its ability to recruit and retain suitably qualified personnel, including lawyers with the requisite experience in AFL's practice areas. If such key personnel leave their employment or engagement with AFL, or AFL was unable to recruit suitable replacements or attract additional personnel when required, such loss or inability to attract new personnel could have a materially adverse effect on AFL's business and operational performance and financial results.

#### **(e) Professional liability and uninsured risk**

The provision of legal advice by AFL gives rise to the risk of potential liability for negligence or other similar client claims. Any such claims may cause financial and reputational damage to AFL. Although AFL maintains professional liability insurance to mitigate the financial risk, AFL's profitability may be adversely affected in the event that the insurance does not cover a potential claim (e.g. due to some disqualifying act of the lawyer involved), the claim exceeds the coverage available or the deductible on numerous claims in a period is material.

#### **(f) Reliance on third party service providers**

AFL's competitive edge is its innovative digital marketing strategy that is distinct from how traditional law firms acquire clients. However, in implementing this strategy, AFL relies on third parties to provide paid marketing services. If there was a significant disruption to, or decline in the quality of, these services, it is likely that AFL would suffer a disruption to its operations and financial performance could be adversely impacted.

#### **(g) Failure to retain or attract clients**

AFL's business depends on its ability to retain existing clients and, more importantly, attract new clients. There is a risk that AFL's clients reduce the use of its services or that AFL fails to attract new clients, both of which will have an adverse

impact on revenue and growth. This is exacerbated by the non-recurrent nature of family law work, meaning successful attraction of new clients is paramount to the viability of the AFL business. AFL's ability to retain existing clients and attract new ones depends on many factors including the effectiveness of its digital marketing strategy, the quality of its service, cost effectiveness and pricing compared to its competitors. In addition, clients' use of AFL's services may be affected by external factors including changes to laws and regulations which affect the family and relationship law landscape.

#### **(h) Changes in technology**

The use of technology in the legal industry has evolved in recent years. In particular, advances in artificial intelligence threaten to replace many functions traditionally performed by lawyers (e.g. discovery and contract drafting), which has increased the pressure on law firms to provide more innovative and cost-effective services. AFL's success will depend, in part, on its ability to grow its business in response to changing technologies, client and/or user demands and competitive pressures. Failure to do so may impact the success of AFL's business. Further, the cost of responding to changing technologies is unpredictable and may impact AFL's profitability.

#### **(i) Competition**

The legal industry is a highly competitive global industry. There is a risk that existing or new global and domestic competitors could gain market share through product innovation, price discounting or aggressive marketing campaigns which would have an adverse impact on AFL's revenue and profitability. AFL does not have any control over the conduct of its competitors. In addition, there is a risk that AFL could lose clients and market share if it fails to adapt to technological and regulatory changes or client expectations at the same rate as its competitors.

#### **(j) Brand and reputation**

AFL believes that establishing and maintaining its brand in the family law sector is critical to growing its business. This will depend largely on its ability to deliver successful marketing campaigns and produce outstanding results within its existing client base. A number of factors may impact negatively on the AFL brand including the actions of its employees and external industry participants. If AFL fails to successfully establish and maintain its brand, its business and operating results could be adversely affected.

### **(k) Data loss or corruption and security breaches**

AFL's computer systems and the systems of its service providers are integral to its business operations. The provision of legal services is dependent on the proper functioning of these systems. Failures or breaches of those computer systems have the ability to cause disruptions to AFL's business operations. It could also lead to unauthorised disclosure of clients' data, resulting in reputational damage, claims from clients and regulatory scrutiny and fines. This could adversely affect AFL's revenue and financial performance. Although AFL has strategies and protections in place to minimise security breaches and to protect data, these strategies might not be successful.

### **(l) Concentration of ownership**

In the event that the Proposed Transaction completes, there will be a concentration of ownership with AFL (or its nominee) and Mr Edward Finn, the proposed Managing Director and Chief Executive Officer of the Company. Assuming all New Shares and all other Securities to be issued as part of the Proposed Transaction are issued, Mr Finn will hold (via his entity, the AFL Vendor, of which he is the sole shareholder and director) approximately 21.5% of the Company's issued capital on an undiluted basis. This may allow the AFL Vendor (or its nominee) and Mr Finn to exert significant influence over matters relating to the Company, including the election of future Directors or the approval of future transactions involving the Company.

### **(m) Additional requirements for capital**

While the Board of the Company believes that it will have sufficient funds to meet its growth strategy in relation to the AFL business and has sufficient working capital for the near term, there can be no assurance that such growth strategies can be met without further financing. The Company may also seek to capitalise on opportunities of a kind that will require it to raise additional capital from equity or debt sources. Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. There can be no assurance that the Company will be able to obtain additional capital from equity or debt sources on favourable terms or at all. If the Company is unable to raise capital if and when needed, this could delay, suspend or reduce the scope of the Company's business strategy and could have a material adverse effect on the Company's activities which could adversely affect its business, financial condition and operating results. In addition, any additional equity financing may be dilutive to existing Shareholders and any debt financing, if

available, may involve restrictive covenants, which limit the Company's operations and business strategy.

### **(n) Future profitability or dividends are not assured**

No assurance as to future profitability or dividends can be given as these are dependent on future earnings and working capital requirements of the Company and AFL, which are affected by factors beyond the Company's and AFL's control. The Company's dividend policy may be changed by the New Board in its absolute discretion from time to time. Potential investors should note that there can be no guarantees with respect to the payment of dividends and return of capital.

### **(o) Change in strategy**

AFL's strategy may evolve over time due to a review and assessment of, among other things, market trends, technical challenges, changes in regulations, the level of market acceptance in particular jurisdictions or markets and the emergence of new or improved technology. As a result, the current strategies, approaches, market, products and plans of AFL may not reflect the strategies, approaches, markets, products and plans in this document and may be changed without notice.

### **(p) Contractual and Acquisition Risk – Share Purchase Deed**

Pursuant to the Share Purchase Deed (**SPD**), the material terms of which are summarised in Section 9.1, the Company has agreed to acquire 100% of the issued capital of AFL subject to the fulfilment of certain conditions. There is a risk that the SPD conditions cannot be fulfilled and, in turn, the Proposed Transaction is not completed.

If the Proposed Transaction is not completed, the Offers and listing of the Company will not proceed, and funds will be returned in accordance with the Corporations Act.

There are execution, due diligence and liability risks associated with the Proposed Transaction. The SPD contains obligations on the parties and conditions which, if not complied with or satisfied, could delay or prevent the Proposed Transaction from completing.

The Company has performed due diligence in respect of the Proposed Transaction and sought certain warranty and indemnity protections under the SPD. However, the Company may also suffer loss or damage flowing from historical events and operations of the business acquired, which the Company may be unable to recover from the AFL Vendor under the terms of the SPD.

## 5.2 General Investment Risks

Some of the general risks of investment which are considered beyond the control of the Company are as follows:

### (a) Economic and government risk

The future viability of the Company after completion of the Proposed Transaction depends upon a number of factors affecting performance of all industries including, but not limited to, the following:

- general economic conditions in jurisdictions in which the Company and AFL operate;
- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the legal or professional services sector;
- movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company and AFL operate; and
- natural disasters, social upheaval, terrorism or war in jurisdictions in which the Company and AFL operate. A prolonged deterioration in any number of the above factors may have a material adverse effect on the financial performance, financial position, cash flows, distribution, growth prospects and share price of the Company.

### (b) Taxation

There is a potential for changes in Australia's tax laws. Any current rate of taxes imposed on the Company and AFL is likely to affect returns to Shareholders. An interpretation of taxation laws by the relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax to be paid. The Company obtains external expert advice on the application of tax laws to its operations.

### (c) General economic conditions

Both Australian and world economic conditions may negatively affect the Company's and AFL's performance. Any slowdown in economic conditions or factors such as the level of production in the relevant economy, inflation, currency fluctuation, interest rates, taxation legislation, supply and demand and industrial disruption may have a negative impact on the Company's and AFL's costs and revenue. These changes may adversely affect the Company's and AFL's financial performance and/or financial position.

### (d) Accounting standards

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this presentation may adversely impact on the Company's reported financial performance and/or financial position.

### (e) Force majeure events

Events such as acts of terrorism, an outbreak of international hostilities or natural disasters may occur within or outside Australia that have an impact on the Company's and AFL's business. Any such force majeure events may have a negative impact on the value of an investment in shares in the Company.

## 6.1 New Board of Directors

The composition of the Board of Directors, following completion of the Proposed Transaction, is set out below.

The following table provides information regarding the Proposed Directors:

| Name                  | Position                                      | Independent <sup>(a)</sup> |
|-----------------------|-----------------------------------------------|----------------------------|
| <b>Grant Dearlove</b> | Executive Director and Chairman               | No                         |
| <b>Edward Finn</b>    | Managing Director and Chief Executive Officer | No                         |
| <b>Glen Dobbie</b>    | Non-Executive Director                        | No                         |

### Notes

(a) The Company has assessed the independence of its Directors having regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

Each Director has confirmed to the Company that they anticipate being available to perform their duties as Non-Executive or Executive Directors (as the case may be) without constraints from other commitments.



### Grant Dearlove – proposed Executive Director and Chairman

For 27 years Mr Dearlove has been a Lawyer and Company Director owning, leading, and growing private and ASX listed and Global companies at 'C' suite level combining both strategic business, investment and legal competencies to deliver shareholder return.

Across his career Mr Dearlove has owned, worked for, and consulted to professional service firms in disciplines spanning legal services, property, franchising, risk, insurance, VET sector education, Tourism, M&A, funds management and outsourcing.

Mr Dearlove has been a practising solicitor since 1992, was an equity partner of leading Queensland firm McInnes Wilson Lawyers and for the last 9 years was the National Legal Partner and Executive of ASX listed Shine Corporate Limited where he lead the growth of emerging practice areas including Family Law in the position of Head of Growth growing new areas of law from \$2 million to over \$50 million in revenues.

As a company Director Mr Dearlove held positions as Managing Director Colliers International of Residential for Australia, Managing Director PRDnationwide, and Managing Director of risk management company Verifact. Mr Dearlove is a Non-Executive Director of Oliver Hume Corporation, Chair of its Audit and Risk Committee (Australia's leading residential fund manager and property agency) and Chair of Oliver Hume's Queensland and Agency businesses.

Mr Dearlove is a Director of leading stockbroker and wealth manager Forefront Financial Services Pty Ltd – Morgans Milton. He is also a Director and Chair of the FAR Committee of the Central Queensland Primary Health Network. Mr Dearlove was National Chair of the Australian Institute of Management Limited (a 75 year national training membership organisation), Deputy Chair of Invest Logan Pty Ltd (the economic development arm of the Logan City Council), Director of the Countrywide and Sunshine Co-operative Housing Societies, Director of Sunshine Coast Destination Limited (Sunshine Coast Tourism), Non-Executive Director of the litigation funder the International Justice Fund Limited, and National Director of Colliers International and related companies.

Mr Dearlove has a Bachelor of Laws, Master of Laws, Master of Business Administration, and a Graduate Diploma in Applied Corporate Governance. Mr Dearlove is a Graduate of the Institute of Company Directors Course. He is a Life Fellow of the Australian Institute of Management and studied leadership of professional service organisations at Harvard University.



### Edward Finn – proposed Managing Director and Chief Executive Officer

Mr Finn is the founder and Managing Director of AFL. He is responsible for the overall strategic direction of the firm.

Prior to founding AFL, Mr Finn worked as a lawyer for a general service firm with an emphasis on relationship and family law, Alpass & Associates. He also co-founded an online travel guide and an online retailer, reflecting his longstanding interest and background in digital marketing.

Mr Finn completed combined Bachelor of Law/Arts (Media & Communications) degrees at the University of Melbourne and is a recipient of the Grumitt Scholarship.

Mr Finn was admitted as a Solicitor in 2012 and currently holds a Principal Practising Certificate issued by the Victorian Legal Services Board & Commissioner



### Glen Dobbie – proposed Non-Executive Director

Mr Dobbie has over 10 years experience as an investor, advisor and operator in the corporate mid market. This has included senior roles in both public and unlisted markets in industries such as private equity, education, media, infrastructure, engineering, waste management and technology businesses.

Mr Dobbie is currently the Managing Partner of Auxano LLP, an investment and advisory firm that operates throughout Asia. Prior to Auxano, Mr Dobbie was the Group Commercial Director at Arowana, a specialist mid market investment group where he led a team of investment and operation directors.

Mr Dobbie has a Bachelor of Commerce with double majors in Accounting and Finance (Hons) from the University of New South Wales, a post graduate qualification of Applied Finance with FINSIA and he is a Chartered Accountant (CA ANZ).

Mr Dobbie was appointed as a Director of the Company on 12 February 2016.

## 6.2 Director Disclosures

No Proposed Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Proposed Director of the Company or which is relevant to an investor's decision as to whether to subscribe for Securities.

No Proposed Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after they ceased to be an officer.

## 6.3 Executive team

The Company will be managed by an experienced executive team, comprising of:

| Name           | Position                                      |
|----------------|-----------------------------------------------|
| Grant Dearlove | Executive Director and Chairman               |
| Edward Finn    | Managing Director and Chief Executive Officer |
| Peter Bergin   | Chief Financial Officer                       |

The qualifications and experience of the executive team are set out as follows:

Grant Dearlove, see 6.1 above

Edward Finn, see 6.1 above

#### **Peter Bergin – proposed Chief Financial Officer**

Mr Bergin is a partner of Prime Capital, the advisory division of ASX listed Prime Financial Group, and also a partner of the legal services consulting firm ECP Legal.

Prior to his career in corporate advisory, Mr Bergin gained over twenty-five years (15 years at Chief Financial Officer level) financial management experience, predominantly in complex international environments; including extensive professional services, health, engineering & infrastructure, overseas development assistance & telecommunications experience.

Mr Bergin is an experienced Company Director (GAICD), a Chartered Company Secretary (fellow of ICSA), a Chartered Accountant (CA ANZ) who is an accredited Business Valuation specialist, and a Fellow of CPA Australia.

Mr Bergin has Bachelor of Commerce and Bachelor of Arts degrees, a Master of Business Administration, a Master of Applied Finance, a Company Directors diploma, and Graduate Diplomas in Applied Corporate Governance and in Accounting.

## **6.4 Directors' remuneration**

Each of the current Directors of the Company are entitled to Directors' fees under their respective agreements with the Company. However, as a means to preserve the Company's cash position, each of the current Directors have historically waived any entitlement to Directors' fees. Given their level of involvement in assisting the Company in progressing the Proposed Transaction, Messrs Glen Dobbie and Joshua McKean will each be paid a sum of \$75,000 (from their entitlement of \$100,000 each) as part of their Directors' fees at completion of the Proposed Transaction. Each of the remaining current Directors have agreed to continue to waive their Directors' fees.

The following table sets out the Proposed Directors' annual remuneration payable following the completion of the Proposed Transaction:

| <b>Name</b>           | <b>Fees and remuneration</b>                                                                   |
|-----------------------|------------------------------------------------------------------------------------------------|
| <b>Grant Dearlove</b> | \$120,000 per annum plus \$45,000 one-off payment at first anniversary of the date of listing* |
| <b>Edward Finn</b>    | \$135,000 per annum*                                                                           |
| <b>Glen Dobbie</b>    | \$50,000 per annum*                                                                            |

\* includes remuneration for executive, employment or consultancy services

The New Board will be responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the board, with advice from external advisers as required. Each Proposed Director must bring an independent view and judgment to the board and must declare all actual or potential conflicts of interest. Any issue concerning a director's ability to properly act as a director will be discussed at a board meeting as soon as practicable, and a director may not participate in discussions or resolutions pertaining to any matter in which the director has a material personal interest. Please refer to Section 9 for details of employment arrangements and entitlements.

Under the ASX Listing Rules, the maximum fees payable to non-executive directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

## **6.5 Consultancy Agreement – Grant Dearlove**

Mr Dearlove will be appointed as the Executive Chairman of the Company. A consultancy agreement between Surf Legend Pty Ltd (an entity owned and controlled by Mr Dearlove and through which his consultancy services will be delivered to the Company), has been executed and will take effect from the date of the Proposed Transaction. From the date of completion of

the Proposed Transaction, Mr Dearlove's base remuneration package will be \$120,000 p.a. for the provision of services as defined within the scope of the consultancy agreement. Mr Dearlove will also be eligible to receive a one-off payment of \$45,000 at the first anniversary of the date of listing for his involvement in assisting the Company in progressing the Proposed Transaction.

Mr Dearlove is eligible to participate in the Company's proposed new LTIP. For further details on the LTIP refer to Section 6.10.

Under the terms of Mr Dearlove's consultancy agreement, either party is entitled to terminate Mr Dearlove's services by giving three (3) months' written notice. The Company may, at its election, make a payment in lieu of that notice based on Mr Dearlove's base remuneration package.

## 6.6 Employment Agreement – Edward Finn

Mr Finn is currently the Chief Executive Officer and Managing Director of AFL. Mr Finn has signed a new employment contract which will take effect from the date of completion of the Proposed Transaction. From the date of completion of the Proposed Transaction, Mr Finn's base remuneration package will be \$135,000 p.a. (inclusive of mandatory superannuation contributions) and he may be entitled to an annual bonus equal to 50% (gross) of total remuneration at the discretion of the Board and subject to the satisfaction of performance indicators to be agreed between Mr Finn and the Board.

