

CFT Energy Limited

ACN 107 745 095

Notice of Extraordinary General Meeting to be held on Friday 20 March 2015

Explanatory Memorandum

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE,
PLEASE CONSULT A SUITABLY QUALIFIED PROFESSIONAL ADVISER.

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING TO BE HELD AT 11.00 AM (AEDT)
ON 20 MARCH 2015 AT THE BOARD ROOM, PIPER ALDERMAN LAWYERS,
LEVEL 23 GOVERNOR MACQUARIE TOWER, 1 FARRER PLACE, SYDNEY NSW 2000**

TO BE VALID, PROXY FORMS MUST BE RECEIVED BY LINK MARKET SERVICES
AT LOCKED BAG A14, SYDNEY SOUTH NSW 1235 AT LEAST
48 HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.

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Section A – Chairman’s Letter



CFT ENERGY LTD

16th February 2015

Dear Shareholder,

Following the CFT Energy Limited (ASX code CFY) announcement to the Australian Securities Exchange Ltd (ASX) on November 13th 2014, to acquire 100% of the issued capital in the WolfStrike group of companies I am delighted to now write to you announcing the convening for an Extraordinary General Meeting of shareholders to seek their approval to the WolfStrike acquisitions and all related resolutions surrounding the transaction. The meeting will be held on Friday, March 20 2015 at 11:00am.

CFY has been suspended from official quotations since August 2008, currently doesn't have an operational business and has been actively seeking a suitable opportunity for the company for some time. Your board has considered several potential transactions before settling on acquiring the Wolfstrike Group of Companies (Wolfstrike Group). Since November 2014, CFY has conducted extensive due diligence on the WolfStrike Group and appointed independent experts to evaluate the opportunity in its entirety.

As a result of that review, the CFY board has made a positive decision to proceed with the WolfStrike acquisition.

The WolfStrike Group is an information technology company with a core focus on renting technological products and services to the SME market. WolfStrike has an existing base of customers with its main focus being on the retail market. This coupled with an established rental book of circa \$4,000,000, the WolfStrike Group is currently both profitable and cash flow positive. Further to its core technology rentals business, the group also owns and operates its own sales and marketing teams. There are also significant growth prospects and future opportunities for WolfStrike in Australia, New Zealand and Asia Pacific by way of targeted acquisitions and organic growth.

CFY is also seeking to raise \$3m through a combination of Convertible Notes and Ordinary Shares. These funds will assist with future acquisitions aimed at growing the size of the WolfStrike Group and associated rental book.

This is an exciting time for CFY's shareholders as your board works to have CFY relisted on the ASX and acquire a profitable and cash flow positive business.

Therefore on behalf of the CFY Board of Directors, I recommend that all shareholders vote for all resolutions put before the meeting.

Yours Faithfully,

Robin Armstrong
Executive Chairman
CFT Energy Limited

Section B – Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Members of CFT Energy Limited ACN 107 745 095 (Company) will be held at the time, date and place listed below to consider and vote on the resolutions specified in this notice.

Please refer to the Explanatory Memorandum that accompanies this Notice of Meeting for important information on the resolutions proposed.

The attached Explanatory Memorandum that forms part of this Notice of Meeting is provided to supply Shareholders with information to enable them to make an informed decision regarding the Resolutions set out in this Notice.

Time and date of Meeting:	20 March, 2015 at 11.00am
Place of Meeting:	Piper Alderman Lawyers, Level 23 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000

Ordinary Business

To receive and consider the financial reports of the Company for the years ended 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 and the reports of the Directors and Auditors.

The Corporations Act and the Company's Constitution do not require that a vote of the Members be taken on the financial reports, or the reports of the Directors or Auditors. However Members will be provided with the opportunity to raise any issues with, or ask questions of, the Directors or Auditor in relation to the reports or the business and operations of the Company at the Meeting.

As the Company has not held its required annual meetings of members for the years ending 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 it is necessary to pass resolutions relating to the adoption of the remuneration reports for those years at this meeting.

Resolutions

1. Adoption of Remuneration Report for year ended 30 June 2011

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

"That the Remuneration Report required by section 300A of the Corporations Act for the financial year ended 30 June 2011 be adopted."

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

2. Adoption of Remuneration Report for year ended 30 June 2012

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

"That the Remuneration Report required by section 300A of the Corporations Act for the financial year ended 30 June 2012 be adopted."

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

3. Adoption of Remuneration Report for year ended 30 June 2013

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

"That the Remuneration Report required by section 300A of the Corporations Act for the financial year ended 30 June 2013 be adopted."

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

4. Adoption of Remuneration Report for year ended 30 June 2014

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

"That the Remuneration Report required by section 300A of the Corporations Act for the financial year ended 30 June 2014 be adopted."

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

Special Business Resolutions

5. Change of Name of Company to WolfStrike Rentals Group Limited

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

“Subject to the resolutions 5 to 9 referred to in this Notice of Meeting being passed, that the name of the Company be changed to “WolfStrike Rentals Group Limited”.”

6. Share Consolidation from 2 to 1

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

“Subject to the resolutions 5 to 9 referred to in this Notice of Meeting being passed, pursuant to section 254H of the Corporations Act, 2001, that the share capital of the Company be consolidated through the conversion of every two fully paid ordinary shares in the Company into one fully paid ordinary share in the Company and that any resulting fractions of a share be rounded up to the next whole number of shares.”

7. Change in Nature and Scale of Activities

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

“Subject to the resolutions 5 to 9 referred to in this Notice of Meeting being passed, for the purposes of Listing Rule 11.1 and all other purposes, approval be given for the Company to make a significant change in the nature and scale of its activities as explained in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by:

- (a) Kingfisher Corporate Trustee Limited;
- (b) River Horse Trustee Limited;

- (c) Kingbird Limited;
- (d) a person who has or might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed;
- (e) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

8. WolfStrike Acquisition

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

“Subject to the resolutions 5 to 9 referred to in this Notice of Meeting being passed, for the purposes of Listing Rule 11.1 and all other purposes, that approval be given for the Company to acquire the WolfStrike Assets (as defined in the Explanatory Memorandum accompanying this Notice of Meeting) on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by:

- (a) Kingfisher Corporate Trustee Limited;
- (b) River Horse Trustee Limited;
- (c) Kingbird Limited;
- (d) a person who has or might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed;
- (e) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

9. Approval of Issue of Initial Consideration Shares

Item 7 of s 611 of the Corporations Act

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

“Subject to the resolutions 5 to 9 referred to in this Notice of Meeting being passed, for the purposes of Item 7 of section 611 of the Corporations Act, 2001 and all other purposes, that the Company approve the allotment and issue to the following persons as the consideration for the WolfStrike Acquisition (as that expression is defined in the Explanatory Memorandum accompanying this Notice of Meeting) a total of 404,329,000 ordinary shares in the Company on a post-consolidation basis.

- (a) *Kingfisher Corporate Trustee Limited - 28,000,000 ordinary shares on a post consolidation basis on completion of the WolfStrike Acquisition;*
- (b) *River Horse Trustee Limited – 18,000,000 ordinary shares on a post consolidation basis on completion of the WolfStrike Acquisition;*
- (c) *Janice Taylor - 25,000,000 ordinary shares on a post consolidation basis on completion of the WolfStrike Acquisition;*
- (d) *Jonathon Taylor- 22,000,000 ordinary shares on a post consolidation basis on completion of the WolfStrike Acquisition;*
- (e) *Elaine Bailey- 22,000,000 ordinary shares on a post consolidation basis on completion of the WolfStrike Acquisition;*
- (f) *Joseph Sleeman Bailey- 40,000,000 ordinary shares on a post consolidation basis on completion of the WolfStrike Acquisition;*
- (g) *Lydia Sleeman Bailey- 40,000,000 ordinary shares on a post consolidation basis on completion of the WolfStrike Acquisition;*
- (h) *Venice Trustee Limited - 45,000,000 ordinary shares on a post consolidation basis on completion of the WolfStrike Acquisition;*
- (i) *Kingbird Limited (formerly WolfStrike Distributors Limited) - 164,329,000 ordinary shares on a post consolidation basis (transferred to that company as consideration for the acquisition from Kingbird Limited of its rental book and business).”*