Mr Finn is eligible to participate in the Company's proposed new LTIP. For further details on the LTIP refer to Section 6.10.

Under the terms of Mr Finn's employment contract, either party is entitled to terminate Mr Finn's employment by giving six (6) months' written notice. The Company may, at its election, make a payment in lieu of that notice based on Mr Finn's base remuneration package.

## 6.7 Consultancy Agreement – Glen Dobbie

Mr Dobbie is a current and proposed Director of the Company. A consultancy agreement between Auxano HK Limited (an entity of which Mr Dobbie is a director and through which his consultancy services will be delivered to the Company), Mr Dobbie and the Company has been executed and will take effect from the date of completion of the Proposed Transaction. From the date of completion of the Proposed Transaction, Mr Dobbie's base remuneration will

be \$50,000 p.a. for the provision of services as defined within the scope of the consultancy agreement.

Mr Dobbie is eligible to participate in the Company's proposed new LTIP. For further details on the LTIP refer to Section 6.10.

Under the terms of Mr Dobbie's consultancy agreement, either party is entitled to terminate Mr Dobbie's services by giving three months' written notice. The Company may, at its election, make a payment in lieu of that notice based on Mr Dobbie's base remuneration.

## 6.8 Consultancy Agreement – Peter Bergin

Mr Bergin is currently the Chief Financial Officer of AFL. Mr Bergin has signed a new consultancy agreement which will take effect from the date of completion of the Proposed Transaction. From the date of completion of the Proposed Transaction, Mr Bergin through Prime Corporate Advisory Pty Ltd, where he is a partner, will derive remuneration of \$120,000 p.a. for the provision of services as defined within the scope of that agreement.

Mr Bergin is eligible to participate in the Company's proposed new LTIP. For further details on the LTIP refer to Section 6.10.

Under the terms of Mr Bergin's consultancy agreement, either party is entitled to terminate the agreement by giving one (1) month's written notice. The Company may, at its election, make a payment in lieu of that notice based on the consultancy agreement's base remuneration level.

## 6.9 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director:

- (a) has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or in the Public Offer; and
- (b) has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Public Offer.

## 6.10 Long Term Incentive Plan (LTIP)

Subject to the Resolutions being approved at the EGM, the Company intends to adopt the LTIP to reward and retain employees. Under the rules of the LTIP, the New Board has a discretion to offer any of the following awards to senior management, directors or other nominated key employees:

- options to acquire Shares;
- performance rights to acquire Shares; and/or
- Shares, including to be acquired under a limited recourse loan funded arrangement, in each case subject to service-based conditions and/or performance hurdles (collectively, the Awards). The terms and conditions of the LTIP are set out in comprehensive rules. A summary of the rules of the LTIP is set out below:

The LTIP is open to directors, senior management, and any other employees of the Company, as determined by the New Board. Participation is voluntary.

The New Board may determine the type and number of Awards to be issued under the LTIP to each participant and other terms of issue of the awards, including: what service-based conditions and/or performance hurdles must be met by a participant in order for an award to vest (if any); the fee payable (if any) to be paid by a participant on the grant of awards; the exercise price of any option granted to a participant; the period during which a vested option can be exercised; and any forfeiture conditions or disposal restrictions applying to the Awards and any Shares that a participant receives upon exercise of their options or performance rights.

The New Board may, in its discretion, also determine that the Company will issue limited recourse loans to participants to use for the purchase of Shares as part of a share award under the LTIP.

When any service-based conditions and/or performance hurdles have been satisfied, participants will receive fully vested Shares, or their options/performance rights will become vested and will be exercisable over Shares (as applicable).

Each vested option and performance right enables the participant to be issued or to be transferred one Share upon exercise, subject to the rules governing the LTIP and the terms of any particular offer.

Participants holding options or performance rights are not permitted to participate in new issues of securities by the Company but adjustments may be made to the number of Shares over which the options or performance rights are

granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the rules of the LTIP and the Listing Rules.

The LTIP limits the number of awards that the Company may grant (pursuant to the terms of the LTIP) without Shareholder approval, such that the sum of all Awards on issue (assuming all options and performance rights were exercised) do not at any time exceed in aggregate 10% of the total issued capital of the Company as at the date of commencement of the LTIP.

The Board may delegate management and administration of the LTIP, together with any of their powers or discretions under the LTIP, to a committee of the Board or to any one or more persons selected by them as the Board thinks fit.

## 6.11 Directors' interests in Securities of the Company

Please refer to Sections 2.3 and 2.4.

## 6.12 Indemnification of Directors and Officers

The Company has entered into deeds of indemnity, access and insurance with each Proposed Director.

Under these deeds, the Company will indemnify, to the extent permitted by the Corporations Act, each Proposed Director in respect of certain liabilities which the director may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. These liabilities will include losses or liabilities incurred by the Proposed Director to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

## 6.13 Related party interests

Other than as set out below or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest:

- (a) the compensation arrangements with Proposed Directors and executive officers, which are described in Sections 6.4, 6.5, 6.6, 6.7 and 6.8;
- (b) the indemnification arrangements with the Directors, which are described in this Section 6.12; and

- (c) the interests of Directors in the Company's securities, which are described in Sections 2.3 and 2.4.

## 6.14 Corporate Governance

### Role of the Board

The Board is responsible for the following principal matters:

- (a) the strategic direction of the Company;
- (b) overseeing, negotiating and implementing the significant capital investments and material transactions entered into by the Company;
- (c) management goals and the Company's policies;
- (d) monitoring and reviewing the financial and operational performance of the Company;
- (e) risk management strategy and review; and
- (f) future expansion of the Company's business activities.

The Board has adopted a Board Charter which sets out its responsibilities, processes and duties in greater detail.

### Corporate governance policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the Company's website at [www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au).

- (a) **Board Charter** – this charter sets out the responsibilities of the Board, and its processes and duties in greater detail;
- (b) **Code of Conduct** – this policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees;
- (c) **Continuous Disclosure Policy** – once re-admitted to the ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Company discloses to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations;

- (d) **Securities Trading Policy** – this policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws;

- (e) **Diversity Policy** – this policy is designed to support and facilitate a workplace environment that is fair and inclusive and recognises the benefits of differences between stakeholders.

- (f) **Shareholder Communications Policy** – this policy sets out practices which the Company will implement to ensure effective communication with its Shareholders

- (g) **Privacy Policy** – this policy sets out how the company collects and uses information of a personal nature; and

- (h) **Risk Management Policy** – this policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business.

### ASX Corporate Governance Principles

The Board is committed to complying with the principles of best practice in corporate governance and intends to establish controls, mechanisms and structures to ensure that the Company will be able to comply with as many of the ASX Corporate Governance Principles as the Board considers practicable taking into account the size of the Company and its stage of development.

The Board will aim to conduct the Company's affairs in accordance with the ASX Corporate Governance Principles to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company.

## 6.15 Summary of Company's Position in Relation to ASX Corporate Governance Principles

The Board has evaluated the Company's current corporate governance policies in light of the ASX Corporate Governance Principles. A brief summary of the approach to be adopted by the Company is set out below.

| ASX Corporate Governance Principles                                     | Company's Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Principle 1 –</b> Lay solid foundations for management and oversight | The New Board's responsibilities are defined in the Board Charter, which establishes a clear delineation between the directors' responsibilities for the Company's strategy and activities, and the day-to-day management of operations conferred upon the Chief Executive Officer, other officers of the Company and its management.                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Principle 2 –</b> Structure the board to add value                   | The roles of Chairman and Chief Executive Officer will be exercised by two separate individuals. At the time of this prospectus the New Board is not comprised of a majority of independent directors. As the Company's New Board is not yet established, it has not yet undertaken a formal review of the board's performance. However, the Board Charter provides for an annual self-assessment of the Board's performance to be provided to the Nomination and Remuneration Committee. It would be the intention that the board will ultimately be composed of a majority of independent directors.                                                                                                          |
| <b>Principle 3 –</b> Promote ethical and responsible decision making    | The Company has adopted a Code of Conduct, as well as a Securities Trading Policy, a Diversity Policy and a policy and procedure for related party transactions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Principle 4 –</b> Safeguard integrity in financial reporting         | The Company has established an Audit and Risk Committee to oversee the management of financial and internal risks and an Audit and Risk Management Committee Charter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Principle 5 –</b> Make timely and balanced disclosure                | The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Principle 6 –</b> Respect the rights of shareholders                 | The Company has adopted a Shareholder Communications Policy for Shareholders wishing to communicate with the Board. The Company recognises numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is frequent, clear and accessible. All Shareholders are invited to attend the Company's annual general meeting, either in person or by representative. The Board regards the annual general meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors. |

**ASX Corporate  
Governance  
Principles****Company's Position****Principle 7 –**

Recognise and  
manage risk

The Company has adopted a Risk Management Policy in acknowledgement that all of its activities convey some element of risk, and that managing risk is the responsibility of everyone in the Company. This Risk Management Policy outlines the Company's risk management process and sets out the responsibilities of the Board, the Audit and Risk Committee, the Managing Director, and others within the Company in relation to risk management. In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects.

**Principle 8 –**

Remunerate fairly  
and responsibly

The Company has established a Nomination and Remuneration Committee with an attendant Committee Charter. The Company will provide disclosure of its Directors' and Key Management Personnel remuneration in its annual report.

## MOORE STEPHENS

Moore Stephens (Vic) Pty Ltd

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29 March 2019

The Directors  
Navigator Resources Limited  
c/o Automic Group  
Level 5, 126 Philip Street  
Sydney NSW 2000

Dear Sir(s)

### INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE INDEPENDENT LIMITED ASSURANCE REPORT ON NAVIGATOR RESOURCES LIMITED (NEE AF LEGAL GROUP LTD)

#### INTRODUCTION

Navigator Resources Limited (to be renamed "AF Legal Group Ltd") ACN 063 366 477 (**NAV** or **Company**) has authorised the issue of a Prospectus dated on or about 29 March 2019 (**Prospectus**) for the issue of between 20.0 million and 32.5 million ordinary shares in the Company at an issue price of AUD \$0.20 per share to raise between \$4.0 million and \$6.5 million (**Public Offer**).

The Company has engaged Moore Stephens (Vic) Pty Ltd (**Moore Stephens**) to report on Financial Information for inclusion in the Prospectus set out in **Appendix 1 to 6** of our Report in respect of the Public Offer.

Details concerning the reasons for the issue of the Prospectus are set out in Section 1 of the Prospectus including a description of its plans to acquire AF Legal Pty Ltd (**AFL**).

Expressions and terms defined in the Prospectus have the same meaning in this Report, unless the context otherwise requires.

Moore Stephens holds the appropriate Australian Financial Services Licence under the Corporations Act 2001 (Cth). Moore Stephens's Financial Services Guide is attached as **Appendix 7** to this Report.

#### SCOPE

You have requested Moore Stephens to perform limited assurance procedures in respect of the following Financial Information included in the Prospectus as Appendix 1 to 6 of our Report:

The "**Financial Information**" consists of:

- a) Historical Consolidated Statements of Comprehensive Income of NAV for the years ended 30 June 2017 and 2018 as well as the half year ended 31 December 2018, as set out in **Appendix 1**;
- b) Historical Consolidated Statement of Financial Position of NAV as at 31 December 2018, together with the Pro-Forma Consolidated Historical Statement of Financial Position of the Company (**Pro-Forma Financial Information**) as at 31 December 2018, as set out in **Appendix 2**, adjusted to include funds to be raised by the Prospectus and assuming completion of the transactions referred to in Note 1 of **Appendix 3** of our Report;

## MOORE STEPHENS

- c) Notes (**Notes**) to the Historical Consolidated Statements of Comprehensive Income, Historical and Pro-Forma Statement of Financial Position as referred to in a) and b) above. The Notes are set out in **Appendix 3**. The Notes include (*inter-alia*):
- (i) A summary of actual and proposed transactions to arrive at the Pro-Forma Consolidated Statement of Financial Position above (**Note 1**);
  - (ii) Statement of Significant Accounting Policies, (**Note 2**);
  - (iii) A summary of Historical Statements of Cash Flows for **NAV**.
- d) In **Appendix 4** the AFL Financial Information comprising the Condensed Historical Statement of Financial Position as at 31 December 2018, the Statement of Comprehensive Income, and the Statement of Cash Flows for the financial years ended 30 June 2017 (**FY17**) and 2018 (**FY18**) and the half year ended 31 December 2018 (**H1FY19**), together with Management's discussion and analysis of normalisation adjustments and reconciliations of underlying Earnings Before Interest Tax Depreciation and Amortisation (**EBITDA**) to reported EBITDA;
- e) In **Appendix 5** the Walls Financial Information comprising the Historical Statement of Income for the financial years ended 30 June 2017 (**FY17**) and 2018 (**FY18**) and the half year ended 2018 (**H1FY19**), together with Management's discussion and analysis of normalisation adjustments and reconciliations of underlying EBITDA to reported EBITDA;
- f) In **Appendix 6**, Pro-Forma Consolidated NAV, AFL and Walls Historical Statements of Income for the financial years ended 30 June 2017 (**FY17**) and 2018 (**FY18**) and the half years ended 31 December 2017 (**H1FY18**) and 2018 (**H1FY19**), together with Managements' discussion and analysis of normalisation adjustments and reconciliations to reported EBITDA.

Collectively referred to as the "**Financial Information**".

This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Moore Stephens has not been requested to consider the prospects for NAV (including its proposed subsidiaries), the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Moore Stephens accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in Sections 1 and 5 of the Prospectus and all investors should read the risks of investing in the Company.

**MOORE STEPHENS****BASIS OF PREPARATION**

The basis of preparation of the Financial Information is as follows:

**a) NAV Financial Information**

The NAV Financial Information comprises the Historical Statement of Financial Position as at 31 December 2018, the Statement of Comprehensive Income, and the Statement of Cash Flows for the financial years ended 30 June 2017 (**FY17**) and 2018 (**FY18**) and the half year ended 31 December 2018 (**H1FY19**).

The financial information was extracted from the audited financial statements of NAV for FY17 and FY18 and audit reviewed H1FY19 which have been prepared in accordance with Australian Accounting Standards (AASB) and the Corporations Act 2001.

The financial statements have been audited / reviewed by PKF Hacketts Audit in accordance with Australian Auditing Standards and on which unqualified audit opinions were issued.

**b) AFL Financial Information**

The AFL Financial Information comprises the Condensed Historical Statement of Financial Position as at 31 December 2018, the Statement of Comprehensive Income, and the Statement of Cash Flows for the financial years ended 30 June 2017 (**FY17**) and 2018 (**FY18**) and the half years ended 31 December 2017 (**H1FY18**) and 2018 (**H1FY19**).

The financial information was extracted from the audited financial statements of AFL for FY17 and FY18 and audit reviewed H1FY19 which have been prepared in accordance with Australian Accounting Standards (**AASB**) and the Corporations Act 2001.

The financial statements have been audited / reviewed by Moore Stephens Audit (Vic) in accordance with Australian Auditing Standards and on which unqualified audit opinions were issued.

**c) Walls Financial Information**

The Walls Financial Information comprises the Historical Statement of Income for the financial years ended 30 June 2017 (**FY17**) and 2018 (**FY18**) and the half year ended 31 December 2018 (**H1FY19**).

The financial information was extracted from the unaudited financial statements of Walls for those periods. We undertook limited assurance procedures on the Walls Financial Information including as follows:

- reviewed revenue and wages compared to the declared amounts stated in copies of Business Activity Statements reprinted from the Australian Tax Office website;
- reviewed a detailed invoice listing for H1FY19; and
- reviewed a sample of bank reconciliations compared to copies of bank statement.

**MOORE STEPHENS****d) Pro-Forma Financial Information**

The Pro-Forma Consolidated Historical Statement of Financial Position of the Company as at 31 December 2018 is derived from the NAV, AFL and Walls Financial Information described above together with the actual and proposed transactions set out in Appendix 3 Note 1.

The Pro-Forma Consolidated NAV, AFL and Walls Historical Statements of Income information set out in Appendix 6 was derived from the AFL and Walls Financial Information described above together with the Directors estimated costs that would have been incurred in NAV had it acquired AFL and Walls and undertaken that sole business activity from 1 July 2016, excluding NAV's current costs and activities. This is shown for the years ending 30 June 2017 and 2018 and the half-years ended 31 December 2017 and 2018 and included as normalisation adjustments within the reconciliation of underlying EBITDA to reported EBITDA.

We undertook limited assurance procedures on the compilation of the Pro-Forma Financial Information.

The management discussion and analysis set out in Appendix 4 to 6 has been reviewed by us with respect to internal consistency and consistency of financial information presented with amounts set out in Appendix 1 to 3. We have not, however, verified the completeness of management's normalisations as we consider this beyond the scope of our engagement.

**DIRECTORS RESPONSIBILITY**

The Directors of the Company are responsible for the preparation of the Financial Information, including the basis of preparation stated above and the selection and determination of Pro-Forma adjustments included in the Pro-Forma Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

We have relied on representations from the Directors, that all material information concerning the Company, the Financial Information and the Pro-Forma transactions described in Appendix 3 Note 1 have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

**OUR INDEPENDENCE AND QUALITY CONTROL**

We have complied with relevant ethical requirements related to assurance engagements which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Australian Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with relevant ethical requirements and applicable legal and regulatory requirements.

**MOORE STEPHENS****OUR RESPONSIBILITY**

Our responsibility is to express a conclusion on whether anything has come to our attention that the Financial Information has not been properly compiled, in all material respects, by NAV in accordance with the Basis of Preparation set out above.

We have conducted our engagement in accordance with Australian Auditing and Assurance Standards applicable to assurance engagements<sup>1</sup>. This standard requires that we plan and perform procedures to obtain limited assurance about whether NAV has compiled, in all material respects, the Financial Information in accordance with the Basis of Preparation outlined above.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Financial Information.

The purpose of the Pro-Forma Financial Information being included in a prospectus is solely to illustrate the impact of a significant event(s) or transaction(s) on unadjusted financial information of the company as if the event(s) had occurred or the transaction(s) had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event(s) or transaction(s) at 31 December 2018 would have been as presented.

A limited assurance engagement is to report on whether anything has come to our attention that the Financial Information has not been properly compiled, in all material respects, on the basis of the applicable criteria. This involves performing limited procedures to assess whether the applicable criteria used by NAV in the compilation of the Financial Information does not provide a reasonable basis for presenting Financial Information.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, reviewing the work papers and files of auditors, and other procedures.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement or audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement and substantially less in scope than an audit in accordance with Australian Auditing Standards. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the Financial Information has been prepared, in all material respects, in accordance with the applicable criteria. Furthermore, we do not express an audit opinion.

The engagement also involves evaluating the overall presentation of the Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

<sup>1</sup> Standard on Assurance Engagement ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document* – issued by the Auditing and Assurance Standards Board.

**MOORE STEPHENS****LIMITED ASSURANCE CONCLUSION**

Based on the procedures we have performed and the evidence we have obtained, which is not an audit, nothing has come to our attention which causes us to believe that the Financial Information comprising:

- a) Historical Consolidated Statements of Comprehensive Income of NAV for the years ended 30 June 2017 and 2018 as well as the half year ended 31 December 2018, as set out in **Appendix 1**;
- b) Historical Consolidated Statement of Financial Position of NAV as at 31 December 2018, together with the Pro-Forma Consolidated Historical Statement of Financial Position of the Company as at 31 December 2018, as set out in **Appendix 2**, adjusted to include funds to be raised by the Prospectus and assuming completion of the transactions referred to in Note 2 of Appendix 3 of our Report;
- c) Notes (**Notes**) to the Historical Consolidated Statement of Comprehensive Income, Historical and Pro-Forma Statement of Financial Position as referred to in a) and b) above. The Notes are set out in **Appendix 3** and are described above.
- d) In **Appendix 4** the AFL Financial Information comprising the Condensed Historical Statement of Financial Position as at 31 December 2018, the Statement of Comprehensive Income, and the Statement of Cash Flows for the financial years ended 30 June 2017 (FY17) and 2018 (FY18) and the half year ended 31 December 2018 (H1FY19);
- e) In **Appendix 5** the Walls Financial Information comprising the Historical Statement of Income for the financial years ended 30 June 2017 (FY17) and 2018 (FY18) and the half year ended 31 December 2018 (H1FY19);
- f) In **Appendix 6**, NAV of Pro-Forma Consolidated NAV, AFL and Walls Historical Statement of Income for the financial years ended 30 June 2017 (FY17) and 2018 (FY18) and the half years ended 31 December 2017 (H1FY18) and 2018 (H1FY19), noted above, together with Managements' discussion and analysis of normalisation adjustments and reconciliations to reported EBITDA.

is not compiled, in all material respects, by NAV in accordance with the Basis of Preparation as stated above.

**RESTRICTION ON USE**

Without modifying our conclusions, we note that the purpose of the Financial Information is for inclusion in the Prospectus to assist investors in assessing the Public Offer. As a result, the Financial Information may not be suitable for use for other purposes. We disclaim any assumption of responsibility for any reliance on this Report, or the Financial Information to which it relates, for any purposes other than for which it was prepared.

**CONSENT**

Consent to the inclusion of this Limited Assurance Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

**LIABILITY**

The Company has agreed to indemnify and hold harmless Moore Stephens and its employees from any claims arising out of misstatement or omission in any material or information supplied by the Company to Moore Stephens for the purposes of preparation of this Report.

**MOORE STEPHENS**

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**DECLARATION OF INTEREST**

Neither Moore Stephens nor its directors or employees have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on this matter.

During the last 2 years Moore Stephens has provided audit services to the Company in respect of AFL. Neither Moore Stephens nor its directors or employees has any interest in the outcome of the Public Offer other than in the preparation of this Report for which normal professional fees will be received in accordance with its normal fee billing arrangements.

Yours faithfully

**Moore Stephens (Vic) Pty Ltd**

**Holder of Australian Financial Services Licence No: 247262**



**Andrew Johnson**  
Engagement Director  
Authorised Representative



**Colin Prasad**  
Associate Director

## MOORE STEPHENS

### APPENDIX 1 – HISTORICAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF NAV FOR THE YEARS ENDED 30 JUNE 2017 AND 2018 AS WELL AS THE HALF YEAR ENDED 31 DECEMBER 2018

|                                                              | NAV<br>Year ended<br>30-Jun-17<br>(Audited)<br>\$ | NAV<br>Year ended<br>30-Jun-18<br>(Audited)<br>\$ | NAV<br>Six months ended<br>31-Dec-18<br>(Audit Reviewed*)<br>\$ |
|--------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------|
| <b>Continuing Activities</b>                                 |                                                   |                                                   |                                                                 |
| Interest income                                              | 5,852                                             | 3,530                                             | 1,394                                                           |
| Other income (First Pharma deal break-fee)                   | -                                                 | 150,000                                           | -                                                               |
| Exploration expenses                                         | (11,733)                                          | (11,568)                                          | -                                                               |
| ASX, registries and company secretarial fees                 | (86,097)                                          | (66,629)                                          | (39,488)                                                        |
| Legal and professional fees                                  | (96,448)                                          | (109,443)                                         | (129,416)                                                       |
| Insurance                                                    | (8,423)                                           | (14,268)                                          | (8,088)                                                         |
| Other expenses                                               | (44,006)                                          | (27,240)                                          | (256)                                                           |
| Impairment of Asset                                          | -                                                 | -                                                 | (27,118)                                                        |
| <b>Net (loss) before tax from continuing activities</b>      | <b>(240,855)</b>                                  | <b>(75,618)</b>                                   | <b>(202,972)</b>                                                |
| Income tax                                                   | -                                                 | -                                                 | -                                                               |
| <b>Net (loss) after tax from continuing activities</b>       | <b>(240,855)</b>                                  | <b>(75,618)</b>                                   | <b>(202,972)</b>                                                |
| <b>Net (Loss) attributable to the members of the Company</b> | <b>(240,855)</b>                                  | <b>(75,618)</b>                                   | <b>(202,972)</b>                                                |
| Other Comprehensive Income                                   |                                                   |                                                   |                                                                 |
| <b>Total Comprehensive (Loss) for the period</b>             | <b>(240,855)</b>                                  | <b>(75,618)</b>                                   | <b>(202,972)</b>                                                |

\*Certain expense amounts have been reclassified to ensure consistency with prior periods shown. The above Statements should be read in conjunction with the accompanying Notes set out in Appendix 3.

## MOORE STEPHENS

## APPENDIX 2 - HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF NAV AS AT 31 DECEMBER 2018, TOGETHER WITH THE PRO-FORMA CONSOLIDATED HISTORICAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

|                                              | Note | NAV 31 Dec 18 -<br>Audit Reviewed<br>\$ | NAV Pro-forma<br>Consolidated - 31<br>Dec 2018<br>\$4.0m Min. Raise<br>\$ | NAV Pro-forma<br>Consolidated - 31<br>Dec 2018<br>\$6.5m Max. Raise<br>\$ |
|----------------------------------------------|------|-----------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <b>CURRENT ASSETS</b>                        |      |                                         |                                                                           |                                                                           |
| Cash and Cash Equivalents                    | 3    | 526,857                                 | 1,062,526                                                                 | 2,224,529                                                                 |
| Trade and other receivables                  | 4    | 30,528                                  | 1,370,429                                                                 | 1,370,429                                                                 |
| Other current assets                         | 5    | -                                       | 30,530                                                                    | 30,530                                                                    |
| <b>TOTAL CURRENT ASSETS</b>                  |      | <b>557,385</b>                          | <b>2,463,485</b>                                                          | <b>3,625,489</b>                                                          |
| <b>NON-CURRENT ASSETS</b>                    |      |                                         |                                                                           |                                                                           |
| Property, Plant & Equipment                  | 6    | -                                       | 37,456                                                                    | 37,456                                                                    |
| Deferred Tax Assets                          | 7    | -                                       | 18,169                                                                    | 18,169                                                                    |
| Goodwill & Identifiable<br>Intangible Assets | 8    | -                                       | 6,003,400                                                                 | 6,003,400                                                                 |
| <b>TOTAL NON-CURRENT<br/>ASSETS</b>          |      | <b>-</b>                                | <b>6,059,025</b>                                                          | <b>6,059,025</b>                                                          |
| <b>TOTAL ASSETS</b>                          |      | <b>557,385</b>                          | <b>8,522,511</b>                                                          | <b>9,684,514</b>                                                          |
| <b>CURRENT LIABILITIES</b>                   |      |                                         |                                                                           |                                                                           |
| Trade and other payables                     | 9    | 63,985                                  | 540,356                                                                   | 527,337                                                                   |
| Borrowings                                   | 10   | -                                       | 1,206,905                                                                 | 58,868                                                                    |
| Current Tax Liabilities                      | 11   | -                                       | 286,906                                                                   | 286,906                                                                   |
| Provisions - Short Term                      | 12   | -                                       | 93,672                                                                    | 93,672                                                                    |
| Deferred Consideration                       | 13   | -                                       | 500,000                                                                   | 500,000                                                                   |
| <b>TOTAL - CURRENT LIABILITIES</b>           |      | <b>63,985</b>                           | <b>2,627,839</b>                                                          | <b>1,466,783</b>                                                          |
| <b>NON-CURRENT LIABILITIES</b>               |      |                                         |                                                                           |                                                                           |
| Provisions - Long Term                       | 14   | -                                       | 12,363                                                                    | 12,363                                                                    |
| <b>TOTAL NON- CURRENT<br/>LIABILITIES</b>    |      | <b>-</b>                                | <b>12,363</b>                                                             | <b>12,363</b>                                                             |
| <b>TOTAL LIABILITIES</b>                     |      | <b>63,985</b>                           | <b>2,640,202</b>                                                          | <b>1,479,146</b>                                                          |
| <b>NET ASSETS</b>                            |      | <b>493,400</b>                          | <b>5,882,308</b>                                                          | <b>8,205,368</b>                                                          |
| <b>EQUITY</b>                                |      |                                         |                                                                           |                                                                           |
| Issued Capital                               | 15   | 115,267,665                             | 121,027,190                                                               | 123,330,518                                                               |
| Accumulated losses                           | 16   | (114,774,265)                           | (115,144,882)                                                             | (115,125,151)                                                             |
| <b>TOTAL EQUITY</b>                          |      | <b>493,400</b>                          | <b>5,882,308</b>                                                          | <b>8,205,368</b>                                                          |

The above Statements should be read in conjunction with the accompanying Notes set out in Appendix 3.

## MOORE STEPHENS

### APPENDIX 3 - NOTES TO THE HISTORICAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, HISTORICAL AND PRO-FORMA STATEMENT OF FINANCIAL POSITION

**1. Actual and proposed transactions adjusting the 31 December 2018 audit reviewed Historical Consolidated Statement of Financial position of NAV to arrive at the Pro-Forma Consolidated Statement of Financial Position of NAV are as follows.**

- a) the consolidation of the number of securities on issue on a 1 for 20 basis;
- b) the declaration of a dividend payable 'in-specie' by AF Legal of \$750,558 as contemplated by the Share Purchase Deed between NAV and AF Legal dated 13 December 2018;
- c) the repayment of a shareholder loan of \$714,865 following the 'in-specie' dividend in b) above as contemplated by the Share Purchase Deed between NAV and AF Legal dated 13 December 2018;
- d) the issue of 20,000,000 new shares raising the amount of \$4,000,000 from the capital raising at 20 cents each at the proposed minimum raise level, or the issue of 32,500,000 new shares raising the amount of \$6,500,000 from the capital raising at 20 cents each at the proposed maximum raise level;
- e) the incurring of further capital raising costs estimated at \$415,475 (net of GST) based on a \$4,000,000 Capital Raising; and \$612,147 (net of GST) based on a \$6,500,000 Capital Raising. The incurring of further accounting, legal and advisory costs (transaction costs) estimated at \$370,616 (net of GST) based on a \$4,000,000 Capital Raising, and at \$350,886 (net of GST) based on a \$6,500,000 Capital Raising. Total costs are therefore \$786,091 at the Minimum raising and \$963,033 at the Maximum raising. An amount of \$102,237 has been incurred in respect accounting, legal and advisory costs to 31 December 2018;
- f) the acquisition of all the shares in AF Legal Pty Ltd for a total target equity consideration of \$5,500,000 (capped to \$5,950,000 after purchase price adjustments). This is comprised of \$2,825,000 cash consideration at completion, contingent cash consideration at a deemed fair value of \$500,000, and the issue of 10,875,000 new shares (\$2,175,000 in value) in NAV as share consideration. Cash consideration at completion is also subject to a Purchase Price Adjustment mechanism based upon delivery of threshold levels of Net Working Capital and Net Debt in the completion Balance Sheet. The adjustment mechanism has been applied to the 31 December 2018 audited Balance Sheet of AF Legal resulting in total consideration on a pro-forma basis of \$5,950,000;
- g) the purchase of the Business Assets of Wall Bridges Lawyers for a total consideration of \$53,500;
- h) the repayment of the Westpac Overdraft and Business Loan amounting to \$1,148,037 should \$6.5m be raised; and
- i) using IFRS 3, business combination principles, the recognition of goodwill of \$6,003,400 representing the difference between the net assets of AF Legal and the consideration in f) above of \$5,949,900 as well as the entire amount relating to the Walls acquisition in g) above of \$53,500. As IFRS 3 enables the Purchase Price Allocation to be undertaken on a provisional basis in the first year following the business combination, no attempt has been made to allocate the premium over net assets between Goodwill and Identifiable Intangible Assets.

**MOORE STEPHENS****2. Statement of Significant Accounting Policies****a) Presentation Currency**

The entity operates entirely within Australia and the presentation currency is Australian dollars.

**b) Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Navigator Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statement of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**c) Business Combination**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**MOORE STEPHENS****Goodwill**

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i. the consideration transferred;
- ii. any non-controlling interest (determined under either the full goodwill or proportionate interest method);
- iii. the acquisition date fair value of any previously held equity interest; and
- iv. over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statement.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statement disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

**MOORE STEPHENS****d) Revenue and other income**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates;
- dividend and Interest Revenue Dividend revenue is recognised on a receivable basis; and
- interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**Rendering of services**

Revenue in relation to rendering of services is time (hourly based) and recognised depending on whether the outcome of the services can be estimated reliably. Professional fees represent amounts chargeable to clients for professional services provided during the year inclusive of recoverable expenses. Such income is only recognised upon delivery of services.

Services provided to clients, which at balance date have not been billed, are recognised as income net of accrued non recoverable fees.

Recognition of unbilled services as revenue is based on an assessment of fair value of the service provided as a proportion and total engagement value. Where the right to receive payment is contingent on factors external to the companies' control. Revenue is only recognised (above any engagement fee) when the contingent event occurs.

**e) Income Tax**

The tax expense recognised in the statement of profit or loss and other comprehensive income is comprised of current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured as the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured as the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statement.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

**MOORE STEPHENS****f) Trade and other receivables**

Trade and other receivables are initially recognised at fair value, and are subsequently reduced for estimated irrecoverable amounts. A provision for impairment and trade receivable (including work in progress) is established when there is objective evidence that the company will not be able to collect all amounts due according to the original term of the engagement.

Collectability is reviewed on an ongoing basis. Debts known to be uncollectable are written off by reducing the carrying amounts directly. A provision is raised where there is objective evidence of non-collectability.

**g) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**h) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**i) Property Plant & Expenditure**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

**Depreciation**

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

| Fixed asset class     | Depreciation rate |
|-----------------------|-------------------|
| Fixtures and fittings | 20.00%            |
| Computer Equipment    | 33.33%            |
| Low Value Asset Pool  | 18.50%            |

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

**MOORE STEPHENS****j) Exploration and Evaluation Expenditure**

Exploration, evaluation and development expenditure incurred may be accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

**k) Carrying Value of Exploration and Evaluation Expenditure**

Exploration expenditures are capitalised as an intangible asset until the Company has completed its assessment of the existence or otherwise of recoverable resources. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

Until exploration and evaluation activities have reached a stage where the assessment is complete, including the forecasting of cash flows to assess the fair value of the expenditure, there is an uncertainty as to the carrying value of the expenditure.

In H1 FY2019, the Directors determined that the exploration expenditure was no longer recoverable for the amount stated in the FY2018 financial report, and an impairment loss was recorded to reduce the previous carrying value to nil.

**l) Financial Instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**MOORE STEPHENS****Financial Assets**

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method.