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by:

- (a) Kingfisher Corporate Trustee Limited;
- (b) River Horse Trustee Limited;
- (c) Janice Taylor;
- (d) Jonathon Taylor

- (e) Elaine Bailey;
- (f) Joseph Sleeman Bailey;
- (g) Lydia Sleeman Bailey;
- (h) Venice Trustee Limited
- (i) Kingbird Limited;
- (j) a person who has or might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed;
- (k) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

10. Issue of up to 100,000,000 Shares in Public Offer

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

“For the purposes of Listing Rule 7.1, the allotment and issue of up to 100,000,000 shares paid to \$0.02 each on a post-consolidation basis be approved on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion Statement

- (a) a person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed;
- (b) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

11. Issue of up to 25,000,000 Shares to Promoters

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

“For the purposes of Listing Rule 7.1, the allotment and issue of up to 25,000,000 shares paid to \$0.02 each on a post-consolidation basis to promoters (within the meaning of that expression in the Listing Rules) who are not related parties to the Company be approved on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion Statement

- (a) person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed;
- (b) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

12. Issue of up to 25,000,000 Shares to Advisers

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

“For the purposes of Listing Rule 7.1, the allotment and issue of up to 25,000,000 shares paid to \$0.02 each on a post-consolidation basis to advisers in relation to the Corporate Restructure and Acquisition (as defined in the Explanatory Memorandum accompanying this Notice of Meeting) or the issue of the Convertible Notes who are not related parties to the Company be approved on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

13. Issue of Convertible Notes

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

“That for the purposes of Listing Rules 7.1 and 7.4 and for all other purposes, approval is given with respect to the issue by the Company of twenty (20) Convertible Notes of \$50,000 each which may convert into up to 125,000,000 ordinary shares paid to \$0.008 per share on a

pre-consolidation basis or up to 62,500,000 ordinary shares paid to \$0.016 per share on a post- consolidation basis.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by:

- (a) a person who participated in the issue;
- (b) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
- (c) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

14. Approval of issue of 5,000,000 Shares on a pre-consolidation basis

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

“That for the purposes of Listing Rule 7.4 and for all other purposes, approval is given with respect to the issue by the Company of 5,000,000 Shares in the Company on a pre-consolidation basis to A & J Tannous Nominees Pty Ltd ACN 050 195 581.”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by:

- (a) A & J Tannous Nominees Pty Ltd ACN 050 195 581;
- (b) a person who participated in the issue;
- (c) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

15. Appointment of Robin Armstrong as a Director

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

“That the appointment of Robin Armstrong as a director of the Company on 29 September 2014 be confirmed”.

16. Appointment of Quentin Olde as a Director

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

“That the appointment of Quentin Olde as a director of the Company on 29 October 2014 be confirmed”.

17. Issue of Shares to BDO

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

“For the purpose of Listing Rule 7.1 and for all other purposes, approval is given with respect to the issue by the Company of 594,580 Shares on a post-consolidation basis of \$0.02 per Share to BDO (WA) Pty Ltd ACN 124 158 863 as trustee for the BDO (WA) Unit Trust in full satisfaction of outstanding fees owed by the Company to that entity”

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by:

- (a) BDO (WA) Pty Ltd ACN 124 158 863 as trustee for the BDO (WA) Unit Trust;
- (b) a person who participated in the issue;
- (c) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Notes

An explanation of the resolutions is set out in the accompanying Explanatory Memorandum (EM). This EM explains the purpose of the meeting and the resolutions to be considered at the meeting. An Independent Expert's Report is also attached to the EM which members should read as a whole.