**Impairment of financial assets**

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**Financial assets at amortised cost**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

**MOORE STEPHENS****m) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Maturity is usually within 3 months.

For cash flow disclosure, overdrafts are considered cash.

**n) Impairment of Assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**o) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

**Defined contribution schemes**

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

**p) Issued Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

**q) Comparative amounts**

Comparatives are consistent with prior years, unless otherwise stated.

**MOORE STEPHENS****r) New Accounting Standards and interpretations**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018), i.e. prior to FY18.
- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15). i.e. prior to FY18.
- AASB 16: Leases (applicable for annual reporting periods beginning on or after 1 January 2019), i.e. prior to FY19.

The Directors do not anticipate that the adoption of the above AASB Standards will have a material impact on the Company's financial statement based on current operations.

**s) Going Concern**

The NAV Financial Information has been prepared by the Directors on a going concern basis as following the Minimum or Maximum Raise the NAV is expected to have sufficient funds to satisfy its obligations as and when they fall due.

**t) New Critical Accounting Judgements and Key Accounting Estimates and Assumptions**

The Directors makes estimates and judgements during the preparation of these financial statement regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statement, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

**Key estimates - fair value of financial instruments**

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

**Key estimates - revenue recognition - WIP**

The Company undertakes engagements which span a number of reporting periods. Recognition of revenue in relation to these contracts involves a determination of the timing for revenue earned. The assumptions are based on the information available to management, such as cost per hour and amount of hours incur in each engagement at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended and/or provided for if recoverability is uncertain (refer note 2c).

**MOORE STEPHENS**

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**Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

**Key judgments - Deferred tax assets**

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

**MOORE STEPHENS**

|                                                 | Note  | NAV 31 Dec 18 -<br>Audit Reviewed | NAV Pro-forma<br>Consolidated -<br>31 Dec 2018<br>\$4.0m Min.<br>Raise | NAV Pro-forma<br>Consolidated - 31<br>Dec 2018<br>\$6.5m Max.<br>Raise |
|-------------------------------------------------|-------|-----------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
|                                                 |       | \$                                | \$                                                                     | \$                                                                     |
| <b>3. Cash and Cash Equivalents</b>             |       |                                   |                                                                        |                                                                        |
| The movements in cash assets are as follows:    |       |                                   |                                                                        |                                                                        |
| Audit Reviewed 31 Dec 2018 -                    |       |                                   |                                                                        |                                                                        |
| Cash at Bank                                    |       | 526,857                           | 526,857                                                                | 526,857                                                                |
| Repayment of Shareholder Loan                   | 1c)   | -                                 | 714,865                                                                | 714,865                                                                |
| Issue of New Shares                             | 1d)   | -                                 | 4,000,000                                                              | 6,500,000                                                              |
| Capital Raising & Transaction Costs (incl. GST) | 1e)   | -                                 | (856,037)                                                              | (1,045,997)                                                            |
| Cash Consideration for AF Legal                 | 1f)   | -                                 | (3,275,000)                                                            | (3,275,000)                                                            |
| Cash Consideration for Walls Bridges            | 1g)   | -                                 | (53,500)                                                               | (53,500)                                                               |
| Repayment of Bank Debt                          | 1h)   | -                                 | -                                                                      | (1,148,037)                                                            |
| Cash of AF Legal                                | App.4 | -                                 | 5,343                                                                  | 5,343                                                                  |
|                                                 |       | <b>526,857</b>                    | <b>1,062,526</b>                                                       | <b>2,224,529</b>                                                       |

**4. Trade and Other Receivables**

|                                    |       |               |                  |                  |
|------------------------------------|-------|---------------|------------------|------------------|
| Goods and services tax recoverable |       | 16,374        | 16,374           | 16,374           |
| Prepayments                        |       | 14,154        | 14,154           | 14,154           |
| Trade and Receivables of AF Legal  | App.4 | -             | 1,124,478        | 1,124,478        |
| Work in Progress of AF Legal       | App.4 | -             | 215,423          | 215,423          |
| GST Recoverable of AF Legal        | App.4 | -             | -                | -                |
| Work in Progress of Walls Bridges  | 1 g)  | -             | -                | -                |
|                                    |       | <b>30,528</b> | <b>1,370,429</b> | <b>1,370,429</b> |

**MOORE STEPHENS**

|                                                           | Note  | NAV 31 Dec 18 -<br>Audit Reviewed | NAV Pro-forma<br>Consolidated -<br>31 Dec 2018<br>\$4.0m Min.<br>Raise | NAV Pro-forma<br>Consolidated - 31<br>Dec 2018<br>\$6.5m Max.<br>Raise |
|-----------------------------------------------------------|-------|-----------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
|                                                           |       | \$                                | \$                                                                     | \$                                                                     |
| <b>5. Other Current Assets</b>                            |       |                                   |                                                                        |                                                                        |
| Other Current Assets of AF Legal                          | App.4 | -                                 | 30,530                                                                 | 30,530                                                                 |
|                                                           |       | <u>-</u>                          | <u>30,530</u>                                                          | <u>30,530</u>                                                          |
| <b>6. Property Plant &amp; Equipment</b>                  |       |                                   |                                                                        |                                                                        |
| Furniture & Fixtures of AF Legal                          | App.4 | -                                 | 16,237                                                                 | 16,237                                                                 |
| Computer Equipment of AF Legal                            | App.4 | -                                 | 19,622                                                                 | 19,622                                                                 |
| Low Value Pool Assets of AF Legal                         | App.4 | -                                 | 1,597                                                                  | 1,597                                                                  |
|                                                           |       | <u>-</u>                          | <u>37,456</u>                                                          | <u>37,456</u>                                                          |
| <b>7. Deferred Tax Assets</b>                             |       |                                   |                                                                        |                                                                        |
| Deferred Tax Assets of AF Legal                           | App.4 | -                                 | 18,169                                                                 | 18,169                                                                 |
|                                                           |       | <u>-</u>                          | <u>18,169</u>                                                          | <u>18,169</u>                                                          |
| <b>8. Goodwill and Identifiable<br/>Intangible Assets</b> |       |                                   |                                                                        |                                                                        |
| Acquisition of AF Legal                                   | 1 f)  | -                                 | 5,949,900                                                              | 5,949,900                                                              |
| Acquisition of Walls Bridges<br>Lawyers                   | 1g)   | -                                 | 53,500                                                                 | 53,500                                                                 |
|                                                           |       | <u>-</u>                          | <u>6,003,400</u>                                                       | <u>6,003,400</u>                                                       |

**MOORE STEPHENS**

|                                                          | Note  | NAV 31 Dec 18<br>- Audit<br>Reviewed | NAV Pro-forma<br>Consolidated -<br>31 Dec 2018<br>\$4.0m Min.<br>Raise | NAV Pro-forma<br>Consolidated - 31<br>Dec 2018<br>\$6.5m Max.<br>Raise |
|----------------------------------------------------------|-------|--------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
|                                                          |       | \$                                   | \$                                                                     | \$                                                                     |
| <b>9. Trade and Other Payables</b>                       |       |                                      |                                                                        |                                                                        |
| Trade payables and accruals                              |       | 63,985                               | 63,985                                                                 | 63,985                                                                 |
| Trade payables and accrual of AF Legal                   | App.4 | -                                    | 546,318                                                                | 546,318                                                                |
| GST Recoverable on Transaction and Capital Raising Costs | 1 e)  | -                                    | (69,947)                                                               | (82,966)                                                               |
|                                                          |       | <u>63,985</u>                        | <u>540,356</u>                                                         | <u>527,337</u>                                                         |
| <b>10. Borrowings</b>                                    |       |                                      |                                                                        |                                                                        |
| Bank Loan of AF Legal                                    | App.4 | -                                    | 1,048,547                                                              | 1,048,547                                                              |
| Business Overdraft of AF Legal                           | App.4 | -                                    | 99,490                                                                 | 99,490                                                                 |
| Credit Card and Other Finance of AF Legal                | App.4 | -                                    | 58,868                                                                 | 58,868                                                                 |
| Repayment of Bank Loan and Overdraft                     | 1 h)  |                                      |                                                                        | (1,148,037)                                                            |
|                                                          |       | <u>-</u>                             | <u>1,206,905</u>                                                       | <u>58,868</u>                                                          |
| <b>11. Current Tax Liabilities</b>                       |       |                                      |                                                                        |                                                                        |
| Provision for Income Tax of AF Legal                     | App.4 | -                                    | 286,906                                                                | 286,906                                                                |
|                                                          |       | <u>-</u>                             | <u>286,906</u>                                                         | <u>286,906</u>                                                         |
| <b>12. Provisions - Short term</b>                       |       |                                      |                                                                        |                                                                        |
| Provision for Annual Leave of AF Legal                   | App.4 | -                                    | 86,557                                                                 | 86,557                                                                 |
| Provision for Straight Line Lease of AF Legal            | App.4 | -                                    | 7,115                                                                  | 7,115                                                                  |
|                                                          |       | <u>-</u>                             | <u>93,672</u>                                                          | <u>93,672</u>                                                          |

## MOORE STEPHENS

|                                                                                                  | Note  | NAV 31 Dec 18<br>- Audit<br>Reviewed | NAV Pro-forma<br>Consolidated -<br>31 Dec 2018<br>\$4.0m Min.<br>Raise | NAV Pro-forma<br>Consolidated - 31<br>Dec 2018<br>\$6.5m Max.<br>Raise |
|--------------------------------------------------------------------------------------------------|-------|--------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
|                                                                                                  |       | \$                                   | \$                                                                     | \$                                                                     |
| <b>13. Deferred Consideration</b>                                                                |       |                                      |                                                                        |                                                                        |
| Fair Value of Deferred Contingent<br>Consideration on the<br>acquisition of AF Legal             | 1 f)  | -                                    | 500,000                                                                | 500,000                                                                |
|                                                                                                  |       | <u>-</u>                             | <u>500,000</u>                                                         | <u>500,000</u>                                                         |
| <b>14. Provisions - Long term</b>                                                                |       |                                      |                                                                        |                                                                        |
| Provision for Long Service Leave of<br>AF Legal                                                  | App.4 | -                                    | 12,363                                                                 | 12,363                                                                 |
|                                                                                                  |       | <u>-</u>                             | <u>12,363</u>                                                          | <u>12,363</u>                                                          |
| <b>15. Issued Capital</b>                                                                        |       |                                      |                                                                        |                                                                        |
| 393,223,695 Ordinary Shares as at<br>30 June 2018 in NAV                                         |       |                                      |                                                                        |                                                                        |
| 19,661,185 Post Consolidation<br>Shares on Issue                                                 | 1 f)  | 115,267,665                          | 115,267,665                                                            | 115,267,665                                                            |
| Ordinary Shares on Issue in AF<br>Legal                                                          | App.4 | -                                    | 100                                                                    | 100                                                                    |
| Reversal of Ordinary Shares on<br>Issue in AF Legal                                              | 1 f)  | -                                    | (100)                                                                  | (100)                                                                  |
| Issue of 10,875,000 Ordinary<br>Shares consideration for the<br>acquisition of AF legal          | 1 f)  | -                                    | 2,175,000                                                              | 2,175,000                                                              |
| Issue of 20,000,000 Ordinary<br>Shares as part of \$4m Capital Raise<br>(32,500,000 \$6.5 Raise) | 1 d)  | -                                    | 4,000,000                                                              | 6,500,000                                                              |
| Less : estimated new share issue<br>costs                                                        | 1 e)  | -                                    | (415,475)                                                              | (612,147)                                                              |
|                                                                                                  |       | <u>115,267,665</u>                   | <u>121,027,190</u>                                                     | <u>123,330,518</u>                                                     |

## MOORE STEPHENS

|                                     | Note  | NAV 31 Dec 18<br>- Audit<br>Reviewed | NAV Pro-forma<br>Consolidated -<br>31 Dec 2018<br>\$4.0m Min.<br>Raise | NAV Pro-forma<br>Consolidated - 31<br>Dec 2018<br>\$6.5m Max.<br>Raise |
|-------------------------------------|-------|--------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
|                                     |       | \$                                   | \$                                                                     | \$                                                                     |
| <b>16. Accumulated Losses</b>       |       |                                      |                                                                        |                                                                        |
| Balance at 31 Dec 2018              |       | (114,774,265)                        | (114,774,265)                                                          | (114,774,265)                                                          |
| Retained Profits of AF Legal        | App.4 | -                                    | 750,138                                                                | 750,138                                                                |
| Declaration of Dividend 'in-specie' | 1b)   | -                                    | (750,138)                                                              | (750,138)                                                              |
| Transaction Costs                   | 1 e)  | -                                    | (370,616)                                                              | (350,886)                                                              |
|                                     |       | <u>(114,774,265)</u>                 | <u>(115,144,881)</u>                                                   | <u>(115,125,151)</u>                                                   |

**17. Historical Consolidated Statements of Cash Flows of NAV for The Years Ended 30 June 2017 And 2018 as well as the Half Year Ended 31 December 2018**

|                                                            | NAV<br>Year ended<br>30-Jun-17<br>(Audited)<br>\$ | NAV<br>Year ended<br>30-Jun-18<br>(Audited)<br>\$ | NAV<br>Six months<br>ended<br>31-Dec-18<br>(Audit<br>Reviewed)<br>\$ |
|------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------|
| <b>Cash Flows from Operating Activities</b>                |                                                   |                                                   |                                                                      |
| Refund of Break Fees                                       | -                                                 | 150,000                                           | -                                                                    |
| Payments to suppliers and employees                        | (219,338)                                         | (205,356)                                         | (173,987)                                                            |
| Interest received                                          | 5,852                                             | 3,530                                             | 1,394                                                                |
| <b>Net cash used in operating activities</b>               | <b>(213,486)</b>                                  | <b>(51,826)</b>                                   | <b>(172,593)</b>                                                     |
| <b>Cash Flows from Investing Activities</b>                |                                                   |                                                   |                                                                      |
| Payments for acquisition of tenements                      | (27,118)                                          | -                                                 | -                                                                    |
| <b>Net cash provided by/(used in) investing activities</b> | <b>(27,118)</b>                                   | <b>-</b>                                          | <b>-</b>                                                             |
| <b>Cash Flows from Financing Activities</b>                |                                                   |                                                   |                                                                      |
| Refund/(Payment for share issue costs)                     | 7,713                                             | -                                                 | -                                                                    |
| <b>Net cash provided by/(used in) investing activities</b> | <b>7,713</b>                                      | <b>-</b>                                          | <b>-</b>                                                             |

**MOORE STEPHENS**

|                                                                   | NAV<br>Year ended<br>30-Jun-17<br>(Audited)<br>\$ | NAV<br>Year ended<br>30-Jun-18<br>(Audited)<br>\$ | NAV<br>Six months<br>ended<br>31-Dec-18<br>(Audit<br>Reviewed)<br>\$ |
|-------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------------|
| <b>Net increase/(decrease) in cash and cash equivalents</b>       | <b>(232,891)</b>                                  | <b>(51,826)</b>                                   | <b>(172,593)</b>                                                     |
| Cash and cash equivalents at the beginning of the financial year  | 984,167                                           | 751,276                                           | 699,450                                                              |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>751,276</b>                                    | <b>699,450</b>                                    | <b>526,857</b>                                                       |

## MOORE STEPHENS

### APPENDIX 4 – AFL FINANCIAL INFORMATION

Summary of AFL Legal Pty Ltd (AFL) Audited Condensed Statement of Financial Position as at 30 June 2017 and 30 June 2018, and Audit Reviewed Statement of Financial Position as at 31 December 2018.

|                             | 30-Jun-17<br>Audited<br>\$ | 30-Jun-18<br>Audited<br>\$ | 31-Dec-18<br>Audit Reviewed<br>\$ |
|-----------------------------|----------------------------|----------------------------|-----------------------------------|
| <b>Assets</b>               |                            |                            |                                   |
| Cash and Cash Equivalents   | 5,147                      | 457                        | 5,343                             |
| Trade and other receivables | 630,845                    | 1,151,190                  | 1,339,901                         |
| Other current assets        | 37,489                     | 51,287                     | 30,530                            |
| Loans to Directors          | 751,516                    | 1,054,949                  | 1,465,003                         |
| Property, Plant & Equipment | 24,301                     | 27,214                     | 37,456                            |
| Deferred Tax Assets         | (18,717)                   | 10,360                     | 18,169                            |
| <b>Total Assets</b>         | <b>1,430,581</b>           | <b>2,295,457</b>           | <b>2,896,402</b>                  |
| <b>Liabilities</b>          |                            |                            |                                   |
| Trade and other payables    | 406,336                    | 431,489                    | 546,318                           |
| Borrowings                  | 1,154,725                  | 1,287,694                  | 1,206,905                         |
| Current Tax Liabilities     | (27,268)                   | 124,170                    | 286,906                           |
| Provisions - Short Term     | 40,305                     | 96,756                     | 93,672                            |
| Provisions - Long Term      | 3,416                      | 7,312                      | 12,363                            |
| <b>Total Liabilities</b>    | <b>1,577,514</b>           | <b>1,947,421</b>           | <b>2,146,164</b>                  |
| <b>Net Assets</b>           | <b>(146,933)</b>           | <b>348,036</b>             | <b>750,238</b>                    |
| <b>Equity</b>               |                            |                            |                                   |
| Issued Capital              | 100                        | 100                        | 100                               |
| Retained Profits            | (147,033)                  | 347,936                    | 750,138                           |
| <b>Total Equity</b>         | <b>(146,933)</b>           | <b>348,036</b>             | <b>750,238</b>                    |