Proxies

- each member has a right to appoint a proxy
- a proxy does not have to be a member of the Company
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion of number of votes each proxy is appointed to exercise. If such apportionment is not made, each proxy may exercise half of the member's voting rights. Neither proxy is entitled to vote on a show of hands.
- the proxy form must be signed personally by the member or his/her attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or the Corporations Act 2001. In the case of joint members, this proxy must be signed by each person personally or by an authorised attorney.
- if a proxy is executed by an attorney of a member, the original of the relevant power of attorney or a certified copy of the power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
- a form of proxy is attached to this notice of meeting.
- to be effective, proxies must be received by Link Market Services at Locked Bag A14, Sydney South, NSW 1235 (a replied paid envelope accompanies this notice of meeting) at least 48 hours before the time appointed for the meeting.
- a proxy may be sent by fax to 02 9287 0309 to be received by the time specified above.
- A proxy maybe delivered by hand to Link Market Services at 1A Homebush Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000 by the time specified above.

By order of the Board



Robin Armstrong
Executive Chairman

Dated: 16 February 2015

Section B – Explanatory Memorandum

1. Introduction

This Explanatory Memorandum contains important information in relation to the resolutions to be considered at a General Meeting of Members. This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting.

You should read this Explanatory Memorandum in its entirety before making a decision on how to vote on the resolutions to be considered at the General Meeting.

The purpose of this Explanatory Memorandum is to:

- hold the annual general meetings which should have been for the years ended 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 with the audited accounts for those income years to be presented to the shareholders and adopt the remuneration reports for those years;
- provide the Shareholders with information in relation to the resolutions to be put to a General Meeting;
- explain the terms and effect of the Corporate Restructure and Acquisition to Shareholders; and
- provide such other information in relation to the resolutions as is prescribed by the Listing Rules and the Corporations Act.

In considering the Resolutions, Members must bear in mind the current circumstances of the Company. If Resolutions 5 to 9 are passed and the proposed acquisition and Capital Raising is completed, the Company intends to seek the reinstatement of quotation of its securities on the ASX. This reinstatement is, of course, subject to the discretion of the ASX.

If Shareholders reject any of the Resolutions 5 to 9 all of those Resolutions 5 to 9 will fail and the proposed Corporate Restructure and Acquisition and application for reinstatement to ASX will not proceed.

If you are in doubt about the action you should take in relation to the proposals contemplated in this Explanatory Memorandum, you should consult your financial or other professional adviser immediately.

Moore Stephens Sydney Corporate Finance Pty Ltd (“Independent Expert”) has prepared the Independent Expert’s Report in relation to the Corporate Restructure and Acquisition enclosed with this Explanatory Memorandum and takes responsibility for that report.

The Independent Expert has prepared and is responsible for the Independent Expert’s Report.

The Independent Expert is not responsible for any other information contained within this Explanatory Memorandum.

Shareholders are urged to read the Independent Expert’s Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

WolfStrike has prepared, and is responsible for, the WolfStrike Information. The Company does not assume any responsibility for the WolfStrike Information.

Other than in respect of the information identified above as WolfStrike Information, the information contained in the remainder of this Explanatory Memorandum has been prepared by the Company and is the responsibility of the Company. Neither WolfStrike nor the Convertible Noteholders nor any of their representatives assumes any responsibility for the accuracy or completeness of that information. The Company does not assume responsibility for the accuracy or completeness of any other part of this Explanatory Memorandum and assumes responsibility only to the extent required by law.

Please note that capitalised words in this Explanatory Memorandum have a defined meaning which appears in the Glossary of Terms in Section E.

2. Overview

2.1 Background

The Company is a public company listed on the official list of the ASX (ASX code: CFY), which currently has limited assets and business other than its ASX listing. The Directors have been actively seeking to identify potential investment opportunities for the Company for some time. Its shares have been suspended from the official list since August 2008.

At present the Company is just a corporate shell without any on-going business. The WolfStrike Acquisition will give the Company an on-going business generating revenue for the benefit of the shareholders.

Subject to completion of the WolfStrike Acquisition and readmission of the Company to the ASX, the Company intends in future to focus on the businesses of the WolfStrike Companies the subject of the WolfStrike Acquisition.

2.2 Background to change in nature and scale of activities

As announced to the ASX on 14 November 2014 the Company has entered into the WolfStrike Acquisition Agreements with the WolfStrike Vendors to acquire the whole of the issued capital of the WolfStrike Companies. The WolfStrike Acquisition Agreements have subsequently been amended. The key amendment is that the consideration for the WolfStrike Acquisition will now be the Initial Consideration Shares and the Performance Consideration Shares. The terms of the WolfStrike Acquisition have also now been amended so as to be consistent with this Notice of Meeting.

(a) **WolfStrike Rental Services Limited (“WRS”)**

Although WRS is a new company having only been incorporated on 5 August, 2013, its business already has strong cash flows and profits. Its core business is the financing and management of rental contracts for technology provided to merchants and retailers throughout New Zealand. Sales for WRS are generated by an associated company WolfStrike Distributors Limited (“WDL”) as well as third party agents and independent

resellers. Over the last year, WRS has also acquired a number of rental books and customer bases to expand their business and will continue to expand its reach by way of organic growth and acquisitions.

Contracts provided to WRS are typically for a 36 – 48 month fixed term with monthly payments. This provides WRS with regular and ongoing subscription type revenue. WRS' most recent acquisition was the customer and rental base of XCR Limited, a leading POS software developer and supplier based out of Auckland with the exclusive distribution rights for the XCR products in both the New Zealand and Australian markets. WDL has now acquired the exclusive distribution rights to the global XCR technology in Australia and New Zealand. Prior to this acquisition, WRS purchased the rental assets and rental book of POS provider CashCow! Technologies Limited, along with the exclusive rights to the Cashcow POS software for the local and international markets, as well as the rental base of EFTPOS Warehouse Limited. WDL has subsequently acquired the underlying intellectual property rights to the CashCow! Technologies from XCR Ltd.

Funding for WRS is via third party mezzanine financiers who use the customer rental contract as security for its funding. Funding of this kind incurs higher interest rates of approximately 15%-17% per annum and therefore reduction of this interest rate is a core part of the desire to list the company, raise additional capital and reduce debt.

WRS has (as at 8th December 2014) contracted future income of over NZ\$4million and also has a number of customers who continue to pay on a regular monthly basis.

Income for the Australian group, with sales provided by both WDPL and also third party sales agents, will be derived from a combination of monthly rental fees, set up fees and ongoing transaction fees all financed and operated via WolfStrike Rental Services.

A copy of WRS's unaudited financial statements for the 6 month period ended 30 September 2014 are at Annexure A of this Explanatory Memorandum.

(b) WolfStrike Distributors Ltd (“WDL”)

The Company also proposes to acquire the whole of the issued capital of WDL as part of the WolfStrike Acquisition. WDL has purchased all the assets and business of Kingbird Limited (“Kingbird”) and amalgamated that business into WDL. WDL, both directly and as part of its business acquisition from Kingbird, will have the exclusive distribution rights for a number of products and services focused on their target market. Such products include POS systems, security systems, camera monitoring systems and various software and intellectual property, including Smartphone technologies and their integrating into WolfStrike POS and payments systems.

The WDL business currently generates the majority of the sales for WRS as referred to above and manages the distribution network.