**MOORE STEPHENS**

Summary of Historical Consolidated Statement of Comprehensive Income of AFL for the years ended 30 June 2017 and 2018 as well as the half-year ended 31 December 2018

|                                                                              | Year Ended<br>30 June<br>2017<br>Audited<br>\$ | Year Ended<br>30 June<br>2018<br>Audited<br>\$ | Six Months<br>Ended<br>31 Dec<br>2018<br>Audit reviewed<br>\$ |
|------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------------|
| <b>Revenue</b>                                                               | <b>2,070,887</b>                               | <b>4,209,608</b>                               | <b>2,529,747</b>                                              |
| Personnel Costs & Other Cost of Sales                                        | (1,348,062)                                    | (2,123,021)                                    | (1,182,039)                                                   |
| <b>Gross Profit</b>                                                          | <b>722,825</b>                                 | <b>2,086,587</b>                               | <b>1,347,708</b>                                              |
| Marketing Expenses                                                           | (205,901)                                      | (330,935)                                      | (167,340)                                                     |
| Administrative Expenses                                                      | (264,142)                                      | (373,118)                                      | (200,946)                                                     |
| Other Expenses                                                               | (216,310)                                      | (282,597)                                      | (247,049)                                                     |
| Bad/doubtful debts                                                           | (72,844)                                       | (30,005)                                       | (126,313)                                                     |
| <b>Earnings Before interest, tax, depreciation and amortisation (EBITDA)</b> | <b>(36,372)</b>                                | <b>1,069,932</b>                               | <b>606,060</b>                                                |
| Depreciation                                                                 | (10,047)                                       | (12,287)                                       | (7,603)                                                       |
| Interest Expenses                                                            | (64,102)                                       | (81,470)                                       | (41,329)                                                      |
| <b>Profit before income tax</b>                                              | <b>(110,521)</b>                               | <b>976,175</b>                                 | <b>557,128</b>                                                |
| Income tax (expense)/benefit                                                 | 8,941                                          | (244,206)                                      | (154,926)                                                     |
| <b>Profit/(loss) for the year</b>                                            | <b>(101,580)</b>                               | <b>731,969</b>                                 | <b>402,202</b>                                                |
| Other Comprehensive Income                                                   | -                                              | -                                              | -                                                             |
| <b>Total comprehensive income/(loss) for the year</b>                        | <b>(101,580)</b>                               | <b>731,969</b>                                 | <b>402,202</b>                                                |

**MOORE STEPHENS****Summary of Historical Consolidated Statement of Cash Flows of AFL for the years ended 30 June 2017 and 2018 as well as the half-year ended 31 December 2018**

|                                                                   | Year ended<br>30-Jun-17<br>Audited<br>\$ | Year ended<br>30-Jun-18<br>Audited<br>\$ | Six months<br>ended<br>31-Dec-18<br>Audit Reviewed<br>\$ |
|-------------------------------------------------------------------|------------------------------------------|------------------------------------------|----------------------------------------------------------|
| <b>Cash Flows from Operating Activities</b>                       |                                          |                                          |                                                          |
| Receipts from customers                                           | 2,634,576                                | 4,013,515                                | 2,341,037                                                |
| Payments to suppliers and employees                               | (2,253,237)                              | (3,427,206)                              | (1,786,134)                                              |
| Interest paid                                                     | (64,102)                                 | (81,470)                                 | (41,329)                                                 |
| Income taxes paid                                                 | (113,156)                                | (121,845)                                | -                                                        |
| <b>Net cash used in operating activities</b>                      | <b>204,081</b>                           | <b>382,994</b>                           | <b>513,574</b>                                           |
| <b>Cash Flows from Investing Activities</b>                       |                                          |                                          |                                                          |
| Payments for property, plant & equipment                          | (10,136)                                 | (15,200)                                 | (17,845)                                                 |
| <b>Net cash provided by/(used in) investing activities</b>        | <b>(10,136)</b>                          | <b>(15,200)</b>                          | <b>(17,845)</b>                                          |
| <b>Cash Flows from Financing Activities</b>                       |                                          |                                          |                                                          |
| Related party loan drawings/advances                              | (555,629)                                | (505,453)                                | (410,054)                                                |
| External loan drawdown/(repayment)                                | 15,698                                   | 163,926                                  | (81,046)                                                 |
| <b>Net cash provided by/(used in) investing activities</b>        | <b>(539,931)</b>                         | <b>(341,527)</b>                         | <b>(491,100)</b>                                         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>       | <b>(345,986)</b>                         | <b>26,267</b>                            | <b>4,629</b>                                             |
| Cash and cash equivalents at the beginning of the financial year  | (730,664)                                | (1,076,650)                              | (1,050,383)                                              |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>(1,076,650)</b>                       | <b>(1,050,383)</b>                       | <b>(1,045,754)</b>                                       |

## MOORE STEPHENS

### Management discussion and analysis - Calculation of Underlying EBITDA for AFL

The commentary below has been provided by AFL management in order to give investors an understanding of the historical profit and loss financial information of AFL set out above in this **Appendix 4**.

The Directors believe that there are a number of historic costs that it considers non-recurring, non-economic or unusual in nature. Several of these emanate from the issues of a business that only commenced trading in April 2015. As the business matured there were also non-recurring costs of expansion such as establishment of new offices. AFL has also incurred substantial corporate advisory costs, other professional fees and non-recurrent costs such as travel, in its investigation of investment opportunities that have culminated in the proposal that is the subject of this prospectus.

The results below represent those of AFL, which would be the principal trading entity of AF Legal Group Ltd. Head Office costs such as those of the new Board and ASX compliance costs, are borne by NAV. The results of AFL should therefore be read in conjunction with results of Navigator Resources Ltd disclosed in Appendix 1 of this report. The Directors also set out Pro-Forma profit and loss information as if NAV had acquired AFL (and Walls) in **Appendix 6**.

|                                                                                | Year Ended |   | Year Ended |    | Six Months Ended |    |
|--------------------------------------------------------------------------------|------------|---|------------|----|------------------|----|
|                                                                                | 30 June    |   | 30 June    |    | 31 Dec           |    |
|                                                                                | 2017       |   | 2018       |    | 2018             |    |
|                                                                                | Audited    |   | Audited    |    | Audit reviewed   |    |
|                                                                                | \$         |   | \$         |    | \$               |    |
| Reported Earnings Before interest, tax, depreciation and amortisation (EBITDA) | (36,372)   |   | 1,069,932  |    | 606,060          |    |
| Adjustments to Reported EBITDA                                                 |            |   |            |    |                  |    |
| Recruitment                                                                    | 117,239    | 1 | 23,279     | 5  |                  |    |
| Principals & Consultancy Costs                                                 | 120,551    | 2 | 75,808     | 6  |                  |    |
| Advisory Costs                                                                 | 33,510     | 3 | 113,859    | 7  | 69,220           | 11 |
| Marketing Expenses                                                             | -          |   | 24,216     | 8  |                  |    |
| Travel Expenses / Other                                                        | 12,000     | 4 | 30,990     | 9  | 24,268           | 12 |
| Audit Overrun                                                                  |            |   | (14,670)   | 10 | 14,670           | 13 |
| Office Relocation Expenses                                                     |            |   |            |    | 15,083           | 14 |
| Debtors Adjustments                                                            | (16,827)   |   | (71,388)   |    | 88,215           | 15 |
| Total Adjustments to Reported EBITDA                                           | 266,473    |   | 182,094    |    | 211,456          |    |
| Underlying EBITDA                                                              | 230,101    |   | 1,252,026  |    | 817,516          |    |

**MOORE STEPHENS****Table notes of management's adjustments to reported EBITDA to derive underlying EBITDA****FY17 – Underlying EBITDA Adjustments**

- 1) Recruitment costs in this period does not reflect the underlying recruitment practices of the Company. This calculation is based on a recruitment fee of \$15,000 for the recruitment of two staff, and staff turnover not exceeding 20%. Any recruitment costs above the \$30,000 threshold are considered non-recurring. Recruitment costs of \$147,239 were incurred during the period.
- 2) An advisor was engaged on a consultancy basis to assist and mentor the CEO and provided services during the latter part of FY16 and the earlier stages of FY17. The remuneration, salary costs and superannuation of the CEO Edward Finn, have also been removed as these are included as a cost of the Head Office.
- 3) Advisory expenses were incurred by AFL in seeking a strategic partnership or investment for the group.
- 4) The Directors estimate that approximately 50% of the costs incurred in travel for the year were attributable to a prospective merger and the exploration of acquisition opportunities.

**FY18 – Underlying EBITDA Adjustments**

- 5) Recruitment costs associated with the establishment of the Sydney office.
- 6) The remuneration, salary costs and superannuation of the CEO Edward Finn, have been removed as these are included as a cost of the Head Office.
- 7) Legal and advisory costs associated with exploration of investment opportunities, including the initial phase of the acquisition by NAV.
- 8) One-off costs of a corporate promotional video and other branding initiatives that have been discontinued were incurred during the financial year.
- 9) Travel expenses associated with prospective merger, and the ASX relisting process.
- 10) The audit costs for the three years ending 30 June 2018 were higher than had been accrued in the accounts to that time. A payment was therefore made in H1 FY19 that pertained to FY18.

**H1 FY19 – Underlying EBITDA Adjustments**

- 11) Advisory legal and accounting costs associated with the AFL listing through NAV on the ASX.
- 12) AFL estimates that 50% of the domestic travel costs incurred during the period were related to the relisting process. Travel costs were also incurred in respect of an international conference attended by the AFL CEO, that is not related to family law activities.
- 13) The reverse of the provision detailed in 10) above.
- 14) Costs associated with the relocation of the AFL head office in Melbourne.
- 15) Change to a more conservative policy in respect of provisioning for doubtful debts. Adoption of the policy resulted in a provision of \$126,313 for H1 FY19. The amount of \$88,215 pertains to amounts invoiced prior to 30 June 2018 and on that basis a provisioning adjustment has been to those prior financial years.

**MOORE STEPHENS****APPENDIX 5 – WALLS FINANCIAL INFORMATION**

On 20 February 2019, AFL executed a Business Sale Agreement to purchase the Business Assets, including brand, goodwill and files under management of the family Law practice trading as Walls Bridges Lawyers (“Walls”) for a total consideration of \$53,500.

On the basis of its turnover this acquisition represents, a material, but not significant acquisition. In accordance with *Regulatory Guide 228 ‘Prospectuses: Effective disclosure for retail investors’* issued by ASIC, the financial results of this practice are not required to be audited.

As the acquisition is by way of asset sale and the assets transferring are not material, no Statement of Financial Position is provided. Similarly, no Statement of Cash Flows is provided.

Presented below are the unaudited management results for the practice. These results have been subject to limited assurance procedures by the Investigating Accountant Moore Stephens as described in the body of their report, (*Basis of Preparation, part c) Walls Financial Information*).

|                                                                                  | Year Ended<br>30 June<br>2017<br>Unaudited<br>\$ | Year Ended<br>30 June<br>2018<br>Unaudited<br>\$ | Six Months Ended<br>31 Dec<br>2018<br>Unaudited<br>\$ |
|----------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|-------------------------------------------------------|
| <b>Revenue</b>                                                                   |                                                  |                                                  |                                                       |
| Client Fees                                                                      | 488,060                                          | 577,545                                          | 296,105                                               |
| Other Revenue                                                                    | 3,190                                            | 1,696                                            | -                                                     |
| <b>Total Revenue</b>                                                             | <b>491,250</b>                                   | <b>579,241</b>                                   | <b>296,105</b>                                        |
| <b>Expenses</b>                                                                  |                                                  |                                                  |                                                       |
| Personnel Costs                                                                  | (174,936)                                        | (275,383)                                        | (95,133)                                              |
| Premises Costs                                                                   | (23,086)                                         | (40,446)                                         | (19,013)                                              |
| Insurance                                                                        | (9,862)                                          | (8,441)                                          | (163)                                                 |
| Marketing Expenses                                                               | (17,648)                                         | (12,523)                                         | (5,037)                                               |
| Administrative Expenses                                                          | (66,719)                                         | (84,004)                                         | (33,499)                                              |
| Other Expenses                                                                   | (24,981)                                         | (34,414)                                         | (19,002)                                              |
| <b>Earnings Before interest, tax,<br/>depreciation and amortisation (EBITDA)</b> | <b>174,018</b>                                   | <b>124,030</b>                                   | <b>124,258</b>                                        |
| Depreciation                                                                     | -                                                | -                                                | -                                                     |
| Interest Expense                                                                 | -                                                | -                                                | -                                                     |
| <b>Profit before income tax</b>                                                  | <b>174,018</b>                                   | <b>124,030</b>                                   | <b>124,258</b>                                        |

## MOORE STEPHENS

## Management discussion and analysis - Calculation of Underlying EBITDA for Walls Bridges Lawyers

|                                                                                               |   | Year Ended<br>30 June<br>2017<br>Unaudited<br>Management<br>Result<br>\$ | Year Ended<br>30 June<br>2018<br>Unaudited<br>Management<br>Result<br>\$ | Six Months<br>Ended<br>31 Dec<br>2018<br>Unaudited<br>Management<br>Result<br>\$ |
|-----------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| <b>Reported Earnings Before interest,<br/>tax, depreciation and amortisation<br/>(EBITDA)</b> |   | <b>174,018</b>                                                           | <b>124,030</b>                                                           | <b>124,258</b>                                                                   |
| <b>Adjustments to Reported EBITDA</b>                                                         |   |                                                                          |                                                                          |                                                                                  |
| Other Income                                                                                  | 1 | -                                                                        | (1,667)                                                                  | -                                                                                |
| Personnel Costs                                                                               | 2 | 34,757                                                                   | 134,698                                                                  | 24,737                                                                           |
| Premises Costs                                                                                | 3 | 11,086                                                                   | 28,446                                                                   | 13,013                                                                           |
| Insurance                                                                                     | 4 | 9,562                                                                    | 8,141                                                                    | -                                                                                |
| Marketing Expenses                                                                            | 5 | 14,042                                                                   | 11,230                                                                   | 3,595                                                                            |
| Administrative Expenses                                                                       | 6 | 35,498                                                                   | 44,697                                                                   | 19,029                                                                           |
| Other Expenses                                                                                | 7 | -                                                                        | -                                                                        | 5,464                                                                            |
| <b>Total Adjustments to Reported<br/>EBITDA</b>                                               |   | <b>104,946</b>                                                           | <b>225,545</b>                                                           | <b>65,838</b>                                                                    |
| <b>Underlying EBITDA</b>                                                                      |   | <b>278,964</b>                                                           | <b>349,575</b>                                                           | <b>190,096</b>                                                                   |

## Table notes of management's adjustments to reported EBITDA to derive underlying EBITDA

1. Rental income derive by the practice in FY18 will not be received in the future.
2. AFL anticipates that to manage the Walls Bridges practice a Special Counsel on a part time basis and a Junior Solicitor will be required. This will result in significant savings to both Wages and Salaries and Superannuation.
3. A lease for the premises has been renegotiated with smaller office space and commensurate savings generated in rent.
4. Insurance policies presently held by Walls Bridges are intended to be cancelled and activities of the practice covered by AFL's existing policies at no incremental cost.
5. A significant advertising and marketing campaign occurred during the periods shown. As the Walls and Bridges brand will be consolidated into AFL, minimal additional expenditure is anticipated to be incurred.
6. Synergies are expected in computer, IT and telecommunications costs as a result of lower headcount and consolidation with AFL.
7. Further minor synergies in general expenses are anticipated.

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**APPENDIX 6 – MANAGEMENT DISCUSSION AND ANALYSIS – PRO-FORMA AF LEGAL GROUP LTD STATEMENT OF INCOME FOR THE 12 MONTHS ENDED 30 JUNE 2017 AND 30 JUNE 2018 AND THE 6 MONTHS ENDED 31 DECEMBER 2017 AND 2018.**

The Historical head office costs set out in Appendix 1 are those incurred by NAV which are applicable to the entity in its current context prior to the acquisition of AFL and Walls. Should its shareholders approve resolutions at its EGM to change its principal business undertaking, and to acquire AFL (and Walls), its costs will be materially different from those incurred during the historical periods.

On that basis the Directors have excluded the actual historical costs and have estimated head office NAV costs on a Pro-Forma basis, assuming NAV had acquired AF Legal and Walls from 1 July 2016. These estimated costs are included as adjustments to reported EBITDA totalling \$487,000 p.a. and are comprised of:

- Management and Board costs estimated at \$425,000 p.a. (\$212,500 for the half year). This is inclusive of the new board of Directors and Executive team as set out in the Prospectus in Section 6 at the current agreed remuneration rates.
- Administration expenses of \$62,000, (\$31,500 for the half Year) such as ASX listing fees and NAV stand-alone audit fees, noting that audit costs are already recorded in AFL. Similarly in a number of instances, such as Insurance, costs have already been borne by AF Legal Pty Ltd, and no incremental costs are anticipated to be borne by NAV.