The WolfStrike Distributors Business, on a consolidated basis, is currently profitable with positive cash flow and generates sales by way of the distribution of products to merchants and businesses throughout New Zealand. The majority of these sales are then sold to and managed by WRS (via the rental agreements). The products being sold through the WolfStrike Distributor Business include POS systems, software, smartphone based applications, payment terminals and systems and (in New Zealand) security systems.

In the New Zealand market, “WolfStrike” is an established brand, has Paymark Partner accreditation for its payments product range and has obtained certification for its products to the latest 2014 Paymark security and messaging specification. Furthermore WolfStrike’s payments products have full PCI 3 approvals meaning that its terminal base has one of the longest life cycles of all products currently in the market.

WDL also holds the exclusive distribution rights for Castles Technology Co Ltd’s range of EFTPOS and contactless terminals for both New Zealand and Australia. Castles Technology Ltd is one of the largest manufacturers of payment and contactless terminals in the world being listed at number 7 by “The Nilson Report 2011”. The Castles products is provided on an exclusive basis and branded under the WolfStrike brand.

In addition to the Castles product range, WDL has exclusive distribution rights for the XCR POS Hospitality software and products for NZ and Australia. It also has entered into an agreement to buy the intellectual, property and full worldwide rights to the Cashcow! Technologies Limited general retail POS software.

WDL has further developed a range of new technologies for release to the merchants and retailer base such as iBeacons and automated ordering systems using smartphones. WDL intends to continue to undertake developments for its full range of products as well as to source products from third parties that can be fully integrated to provide a range of services that other providers can’t currently provide.

These developments combine with WolfStrike’s current POS offerings, both hardware and software, and combines other merchants related products such as security systems and camera control systems, all of which allow the WolfStrike Companies to offer a fully integrated end to end system with security systems, cameras systems, POS systems (hardware and software), EFTPOS and hardware all combined in a single rental contract.

In NZ, WolfStrike Distributors Limited has applied to be a registered and certified “Security Consultant and Technician” with a security license issued by the New Zealand Ministry of Justice. This enables the company to sell and support security devices. Many of the staff at WDL are currently also personally registered as security consultants and hold security consultant licences issued by the New Zealand Ministry of Justice.

WDL also holds the distribution rights for the HPRT range of POS, label and receipt printers, and has relationships to supply the FEC range of POS screens and the CipherLab range of barcode scanners and mobile handheld computers.

Further, by utilising the finance facilities of WRS the reseller can provide their customers with a full range of products and services all under one rental contract.

In terms of sales and distribution WDL has its own direct sales channel as well as resellers and / or agents located throughout New Zealand operating under a number of brands, which includes EFTPOS Warehouse, XCR, and Cashcow! Technologies. This gives a local and national distribution and sales capability as well as direct support and technical support capabilities and an existing customer base.

The unaudited financial statements of WDL (which also include the WolfStrike Distributor Business WDL has acquired) for the 6 months ended 30 September, 2014 are at Annexure B of this Explanatory Memorandum.

(c) **WolfStrike Distributors Pty Limited (“WDPL”)**

The Company also proposes to acquire the whole of the issued capital of WDPL as part of the WolfStrike Acquisition.

WDPL is a newly formed Australian company that has recently entered into an agreement to rebrand and resell the Mint Wireless MPOS payments system. This product is a combined mobile phone application and Chip and Pin security device and will be linked into other WolfStrike POS, Smartphone and tablet products to provide its merchant and business customers with a unique product set rented under a single contract via WRS. The launch is expected in the first half of 2015, depending on final testing and completion of any operational and regulatory requirements.

In the Australian business, WDPL will be the sales and distribution channel, (in a similar vein to WDL in New Zealand) with all rental contracts being sold to and managed by WRS.

The Australian business plan is to acquire similar synergistic businesses to WDL and to grow its merchant base via a combination of acquisition and direct sales. WDL will then extend the product offering available from WolfStrike to those merchants by adding POS systems, payment systems and security systems, along with other products and services currently being developed by WolfStrike that will increase the monthly subscription payable.