## MOORE STEPHENS

### AFL Legal Group Ltd – Pro-forma Consolidated Statement of Income for twelve months ended 30 June 2017

|                                                                                      | AFL                      | Walls                             | NAV<br>to be<br>renamed AF<br>Legal Group<br>Ltd Pro-forma<br>Result | AF Legal<br>Group Ltd<br><br>Consolidated<br>Pro-forma<br>Result |
|--------------------------------------------------------------------------------------|--------------------------|-----------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------|
|                                                                                      | Audit Reviewed<br>Result | Unaudited<br>Management<br>Result |                                                                      |                                                                  |
|                                                                                      | \$                       | \$                                | \$                                                                   | \$                                                               |
| <b>Total Revenue</b>                                                                 | <b>2,070,887</b>         | <b>491,250</b>                    | -                                                                    | <b>2,562,137</b>                                                 |
| <b>Expenses</b>                                                                      |                          |                                   |                                                                      |                                                                  |
| Personnel Costs                                                                      | (1,348,062)              | (174,936)                         | -                                                                    | (1,522,998)                                                      |
| Premises Costs                                                                       | (117,858)                | (23,086)                          | -                                                                    | (140,944)                                                        |
| Insurance                                                                            | (16,304)                 | (9,862)                           | -                                                                    | (26,166)                                                         |
| Marketing Expenses                                                                   | (205,901)                | (17,648)                          | -                                                                    | (223,549)                                                        |
| Administrative Expenses                                                              | (146,284)                | (66,719)                          | -                                                                    | (213,003)                                                        |
| Other Expenses                                                                       | (200,006)                | (24,981)                          | -                                                                    | (224,987)                                                        |
| Bad/doubtful debts                                                                   | (72,844)                 | -                                 | -                                                                    | (72,844)                                                         |
| <b>Earnings Before interest,<br/>tax, depreciation and<br/>amortisation (EBITDA)</b> | <b>(36,372)</b>          | <b>174,018</b>                    | -                                                                    | <b>137,646</b>                                                   |
| Depreciation                                                                         | (10,047)                 | -                                 | -                                                                    | (10,047)                                                         |
| Interest Expense                                                                     | (64,102)                 | -                                 | -                                                                    | (64,102)                                                         |
| <b>Profit/ (loss) before<br/>income tax</b>                                          | <b>(110,521)</b>         | <b>174,018</b>                    | -                                                                    | <b>63,497</b>                                                    |
| <b><u>Underlying EBITDA</u></b>                                                      |                          |                                   |                                                                      |                                                                  |
| <b><u>Analysis</u></b>                                                               |                          |                                   |                                                                      |                                                                  |
| <b>Reported EBITDA</b>                                                               | <b>(36,372)</b>          | <b>174,018</b>                    | -                                                                    | <b>137,646</b>                                                   |
| Adjustments to Reported<br>EBITDA                                                    | 266,473                  | 104,946                           | (487,000)                                                            | (115,581)                                                        |
| <b>Underlying EBITDA</b>                                                             | <b>230,101</b>           | <b>278,964</b>                    | <b>(487,000)</b>                                                     | <b>22,065</b>                                                    |

**MOORE STEPHENS****AFL Legal Group Ltd – Pro-forma Consolidated Statement of Income for the twelve months ended 30 June 2018**

|                                                                                      | <b>AFL</b>                       | <b>Walls</b>                               | <b>NAV<br/>to be<br/>renamed AF<br/>Legal Group<br/>Ltd Pro-forma<br/>Result</b> | <b>AF Legal<br/>Group Ltd</b>                |
|--------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------|
|                                                                                      | <b>Audit Reviewed<br/>Result</b> | <b>Unaudited<br/>Management<br/>Result</b> |                                                                                  | <b>Consolidated<br/>Pro-forma<br/>Result</b> |
|                                                                                      | <b>\$</b>                        | <b>\$</b>                                  | <b>\$</b>                                                                        | <b>\$</b>                                    |
| <b>Total Revenue</b>                                                                 | <b>4,209,608</b>                 | <b>579,242</b>                             | <b>-</b>                                                                         | <b>4,788,850</b>                             |
| <b>Expenses</b>                                                                      |                                  |                                            |                                                                                  |                                              |
| Personnel Costs                                                                      | (2,123,021)                      | (275,383)                                  | -                                                                                | (2,398,404)                                  |
| Premises Costs                                                                       | (216,198)                        | (40,446)                                   | -                                                                                | (256,644)                                    |
| Insurance                                                                            | (18,930)                         | (8,441)                                    | -                                                                                | (27,371)                                     |
| Marketing Expenses                                                                   | (330,935)                        | (12,523)                                   | -                                                                                | (343,458)                                    |
| Administrative Expenses                                                              | (156,920)                        | (84,004)                                   | -                                                                                | (240,924)                                    |
| Other Expenses                                                                       | (263,667)                        | (34,415)                                   | -                                                                                | (298,082)                                    |
| Bad/doubtful debts                                                                   | (30,005)                         | -                                          | -                                                                                | (30,005)                                     |
| <b>Earnings Before interest,<br/>tax, depreciation and<br/>amortisation (EBITDA)</b> | <b>1,069,932</b>                 | <b>124,030</b>                             | <b>-</b>                                                                         | <b>1,193,962</b>                             |
| Depreciation                                                                         | (12,287)                         | -                                          | -                                                                                | (12,287)                                     |
| Interest Expense                                                                     | (81,470)                         | -                                          | -                                                                                | (81,470)                                     |
| <b>Profit / (Loss) before<br/>income tax</b>                                         | <b>976,175</b>                   | <b>124,030</b>                             | <b>-</b>                                                                         | <b>1,100,205</b>                             |
| <b><u>Underlying EBITDA<br/>Analysis</u></b>                                         |                                  |                                            |                                                                                  |                                              |
| <b>Reported EBITDA</b>                                                               | <b>1,069,932</b>                 | <b>124,030</b>                             | <b>-</b>                                                                         | <b>1,193,962</b>                             |
| <b>Adjustments to Reported<br/>EBITDA</b>                                            | <b>182,094</b>                   | <b>225,545</b>                             | <b>(487,000)</b>                                                                 | <b>(79,361)</b>                              |
| <b>Underlying EBITDA</b>                                                             | <b>1,252,026</b>                 | <b>349,575</b>                             | <b>(487,000)</b>                                                                 | <b>1,114,601</b>                             |

## MOORE STEPHENS

### AFL Legal Group Ltd – Pro-forma Consolidated Statement of Income for six months ended 31 Dec 2017

|                                                                                      | AFL                      | Walls                             | NAV<br>to be<br>renamed AF<br>Legal Group<br>Ltd Pro-forma<br>Result | AF Legal Group<br>Ltd<br><br>Consolidated Pro-<br>forma Result |
|--------------------------------------------------------------------------------------|--------------------------|-----------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------|
|                                                                                      | Audit Reviewed<br>Result | Unaudited<br>Management<br>Result |                                                                      |                                                                |
|                                                                                      | \$                       | \$                                | \$                                                                   | \$                                                             |
| <b>Total Revenue</b>                                                                 | <b>1,871,344</b>         | <b>314,514</b>                    | -                                                                    | <b>2,185,858</b>                                               |
| <b>Expenses</b>                                                                      |                          |                                   |                                                                      |                                                                |
| Personnel Costs                                                                      | (879,142)                | (95,133)                          | -                                                                    | (974,275)                                                      |
| Premises Costs                                                                       | (111,292)                | (19,013)                          | -                                                                    | (130,305)                                                      |
| Insurance                                                                            | (12,206)                 | (163)                             | -                                                                    | (12,369)                                                       |
| Marketing Expenses                                                                   | (151,119)                | (5,037)                           | -                                                                    | (156,156)                                                      |
| Administrative Expenses                                                              | (106,171)                | (33,499)                          | -                                                                    | (139,670)                                                      |
| Other Expenses                                                                       | (118,619)                | (19,002)                          | -                                                                    | (137,621)                                                      |
| Bad/doubtful debts                                                                   | (14,977)                 | -                                 | -                                                                    | (14,977)                                                       |
| <b>Earnings Before interest,<br/>tax, depreciation and<br/>amortisation (EBITDA)</b> | <b>477,818</b>           | <b>142,667</b>                    | -                                                                    | <b>620,485</b>                                                 |
| Depreciation                                                                         | (6,143)                  | -                                 | -                                                                    | (6,143)                                                        |
| Interest Expense                                                                     | (39,676)                 | -                                 | -                                                                    | (39,676)                                                       |
| <b>Profit before income tax</b>                                                      | <b>431,999</b>           | <b>142,667</b>                    | -                                                                    | <b>574,666</b>                                                 |

#### Underlying EBITDA Analysis

|                                           |                |                |                  |                |
|-------------------------------------------|----------------|----------------|------------------|----------------|
| <b>Reported EBITDA</b>                    | <b>477,818</b> | <b>142,667</b> | -                | <b>620,485</b> |
| <b>Adjustments to Reported<br/>EBITDA</b> | 105,155        | 112,773        | (243,500)        | (25,572)       |
| <b>Underlying EBITDA</b>                  | <b>582,973</b> | <b>255,440</b> | <b>(243,500)</b> | <b>594,913</b> |

\*the 31 December 2017 half year results for AFL were extracted from the unaudited comparative amounts included with the Audit Reviewed financial statement for the half year ended 31 December 2018.

# the 31 December 2017 half year results for Walls were extracted from management accounts.

## MOORE STEPHENS

### AFL Legal Group Ltd – Pro-forma Consolidated Statement of Income for six months ended 31 Dec 2018

|                                                                                      | AFL                      | Walls                             | NAV<br>to be<br>renamed AF<br>Legal Group<br>Ltd Pro-forma<br>Result | AF Legal Group<br>Ltd<br><br>Consolidated Pro-<br>forma Result |
|--------------------------------------------------------------------------------------|--------------------------|-----------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------|
|                                                                                      | Audit Reviewed<br>Result | Unaudited<br>Management<br>Result |                                                                      |                                                                |
|                                                                                      | \$                       | \$                                | \$                                                                   | \$                                                             |
| <b>Total Revenue</b>                                                                 | <b>2,529,747</b>         | <b>296,105</b>                    | <b>-</b>                                                             | <b>2,825,852</b>                                               |
| <b>Expenses</b>                                                                      |                          |                                   |                                                                      |                                                                |
| Personnel Costs                                                                      | (1,182,039)              | (95,133)                          | -                                                                    | (1,277,172)                                                    |
| Premises Costs                                                                       | (97,727)                 | (19,013)                          | -                                                                    | (116,740)                                                      |
| Insurance                                                                            | (15,617)                 | (163)                             | -                                                                    | (15,780)                                                       |
| Marketing Expenses                                                                   | (167,340)                | (5,037)                           | -                                                                    | (172,377)                                                      |
| Administrative Expenses                                                              | (103,219)                | (33,499)                          | -                                                                    | (136,718)                                                      |
| Other Expenses                                                                       | (231,432)                | (19,002)                          | -                                                                    | (250,434)                                                      |
| Bad/doubtful debts                                                                   | (126,313)                | -                                 | -                                                                    | (126,313)                                                      |
| <b>Earnings Before interest,<br/>tax, depreciation and<br/>amortisation (EBITDA)</b> | <b>606,060</b>           | <b>124,258</b>                    | <b>-</b>                                                             | <b>730,318</b>                                                 |
| Depreciation                                                                         | (7,603)                  | -                                 | -                                                                    | (7,603)                                                        |
| Interest Expense                                                                     | (41,329)                 | -                                 | -                                                                    | (41,329)                                                       |
| <b>Profit before income tax</b>                                                      | <b>557,128</b>           | <b>124,258</b>                    | <b>-</b>                                                             | <b>681,386</b>                                                 |
| <b><u>Underlying EBITDA<br/>Analysis</u></b>                                         |                          |                                   |                                                                      |                                                                |
| <b>Reported EBITDA</b>                                                               | <b>606,060</b>           | <b>124,258</b>                    | <b>-</b>                                                             | <b>730,318</b>                                                 |
| <b>Adjustments to Reported<br/>EBITDA</b>                                            | <b>211,456</b>           | <b>65,838</b>                     | <b>(243,500)</b>                                                     | <b>33,794</b>                                                  |
| <b>Underlying EBITDA</b>                                                             | <b>817,516</b>           | <b>190,096</b>                    | <b>(243,500)</b>                                                     | <b>764,112</b>                                                 |

**MOORE STEPHENS****APPENDIX 7 – MOORE STEPHENS FINANCIAL SERVICES GUIDE**

**This Financial Services Guide is dated 29 March 2019**  
**and forms part of the Independent Limited Assurance Report.**

Moore Stephens (Vic) Pty Ltd (ACN 052 362 348) (**Moore Stephens**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore Stephens has been engaged by Navigator Resources Limited (**NAV or the Company**) to provide an Independent Accountants Report (**the Report**) for inclusion with a Prospectus to issue on or about 29 March 2019.

The *Corporations Act, 2001* requires Moore Stephens to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore Stephens does not accept instructions from retail clients. Moore Stephens provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore Stephens does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Moore Stephens is only responsible for this Report and this FSG. Moore Stephens is not responsible for any material publicly released by the Company in conjunction with this Report or the Proposal. Moore Stephens will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore Stephens's client is the Company to which it provides the report. Moore Stephens receives its remuneration from the Company. In respect of this Report and other services, Moore Stephens will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Moore Stephens or other associated entities may receive partnership distributions, salary or wages from Moore Stephens. Moore Stephens and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore Stephens has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of *Section 912B of the Corporations Act 2001*.

Moore Stephens has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr Kevin Mullen, Moore Stephens (Vic) Pty Ltd, Level 18, 530 Collins Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

## 8.1 Conditional Offers on a post-Consolidation basis

Completion of the Offers is conditional upon:

- Shareholders approving all Resolutions at the EGM;
- a minimum of \$4,000,000 being raised under the Public Offer;
- other than the issue of Shares under the Offers, the Company being in a position to complete its acquisition of AFL pursuant to the Proposed Transaction; and
- the ASX approving the Company's re-compliance with Chapters 1 and 2 of the Listing Rules.

Accordingly, this Prospectus has been prepared on the basis that the Consolidation (Resolution 1 of the NOM) has been completed by the Company.

In the event that the conditions above are not satisfied and/or waived, the Offers will not proceed, and no Shares will be issued under this Prospectus. If this occurs, all Application Monies received will be refunded (without interest) in accordance with the Corporations Act.

## 8.2 The Offers

The following offers are being made by the Company under this Prospectus:

- **Public Offer** – the offer of between 20,000,000 and 32,500,000 New Shares at an issue price of \$0.20 (20 cents) per New Share to raise between \$4,000,000 (Minimum Raise) and \$6,500,000 (Maximum Raise).
- **Consideration Offer** – the offer of 10,875,000 Consideration Shares at a deemed issue price of \$0.20 (20 cents) per Consideration Share, to the AFL Vendor (or its nominee) as part of the consideration payable by the Company for the acquisition of the AFL Shares.

## 8.3 Further details of the Offers

The purpose of the Public Offer is to raise additional capital to:

- provide funds that will be applied towards the consideration payable by the Company under the terms of the Share Purchase Deed to complete the Proposed Transaction;
- provide additional working capital that will enable the business to achieve its future growth aspirations; and

- meet costs associated with the Proposed Transaction and the Offers and assist the Company in re-complying with the ASX Listing Rules.

The purpose of the Consideration Offer is to qualify the Consideration Shares issued to the AFL Vendor (or its nominee) for secondary trading.

All Shares offered under the Public Offer and Consideration Offer will be fully paid ordinary shares and will rank equally in all respects with all other Shares on issue at the date of this Prospectus.

The minimum and maximum raised under the Public Offer is \$4,000,000 (minimum) and \$6,500,000 (maximum) (before costs).

The Company reserves the right to close the Offers early, to accept late Applications or extend the Offers without notifying any recipient of this Prospectus or any Applicant.

## 8.4 Rights and liabilities attaching to Shares under the Offers

The Shares to be offered under the Offers and issued under this Prospectus will rank equally with the other fully paid ordinary shares in the Company.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have a right to obtain a copy of the Company's Constitution, free of charge by contacting the Company on +61 2 8072 1400. The detailed provisions relating to the rights attaching to Shares under the Constitution and Corporations Act are summarised below.

Each Share will confer on its holder:

- (i) the right to receive and give notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;
- (ii) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (as at Completion there are none);
- (iii) the right to receive dividends, according to the amount paid up on the Share;

- (iv) the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to priority given to holders of Shares that have not been classified by ASX as 'restricted securities' and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- (v) subject to the Corporations Act, the ASX Listing Rules and any escrow arrangements described in Section 10.7, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

## 8.5 Is the Public Offer underwritten?

The Public Offer is not underwritten.

## 8.6 Use of Funds

| Description                                     | \$4.0m Capital Raising | \$6.5m Capital Raising |
|-------------------------------------------------|------------------------|------------------------|
| Payment of Cash Consideration to the AFL Vendor | \$2,500,000            | \$2,500,000            |
| Repayment of debt in the AFL business           | –                      | \$1,200,000            |
| Repayment of related party debt                 | \$325,000              | \$325,000              |
| Working capital                                 | \$206,502              | \$1,316,542            |
| Transaction costs <sup>(a)</sup>                | \$968,498              | \$1,158,458            |
| <b>Total</b>                                    | <b>\$4,000,000</b>     | <b>\$6,500,000</b>     |

### Notes

- (a) Transactions costs include both capital raising, advisory and compliance costs. On the \$4m raising, \$415k is anticipated to be spent on capital raising costs, \$474k on advisory and compliance costs, and \$80k on attributable GST that can be recovered. On the \$6.5m raising, \$589k is anticipated to be spent on capital raising costs, \$476k on advisory and compliance costs, and \$93k on attributable GST that can be recovered. Accounting standards require in certain instances that costs be apportioned between capital raising costs and operating expenses. \$102k had been incurred by Navigator Resources Ltd as at 31 December 2018.

Please refer to Section 7 for further information in relation to the financial position of the Company.

## 8.7 How do I apply under the Offers?

### Who is eligible to participate in the Public Offer?

#### Who can apply for New Shares under the Public Offer?

The Public Offer will be open to investors with registered addresses in Australia and other investors to whom it is lawful to make an offer to pursuant to this Prospectus.

### Who is eligible to participate in the Consideration Offer?

#### Who can apply for Consideration Shares under the Consideration Offer?

The Consideration Offer will only be open to the AFL Vendor (or its nominee), who will be invited by the Company to apply for Consideration Shares under the Consideration Offer pursuant to this Prospectus.

**Completing and returning your Application under the Public Offer****What is the minimum and maximum application under the Public Offer?**

Applications for New Shares must be for a minimum of 10,000 New Shares (value of at least \$2,000). There is no maximum amount that Applicants can apply for.

**How do I apply under the Public Offer?**

Applications for New Shares under the Public Offer must be made using the Application Form attached to this Prospectus or you should follow the instructions on your personalised invitation to apply.

The Application Form attached to this Prospectus contains detailed instructions on how the form for the Public Offer can be completed. Please read the instructions on the Application Form carefully before completing it.

An original, completed and lodged Application Form, together with receipt of the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of New Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Board's decision as to whether to treat such an Application as valid and how to construe, amend or complete the Application Form is final, however, an Applicant will not be treated as having applied for more New Shares than is indicated by the amount of the Application Monies received.

**How to complete and attach your cheque for the Application Monies?**

Follow the instructions on the Application Form.

**Fees, costs and timing for Applications****When do the Offers open?**

The Opening Date for acceptance of Applications under the Public Offer and Consideration Offer is 3 April 2019.

**What is the deadline to submit an Application under the Offers?**

Completed Application Forms and accompanying payment of the Application Monies must be received by the Company before 5.00pm (AEST) on 29 April 2019 (this day may be extended at the Company's discretion).

**Is there any brokerage, commission or stamp duty payable by Applicants?**

No brokerage, commission, stamp duty or other costs are payable by Applicants to the Company.

**Confirmation of your Application and trading on ASX****When will I receive confirmation of whether my Application has been successful?**

For Applicants whose Applications are accepted by the Company, in whole or in part, the Company will issue New Shares and dispatch either a CHESS statement or an issuer sponsored holding statement (whichever applicable) to the Applicants as soon as practicable after the Closing Date together with any excess Application Monies.

It is the responsibility of all Applicants to determine their allocation prior to trading in the Shares. Applicants who sell any of the New Shares before receiving their holding statements do so at their own risk.

**When will I receive my New Shares and when can I trade in my New Shares?**

Applicants will receive their New Shares as soon as practicable after the Closing Date and will be able to trade them once the suspension on the Securities of the Company is lifted.

**Who do I contact if I have further queries?**

For further information, Applicants should contact the Company on +61 2 8072 1400.

## 8.8 Allocation policy under the Public Offer

The basis of allocation of New Shares under the Public Offer will be determined by the Company and the Lead Manager. Certain Applicants nominated by the Company may be given a preference in allotment of New Shares.

The Company reserves the right in its absolute discretion not to issue New Shares to Applicants under the Public Offer and may reject any Application or allocate a lesser amount of New Shares than those applied for, including allocating no New Shares, at its absolute discretion.

The allocation policy under the Public Offer will be influenced by one or more of the following factors:

- (a) number of New Shares applied for by a particular Applicant;
- (b) a desire to establish a wide spread of shareholders;
- (c) the timeliness of the Applications by particular Applicants;
- (d) a desire for an informed and active trading market following reinstatement of the Shares to trading on the ASX;
- (e) overall level of demand under the Public Offer;
- (f) the likelihood that particular Applicants will be long term Shareholders; and
- (g) any other factors that the Company consider appropriate.

Application Monies will be held on trust on behalf of the Applicants until the New Shares offered under this Prospectus are issued. The banking of the Application Monies

in a trust account does not constitute acceptance of the relevant Application. If any Application is rejected in whole or in part, the relevant Application Monies will be repaid to the unsuccessful Applicant within the time period set out under the Corporations Act, without interest. For the avoidance of doubt, all interest earned on Application Monies (including those which do not result in the allotment of New Shares) will be retained by the Company.

## 8.9 ASX listing

The Company will apply to ASX no later than seven (7) days from the date of this Prospectus for its Shares to be reinstated to trading on the Official List of ASX.

The fact that ASX may reinstate official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under the Offers. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is reinstated, will commence as soon as is practicable after the issue of holding statements to successful Applicants.

It is the responsibility of the Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If permission for quotation of the Shares is not reinstated within three months after the date of this Prospectus, all Application Monies received by the Company will be dealt with in accordance with the requirements of the Corporations Act.

## 8.10 Taxation

The taxation consequences of any investment in the Shares offered under this Prospectus will depend on your particular circumstances. It is the sole responsibility of Applicants to make their own enquiries and obtain independent professional financial advice about the taxation consequences of acquiring Shares under this Prospectus.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding taxation matters and consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of all the possible taxation positions of potential Applicants.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to any taxation consequences to investors of subscribing for Shares under this Prospectus.

## 8.11 Overseas Distribution

This Prospectus does not, and is not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company has not taken any action to register or qualify the Shares offered under this Prospectus, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

It is the responsibility of any Applicant that is based in a foreign jurisdiction (outside Australia) to ensure compliance with all laws of any foreign jurisdiction that are relevant and applicable to their Application. The return of a properly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of any applicable foreign jurisdiction laws and that all necessary approvals and consents have been obtained.

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offers.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

## 9.1 Share Purchase Deed

On 18 December 2018, the Company entered into the Share Purchase Deed with AF Legal Pty Ltd and Oscar Churchill Pty Ltd (AFL Vendor), the sole shareholder of AF Legal Pty Ltd, to acquire 100% of the issued shares of AF Legal Pty Ltd (AFL Shares).

The AFL Vendor is an entity owned and controlled by Edward Finn, the proposed Managing Director and Chief Executive Officer of the Company following completion of the Proposed Transaction. As Edward Finn is a proposed director of the Company, the AFL Vendor, as an entity associated with and controlled by Mr Finn, is a “related party” of the Company for the purposes of the Corporations Act and the ASX Listing Rules.

Completion of the Proposed Transaction is subject to a number of conditions being satisfied and/or waived, including the raising of capital (which is being conducted under this Prospectus) and receipt of Shareholder approval at the upcoming Extraordinary General Meeting scheduled to take place on 8 April 2019 (EGM). Further details of the Share Purchase Deed are provided in Sections 2.1 and 2.2.

## 9.2 Employment Agreements

The employment Agreement for Mr Edward Finn, and the Consultancy Agreements for Mr Grant Dearlove, Mr Glen Dobbie and Mr Peter Bergin are summarised in Sections 6.5 to 6.8.

## 9.3 Lease Agreements

AFL’s Melbourne office located at Level 3, 411 Collins St Melbourne, is leased from Commercial Unity Pty Ltd. The current lease is for a term of 4 years beginning on 1 August 2018 with an option to extend for a further period of 3 years. The initial rent is \$187,670 per annum, paid in advance by monthly instalments. Rent is increased annually by a fixed percentage of 3.5%. The lessor has provided AFL with a lease incentive amounting to 18% of the net (not including GST) rental over the four-year term. This will be delivered as a rental abatement in the first three years.

Prior consent of the lessor is required before there is any change of control of AFL. This is an essential term of the lease.

## 9.4 Acquisition of Walls Bridges Lawyers

On 20 February 2019, AFL executed a Business Sale Agreement under which it purchased the family law practice which trades under the registered business name “Walls Bridges Lawyers”, from its sole proprietor Ms Jacqueline Ann Conquest. The acquisition completion date is 11 March 2019.

Under the terms of this agreement, AFL acquires assets of the business including its plant and equipment, goodwill, work in progress, files, business records, brand and information technology. Certain receivables already incurred are excluded.

The assets are acquired free from encumbrance other than low value equipment leases not exceeding \$500 per month.

Consideration for the business is \$53,500 payable in three tranches, with \$26,750 already paid before and at completion, and a further \$26,750 to be paid 60 days following the completion date. The agreement contains warranties given by the seller that are standard in this type of acquisition.

## 10.1 Incorporation

The Company was incorporated on 2 February 1994.

## 10.2 Balance Date and Company Tax Status

The Company's balance date and end of financial year will be **30 June** annually.

The Company will be taxed as a public company.

## 10.3 Corporate Structure

Upon completion of the Proposed Transaction, the Company will have the following corporate structure:



AFL was incorporated in Victoria on 27 February 2015.

## 10.4 Current Capital Structure

The issued capital of the Company at the date of this Prospectus is set out in the table below:

| Class of Security                   | Number <sup>#</sup> |
|-------------------------------------|---------------------|
| Ordinary Shares (pre-Consolidation) | 393,223,695         |
| <b>Total Securities</b>             | <b>393,223,695</b>  |

<sup>#</sup> Subject to the Proposed Transaction completing, as at the date of this Prospectus all existing optionholders have executed deeds to cancel their outstanding Options, which will result in the cancellation for nil consideration of 50,000,000 unlisted Options (on a pre-Consolidation basis) exercisable at \$0.02 per Option on or before 18 March 2020.

Pro-forma capital structure of the Company (post-Consolidation) and before issuing Shares under the Offers:

| Class of Security       | Number <sup>*</sup> |
|-------------------------|---------------------|
| Ordinary Shares         | 19,661,185          |
| <b>Total Securities</b> | <b>19,661,185</b>   |

<sup>\*</sup> Number of Shares assumes that the 1 for 20 Consolidation has occurred.

## 10.5 Capital Structure following the completion of the Public Offer

Following completion of the Proposed Transaction and the Offers, the Company's capital structure is projected to be as follows:

### Minimum Raise of \$4,000,000.

| Class of Security       | Number of Securities |
|-------------------------|----------------------|
| Shares                  | 50,536,185           |
| <b>Total Securities</b> | <b>50,536,185</b>    |

### Maximum Raise of \$6,500,000.

| Class of Security       | Number of Securities |
|-------------------------|----------------------|
| Shares                  | 63,036,185           |
| <b>Total Securities</b> | <b>63,036,185</b>    |

The Company anticipates that its free float as at the time of reinstatement will be not less than 20%.

## 10.6 Substantial Shareholders

As at the date of this Prospectus, on a pre-Consolidation basis, the substantial shareholders of the Company (being a Shareholder holding 5% or more of the Shares on issue) include the following Shareholders:

| Shareholder           | Shares     | Total % |
|-----------------------|------------|---------|
| Glen Dobbie           | 41,500,000 | 10.6%   |
| Gregory Ruddock       | 25,000,000 | 6.4%    |
| Malcolm Keefe         | 25,000,000 | 6.4%    |
| Josh McKean           | 24,600,000 | 6.3%    |
| Beverley Gay Richards | 24,000,000 | 6.1%    |
| Paul Welch            | 24,000,000 | 6.1%    |
| Steve Suprpto         | 24,000,000 | 6.1%    |

On completion of the Proposed Transaction, the substantial Shareholders are projected to include the following Shareholders:

| Shareholder     | Shares     | Total % <sup>(a)</sup> | Total % <sup>(b)</sup> |
|-----------------|------------|------------------------|------------------------|
| AF Legal Vendor | 10,875,000 | 21.5%                  | 17.3%                  |
| Gregory Ruddock | 2,583,333  | 5.1%                   | 4.1%                   |

### Notes

- Following completion of the Proposed Transaction, assuming that the minimum of \$4,000,000 is raised under the Capital Raising. These percentages are based on a total sum of 50,536,185 fully paid ordinary shares of the Company (post-Consolidation), which has been calculated as follows: 19,661,185 (existing number of Shares on issue) + 10,875,000 (Consideration Shares pursuant to the Proposed Transaction) + 20,000,000 (New Shares pursuant to the Capital Raising to raise the minimum of \$4.0m).
- Following completion of the Proposed Transaction, assuming that the maximum of \$6,500,000 is raised under the Capital Raising. These percentages are based on a total sum of 63,036,185 fully paid ordinary shares of the Company (post-Consolidation), which has been calculated as follows: 19,661,185 (existing number of Shares on issue) + 10,875,000 (Consideration Shares pursuant to the Proposed Transaction) + 32,500,000 (New Shares pursuant to the Capital Raising to raise the maximum of \$6.5m).

Subject to the above disclosures, the table assumes that no existing Shareholders subscribe for Shares under the Public Offer and no new investors become substantial Shareholders, which is not known as at the date of this Prospectus.

## 10.7 Escrow arrangements

Current and Proposed Directors have agreed to enter voluntarily into escrow deeds with the Company in relation to certain Shares held by them on completion of the Proposed Transaction. The amount of escrowed shares and escrow period are summarised in the table below. Under Chapter 6 of the Corporations Act, the Company will have a relevant interest in its own securities if it enters into escrow deeds with each relevant Shareholder in relation to these shares, and the Company is prohibited from acquiring a relevant interest of more than 20%. The company has submitted an application to ASIC for relief such that section 609 of the Corporations Act is modified in a way that the Company will not acquire a relevant interest in its own securities because of the escrow arrangements.

| Shareholder     | Escrowed Securities      | Escrow Period | Shareholding %<br>(Minimum Raise) | Shareholding %<br>(Maximum Raise) |
|-----------------|--------------------------|---------------|-----------------------------------|-----------------------------------|
| AFL Vendor      | 10,875,000 Shares        | 24 months     | 21.5%                             | 17.3%                             |
| Glen Dobbie     | 2,075,000 Shares         | 12 months     | 4.1%                              | 3.3%                              |
| Gregory Ruddock | 1,083,333 Shares         | 12 months     | 2.1%                              | 1.7%                              |
| Malcolm Keefe   | 1,083,333 Shares         | 12 months     | 2.1%                              | 1.7%                              |
| Joshua McKean   | 1,063,333 Shares         | 12 months     | 2.1%                              | 1.7%                              |
| Grant Dearlove  | 500,000 Shares           | 12 months     | 1.0%                              | 0.8%                              |
| <b>Total</b>    | <b>16,679,999 Shares</b> |               | <b>33%</b>                        | <b>26.5%</b>                      |

As at the date of this Prospectus, the application is still under review by ASIC. However, the Company considers that the application is minor and technical in nature, and is in line with the current ASIC policy for granting the relief.

## 10.8 Interests of Directors, Experts and Advisers

Other than as set out below or as otherwise disclosed in this Prospectus no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- (a) has or had at any time during the two years preceding the date of this Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Public Offer; or
- (b) has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Public Offer.

Moore Stephens (VIC) Pty Ltd has acted as the Australian Investigating Accountant to the Public Offer and provided the Investigating Accountant's Report in Section 7. The Company has paid or has agreed to pay an amount of approximately \$40,000 in respect of those services (plus disbursements and GST).

PKF Brisbane Audit has acted as the Company's auditor. The Company has paid an amount of approximately \$19,000 in FY18 and \$24,000 in FY17 in respect of those services (plus disbursements and GST).

Automic Legal Pty Ltd has acted as the Australian legal adviser to the Company in relation to the Public Offer. The Company has paid or agreed to pay an amount of approximately \$150,000 (plus disbursements and GST) up to the date of this Prospectus in respect of these services. Further amounts may be paid to Automic Legal Pty Ltd in accordance with its normal time-based charges.

Automic Legal Pty Ltd provides company secretarial services to the Company. The Company has agreed to pay an amount of \$4,500 per quarter (plus disbursements and GST) in respect of these services. Further amounts may be paid to Automic Legal Pty Ltd in accordance with its normal time-based charges.

Bell Potter Securities Ltd has agreed to act as Lead Manager for this Public Offer and will receive a Selling Fee of 2% for all monies directly raised by the Lead Manager, and a Management Fee of 4% of all monies raised through the Public Offer.

Eaton Capital Holdings Pty Ltd (an adviser to AFL whose advisory business was sold to Prime Capital in July 2018, of which Peter Bergin, proposed Chief Financial Officer, is a partner) will receive a Success Fee of 3% of the Enterprise Value of AFL (\$6.7m) amounting to \$201,000 for project management services and bringing the AFL opportunity to the Company.

Moore Stephens Audit (Vic) has acted as the auditor of AFL. AFL has paid or agreed to pay an amount of approximately \$60,000 in respect of those services (plus disbursements and GST).

The Company will pay these amounts and other expenses of the Public Offer out of funds raised under the Public Offer or available cash. Further information on the use of proceeds and payment of the expenses of the Public Offer is set out in Section 10.9.