At this time, WDPL has not entered into any agreements (other than the agreement with Mint Wireless, and agreements in terms of offices in Sydney), and has not traded, therefore no accounts are available.

2.3 Overview of the WolfStrike Group’s Sales and Marketing Approach

The WolfStrike Companies’ product suite is focused on sourcing, developing and supplying a wide range of technology, that a merchant and/or business would need to operate their business. The company is not limited to its product range nor offering and will source and resell products, using the WRS facilities, as the merchant requirements change.

These products are provided to the customer on a long term rental contract with a fixed monthly fee (and on some cases an ongoing operational fee). These contracts are sold to and managed by WRS.

In addition to products being sold via WDL sales staff, WRS also offers the same rental services to other third party and non-owned companies who utilise WRS to rent products to their own customer base. This approach expands the ability of WRS to expand its customer base and cross sell other services available from the group.

WRS' focus is also on the integration and rental of a range of Smartphone applications (including Loyalty applications, remote ordering, POS systems and software) and various hardware platforms that link Smartphones, marketing/advertising and payments technologies into a cohesive product suite.

The WolfStrike Companies' New Zealand based sales approach is via a combination of direct sales agents and resellers. This is a very efficient and cost effective way of developing the market and will be implemented in the Australian market as well. In some cases, the Australian market may utilise the New Zealand infrastructure to further reduce costs, increase efficiency and increase profits as the New Zealand cost structures are considerably lower than Australia.

Further, WRS has also appointed other independent companies who utilise the WRS rental facility for their customers. It is expected that this channel will continue to expand.

In the Australian market, WDPL has identified targeted potential acquisitions who are current trading companies, all with positive cash flow and which it views as profitable, all with existing customer bases and the ability to both cross sell and further grow the business of the WolfStrike Companies.

In relation to resellers, WDPL and WRS propose to market its products via the thousands of resellers of POS and retailer based products that are located throughout Australia. This will maximise reach into all cities and towns throughout Australia.

Additionally it is proposed to implement a direct to market sales approach whereby WDPL's own sales staff will generate sales directly with the merchants. This will be by way of a suitable acquisition of an existing Australian based sales and marketing company.

This combined approach ensures a maximisation of sales whilst ensuring to minimise overall staffing and management costs.

For both cases the resellers will be provided with the WRS rental product thereby increasing the reach and growth much faster than just organic growth.

This sales model is a proven program that generates significant cash flows and profits, once the critical mass has been achieved. Critical mass, for the Australian market is estimated to be circa 2,000 – 5,000 merchants. The more services the merchant uses, the more monthly rental they pay. For example the services could include the "Automated ordering system – PayCafé", along with a loyalty program and combined with the payments terminals.

Each aspect of the services includes a separate fee, (on top of the POS system and/or EFTPOS rental) which, in the example above could be up to \$150 per contract per month.

WolfStrike operates a dedicated contract management system to manage all these contracts with payment typically being via a direct debit from the merchant's bank account.

WRS' philosophy is to source and sell products and services from third parties and/or those developed by WolfStrike. These include Smartphone based ordering systems, loyalty programs and similar services that may not require payments to work effectively.

The competitive advantages of the WolfStrike Distributor Business being acquired by the Company through the WolfStrike Acquisition are:

- One stop shop
- WolfStrike owns various intellectual property so it can modify its offering to meet market needs
- Innovative development and ongoing enhancements will assist growth
- Unique market positioning
- Sales and marketing teams in place
- Scalable business model – more merchants, more products resulting in higher EBITDA
- Experienced management and development team
- Existing business with revenues, profitability and strong cash flows.

The WolfStrike Companies' "one stop shop" approach of hardware, services, software and financing all in one "easy to pay" monthly package makes this very attractive to the merchant.

All merchants and retailers require POS systems, EFTPOS, printers, scanners and similar products to allow them to open their store and trade.

As such the WolfStrike Companies look to be the **one stop shop** for all these products and bundle them into a single rental contract with the customers.