## 10.9 Expenses of the Public Offer

The Company has paid or will pay all of the costs associated with the Public Offer. If the Public Offer proceeds, the total estimated cash expenses in connection with the Public Offer will comprise the following:

| Expense                          | Amount (\$)*     | Amount (\$)***     |
|----------------------------------|------------------|--------------------|
| Legal fees                       | \$154,000        | \$154,000          |
| Independent experts' fees        | \$30,000         | \$30,000           |
| Investigating Accountant's fees  | \$40,000         | \$40,000           |
| Investor relations & other costs | \$45,000         | \$45,000           |
| ASX Fees (Listing & Review)      | \$95,453         | \$98,144           |
| Brokerage fees                   | \$240,000        | \$410,000          |
| Project management fees          | \$276,000        | \$276,000          |
| Attributable GST                 | \$88,045         | \$105,314          |
| <b>Total</b>                     | <b>\$968,498</b> | <b>\$1,158,458</b> |

\* Based on Minimum Raise

\*\* Based on Maximum Raise

## 10.10 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, any underwriters, persons named in the Prospectus with their consent as having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below:

- Moore Stephens (VIC) Pty Ltd has consented to being named in this Prospectus as the Company's Investigating Accountant and to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 7 in the form and context in which it appears.

- (b) PKF Brisbane Audit has consented to being named in this Prospectus as the Company's auditor and referred to in the Company's audited accounts.
- (c) Automic Legal Pty Ltd has consented to being named in this Prospectus as the Australian legal adviser and provider of company secretarial services to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Automic Legal Pty Ltd.
- (d) Boardroom Pty Limited has consented to being named in this Prospectus as the Share Registry for the Company. Boardroom Pty Limited had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Boardroom Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.
- (e) Moore Stephens Audit (Vic) has consented to being named in this Prospectus as the auditor of AFL and being referred to in the Investigating Accountant's Report.
- (f) Bell Potter Securities Limited has consented to being named as Lead Manager to the Public Offer, but it does not make any statement in this Prospectus, nor is any statement or report included in this Prospectus based on any statement by Bell Potter Securities Limited.

## 10.11 Investor and Potential Applicant Considerations

Before deciding to participate in the Public Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Public Offer will vary depending on the personal circumstances of the investor or potential Applicant. Investors and potential Applicants are urged to consider the possible tax consequences of participating in the Public Offer by consulting a professional tax adviser.

## 10.12 Working Capital Statement

The Directors believe that on completion of the Public Offer the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

## 10.13 Forecasts

The Directors consider that historical financial information and the trends therein provide sufficient detail to inform prospective investors of the opportunity. Reliable forecasts cannot be prepared and therefore no forecasts have been included in this Prospectus.

## 10.14 Documents available for inspection

The following documents are available for inspection during normal office hours, free of charge, at the registered office of the Company for a period of at least 12 months from the date of lodgement of this Prospectus with the ASIC:

- (a) this Prospectus;
- (b) the current Constitution of the Company; and
- (c) the consents referred to in Section 10.10 of this Prospectus.

## 10.15 Governing Law

This Prospectus and the contracts that arise from the acceptance of Applications under the Public Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

# Statement of Directors and Directors' Authorisation

Other than as set out in this Prospectus, the Directors report that after due enquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

In accordance with Sections 351 and 720 of the Corporations Act each Director has authorised the issue of this Prospectus, and each of the Directors and the persons proposed as Directors of the Company in the event that the Proposed Transaction completes has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



Gregory Ruddock  
Chairman

For and on behalf of Navigator Resources Limited

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

| Defined Term                               | Meaning                                                                                                                                                                                                                                                               |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AFL</b>                                 | AF Legal Pty Ltd ACN 604 485 154.                                                                                                                                                                                                                                     |
| <b>AFL Vendor</b>                          | The securityholder of AFL, as identified in the Share Purchase Deed and described in Section 2.                                                                                                                                                                       |
| <b>Applicant(s)</b>                        | A person or persons who submit a valid Application Form accompanied by Application Monies under this Prospectus.                                                                                                                                                      |
| <b>Application</b>                         | An application to subscribe for New Shares pursuant to the Public Offer under this Prospectus.                                                                                                                                                                        |
| <b>Application Form</b>                    | The application form for the Public Offer that is attached to and accompanying this Prospectus.                                                                                                                                                                       |
| <b>Application Monies</b>                  | Money submitted by Applicants under the Public Offer.                                                                                                                                                                                                                 |
| <b>ASIC</b>                                | Australian Securities and Investments Commission.                                                                                                                                                                                                                     |
| <b>ASX</b>                                 | ASX Limited ABN 98 008 624 691.                                                                                                                                                                                                                                       |
| <b>ASX Corporate Governance Principles</b> | ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.                                                                                                                                                                               |
| <b>ASX Listing Rules or Listing Rules</b>  | Official listing rules of ASX and any other rules of ASX that are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.                            |
| <b>Australian Accounting Standards</b>     | Australian Accounting Standards and other authoritative pronouncements by the Australian Accounting Standards Board.                                                                                                                                                  |
| <b>Board</b>                               | Board of Directors of the Company as at the date of this Prospectus.                                                                                                                                                                                                  |
| <b>CEO</b>                                 | Chief Executive Officer                                                                                                                                                                                                                                               |
| <b>CFO</b>                                 | Chief Financial Officer                                                                                                                                                                                                                                               |
| <b>CHESS</b>                               | ASX Clearing House Electronic Sub-Register System.                                                                                                                                                                                                                    |
| <b>Closing Date</b>                        | The date the Public Offer closes, being 29 April 2019 or such earlier or later date as the Directors may determine as its discretion.                                                                                                                                 |
| <b>Company or NAV</b>                      | Navigator Resources Limited ACN 063 366 487.                                                                                                                                                                                                                          |
| <b>Consideration Shares</b>                | 10,875,000 fully paid ordinary shares of the Company to be issued to the AFL Vendor (or its nominee) as part of the consideration at completion of the Proposed Transaction.                                                                                          |
| <b>Consolidation</b>                       | means the 20 for 1 consolidation of the existing issued capital of the Company, which will be implemented in accordance with Resolution 1 of the NOM at the EGM. Notably, all Securities pursuant to this Prospectus are being offered on a post-Consolidation basis. |

| Defined Term                             | Meaning                                                                                                                              |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| <b>Constitution</b>                      | The Constitution of the Company as amended or replaced from time to time.                                                            |
| <b>Corporations Act</b>                  | <i>Corporations Act 2001</i> (Cth) as amended from time to time.                                                                     |
| <b>Directors</b>                         | The directors of the Company as at the date of this Prospectus.                                                                      |
| <b>Dollar or "\$"</b>                    | Australian dollars.                                                                                                                  |
| <b>EGM</b>                               | Extraordinary general meeting of the Company to be held on 8 April 2019.                                                             |
| <b>Exposure Period</b>                   | means the period of seven (7) days after the lodgement of this Prospectus as defined in Chapter 6D of the Corporations Act.          |
| <b>Investigating Accountant's Report</b> | The report contained in Section 7 of this Prospectus.                                                                                |
| <b>Issue Price</b>                       | The issue price per New Share under the Public Offer, being 20 cents (\$0.20).                                                       |
| <b>Lead Manager</b>                      | Bell Potter Securities Limited ACN 006 390 772.                                                                                      |
| <b>LTIP</b>                              | Long Term Incentive Plan.                                                                                                            |
| <b>New Board</b>                         | The Board of Directors of the Company, following completion of the Proposed Transaction.                                             |
| <b>New Share or Public Offer Share</b>   | A Share issued as part of the Public Offer pursuant to this Prospectus.                                                              |
| <b>NOM</b>                               | The notice of meeting with respect to the EGM.                                                                                       |
| <b>Offers</b>                            | The offers being made under this Prospectus, being the Public Offer and the Consideration Offer.                                     |
| <b>Offer Period</b>                      | The period commencing on the Opening Date and ending on the Closing Date.                                                            |
| <b>Official List</b>                     | The official list of the ASX.                                                                                                        |
| <b>Official Quotation</b>                | Official quotation by ASX in accordance with the ASX Listing Rules.                                                                  |
| <b>Opening Date</b>                      | The date the Public Offer opens, being 3 April 2019 or such earlier or later date as the Directors may determine as its discretion.  |
| <b>Option</b>                            | An option to acquire a Share.                                                                                                        |
| <b>Optionholder</b>                      | A registered holder of Option(s) in the Company.                                                                                     |
| <b>Privacy Policy</b>                    | The Company's privacy policy, located on the Company's website at <a href="http://www.navlimited.com.au">www.navlimited.com.au</a> . |
| <b>Proposed Directors</b>                | The proposed directors of the Company following completion of the Proposed Transaction.                                              |

| Defined Term                | Meaning                                                                                                                                                                                                          |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Proposed Transaction</b> | The proposed acquisition of 100% of the issued capital in AFL pursuant to the Share Purchase Deed, as announced by the Company on 19 December 2018.                                                              |
| <b>Prospectus</b>           | This Prospectus lodged on the Prospectus Date.                                                                                                                                                                   |
| <b>Prospectus Date</b>      | The date that this Prospectus has been lodged with ASIC, being 29 March 2019.                                                                                                                                    |
| <b>Public Offer</b>         | The offer of between 20,000,000 and 32,500,000 New Shares at an issue price of 20 cents, \$0.20 per New Share to raise between \$4,000,000 and \$6,500,000.                                                      |
| <b>Resolutions</b>          | The resolutions that the Shareholders will be asked to consider at the EGM.                                                                                                                                      |
| <b>Section</b>              | A section in this Prospectus.                                                                                                                                                                                    |
| <b>Securities</b>           | A Share and any other right, or equity interest in the Company.                                                                                                                                                  |
| <b>Share(s)</b>             | A fully paid ordinary share in the issued capital of the Company.                                                                                                                                                |
| <b>Shareholder</b>          | A registered holder of Share(s) in the Company.                                                                                                                                                                  |
| <b>Share Purchase Deed</b>  | The share purchase agreement between the shareholders of AFL and the Company dated 18 December 2018, under which the Company will purchase the entire issued share capital of AFL subject to certain conditions. |
| <b>Share Registry</b>       | Boardroom Pty Limited ACN 003 209 836.                                                                                                                                                                           |
| <b>Walls</b>                | Walls Bridges Lawyers.                                                                                                                                                                                           |

|          |                                                                  |
|----------|------------------------------------------------------------------|
| <b>A</b> | <b>Please enter the Priority Code from your Invitation here:</b> |
|          | <input type="text"/>                                             |

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

|                                               |                                                                                                   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| D                                             | <b>Write the name(s) you wish to register the Shares in (<i>see reverse for instructions</i>)</b> |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                               | Applicant #1                                                                                      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                               |                                                                                                   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                               | Name of Applicant #2 or <Account Designation>                                                     |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                               |                                                                                                   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Name of Applicant #3 or <Account Designation> |                                                                                                   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                               |                                                                                                   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|                      |                                                                                                           |
|----------------------|-----------------------------------------------------------------------------------------------------------|
| <b>E</b>             | <b>Write your postal address here – offer available to holders with a registered address in Australia</b> |
| Number/Street        |                                                                                                           |
| <input type="text"/> |                                                                                                           |
| <input type="text"/> |                                                                                                           |
| Suburb/Town          |                                                                                                           |
| <input type="text"/> |                                                                                                           |
| State                | Postcode                                                                                                  |
| <input type="text"/> | <input type="text"/>                                                                                      |

|          |                                                               |                                                                                                                            |                                                                                                                                                                                                                                                               |
|----------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>F</b> | <b>CHESS participant – Holder Identification Number (HIN)</b> | <div><div>X</div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div> | <b>Important please note</b> if the name and address details above in sections D and E do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister. |
|----------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                      |                                                                  |  |  |  |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |
|----------------------|------------------------------------------------------------------|--|--|--|--|--|--|--|--|--|----------------------|--|--|--|--|--|--|--|--|--|
| G                    | <b>Enter your Tax File Number(s), ABN, or exemption category</b> |  |  |  |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |
|                      | Applicant #1                                                     |  |  |  |  |  |  |  |  |  | Applicant #2         |  |  |  |  |  |  |  |  |  |
|                      | <input type="text"/>                                             |  |  |  |  |  |  |  |  |  | <input type="text"/> |  |  |  |  |  |  |  |  |  |
|                      | Applicant #3                                                     |  |  |  |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |
| <input type="text"/> |                                                                  |  |  |  |  |  |  |  |  |  |                      |  |  |  |  |  |  |  |  |  |

|          |                                                                                                                                                                          |            |         |             |                   |                                                                                                                                                                    |  |  |  |  |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------|-------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
| <b>H</b> | <b>Cheque payment details —</b> ✎ PIN CHEQUE(S) HERE. Cheque to be made payable to "Navigator Resources Limited" and crossed Not Negotiable. Enter cheque details below. |            |         |             |                   | <b>Alternatively you can apply online at</b><br><a href="http://www.australianfamilylawyers.com.au">www.australianfamilylawyers.com.au</a> <b>and pay by BPAY.</b> |  |  |  |  |
|          | Name of drawer of cheque                                                                                                                                                 | Cheque no. | BSB no. | Account no. | Cheque Amount A\$ |                                                                                                                                                                    |  |  |  |  |
|          |                                                                                                                                                                          |            |         |             |                   |                                                                                                                                                                    |  |  |  |  |

|   |                                                                                                                                                                                                                                                                                  |                      |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| I | Contact telephone number (daytime/work/mobile)                                                                                                                                                                                                                                   | Contact Name         |
|   | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> | <input type="text"/> |
|   | Email address                                                                                                                                                                                                                                                                    | <input type="text"/> |

## Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this Application Form in accordance with the instructions on the form and in the Prospectus.
- ✓ declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.

## Guide to the Application Form

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

#### Instructions

- A** Enter the Priority Code from your Invitation to participate in the Offer. If a valid Entitlement Number is not provided this application may not be considered valid.
- B** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 10,000 Shares representing a minimum investment of \$2,000.00). Multiply by A\$0.20 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **C**.
- D** Write your **full name**. Initials are not acceptable for first names.
- E** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- G** Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.
- H** Complete **cheque details** as requested. Make your cheque payable to "Navigator Resources Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at [www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au) and pay by BPAY. See below.**
- I** Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies..

#### Payment by BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the prospectus available at [www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au) and follow the instructions on the online Application Form. You will be prompted at Q3E to enter the Entitlement Number from your invitation to participate in the Offer. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm Sydney Time on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor Navigator Resources Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

#### Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

| Type of Investor            | Correct Form of Registrable Title                  | Incorrect Form of Registrable Title |
|-----------------------------|----------------------------------------------------|-------------------------------------|
| Individual                  | Mr John David Smith                                | J D Smith                           |
| Company                     | ABC Pty Ltd                                        | ABC P/L or ABC Co                   |
| Joint Holdings              | Mr John David Smith & Mrs Mary Jane Smith          | John David & Mary Jane Smith        |
| Trusts                      | Mr John David Smith<br><J D Smith Family A/C>      | John Smith Family Trust             |
| Deceased Estates            | Mr Michael Peter Smith<br><Est Lte John Smith A/C> | John Smith (deceased)               |
| Partnerships                | Mr John David Smith & Mr Ian Lee Smith             | John Smith & Son                    |
| Clubs/Unincorporated Bodies | Mr John David Smith<br><Smith Investment A/C>      | Smith Investment Club               |
| Superannuation Funds        | John Smith Pty Limited<br><J Smith Super Fund A/C> | John Smith Superannuation Fund      |

#### Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

##### Mailing address:

Navigator Resources Limited  
C/-Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

##### Delivery address:

Navigator Resources Limited  
C/-Boardroom Pty Limited  
Level 12, 225 George Street  
SYDNEY NSW 2000

**The Offer closes at 5:00 p.m. (Sydney Time) on 29 April 2019, unless varied in accordance with the Corporations Act and ASX Listing Rules.**

It is not necessary to sign or otherwise execute the Application Form.

**If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.**

#### Privacy Statement

Navigator Resources Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

**COMPANY**

Navigator Resources Limited (to be renamed “AF Legal Group Ltd”)

ACN 063 366 487

**BOARD OF DIRECTORS****Current Board**

Mr Gregory Ruddock – Non-Executive Chairman

Mr Glen Dobbie – Managing Director

Mr Malcolm Keefe – Non-Executive Director

Mr Joshua McKean – Non-Executive Director

**New Board<sup>(a)</sup>**

Mr Grant Dearlove – Executive Director and Chairman

Mr Edward Finn – Managing Director and

Chief Executive Officer

Mr Glen Dobbie – Non-Executive Director

**COMPANY SECRETARY**

Alistair McKeough

**REGISTERED OFFICE**

c/- Automic Group  
Level 5, 126 Phillip Street  
Sydney NSW 2000

**ASX CODE**

Current: NAV

Proposed: AFL

**WEBSITE**

[www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au)

**LEGAL ADVISER**

Automic Legal Pty Ltd

Level 5, 126 Phillip Street

Sydney NSW 2000

**LEAD MANAGER**

Bell Potter Securities Ltd

Level 38, 88 Phillip Street

Sydney NSW 2000

**SHARE REGISTRY**

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

**INVESTIGATING ACCOUNTANT**

Moore Stephens (VIC) Pty Ltd

Level 18, 530 Collins Street

Melbourne VIC 3000

**AUDITOR**

PKF Brisbane Audit

Level 6, 10 Eagle Street

Brisbane QLD 4000

**(a)** At the EGM of the Company to be held on 8 April 2019, Shareholders of the Company will be asked to approve the Proposed Transaction, which will include the composition of the New Board.