Additionally the hardware products (including the ability to finance the merchant via the WRS rental offer) is available to all WolfStrike resellers and agents, as well as its direct sales force.

The current product set offered by the WolfStrike Companies includes:

- *POS systems – hardware and software*
- *POS software*
- *Payment terminals*
- *Value added services software*
- *Security Systems*
- *CCTV*

2.4 Overview of the “WolfStrike” Smartphone software product range

The software product suite either available now or under development includes:

- (a) Smartphone applications for customer automated ordering directly from the smartphone to the EFTPOS terminal (PayCafé) see www.paycafe.co.nz.
- (b) Smartphone based (NFC/RFID) loyalty programs – using smartphone NFC (near field communications) and/or RFID tags to provide loyalty programs across multiple merchants with a single smartphone.
- (c) Tradesperson payment options using smartphones and Mint Wireless payments gateway called “Settle”.
- (d) In-store Point of Sales systems, including hardware and POS software for both SME and corporate users.
- (e) Smartphone/Mobile based payments and POS integration technologies – linking the POS system, via a “Tablet” to a payments system, stock control and automated ordering systems.
- (f) Wireless payments: The WolfStrike Companies’ range of payment products and services allows a merchant to connect their iPad, Tablet, PC, web site or mobile computing to a mobile payments device. The WolfStrike Companies offer complete applications for this or an API to allow third party resellers/POS providers to include the WolfStrike service into their own product suites.
- (g) Contactless readers and chip based payments terminals and software - all contactless and chip card enabled, with these linked back to the loyalty programs and automated ordering systems.
- (h) “Beacon” based advertising systems that allow the targeting to a customer either in-stores or in strip malls/shops. This allows a merchant to send messages directly to the Smartphone when the customer is in range of the merchant’s shop.
- (i) Wolfstrike RETAILER POS: A general retail POS software linking Wolfstrike payment products into a cohesive product offer. This PC/Tablet based software combines mobility (using Tablets), payments (Wolfstrike) and full POS functionality such as stock control, hospitality, general retail, multi-lane, multi-site and automated backup.
- (j) XCRPOS – a specialist Hospitality software for small and larger clubs, bars and pubs. This includes a full loyalty program capability browser control and wet goods inventory control. This includes PC/Tablet based software that combines mobility (using Tablets), payments (WolfStrike) and full POS functionality such as stock control, hospitality, general retail, multi-lane, multi-site and automated backup.
- (k) WolfStrike “WishPOS”. WishPOS is a cloud based POS system for those customers who prefer an on-line automatically backed up system. Fully functional in the same manner as WolfStrike Retailer, this system is robust and available via the web on a subscription basis. See www.wishpos.com.

2.5 Overview of the “WolfStrike” hardware product range

The WolfStrike Companies also offer a full range of hardware to facilitate the delivery of its products. Whilst it is not mandatory to use WolfStrike hardware, the company markets this as being an important part of the overall product offer. Already being sold into the New Zealand market, and available in the Australian market as well, these products are well known and accepted by potential customers.

In addition to the ability to directly import and distribute these hardware products, WolfStrike also purchases from local resellers as required.

2.6 Overview of the WolfStrike Management

The Company anticipates that a new management team will be employed for the Australian market during the first year of operations. In the meantime, Ian Bailey and one business development manager will be responsible for driving and implementing the plan, along with the proposed acquisition of an existing sales channel. Additionally, senior management will be recruited to support the Company’s growth strategy and to, wherever possible, reduce costs by the provision of services across both the New Zealand and Australian markets

Ian Bailey

Ian Bailey is the principal of Riverhorse Consulting Limited and Managing Director of WRS and WDL. Ian is a seasoned executive specialising in start-up and established technology companies, with a history in payments and EFTPOS, POS systems, software development, product development, company restructuring, growth strategies, project management, public company management and both private and public company governance.

Ian has had extensive experience in both the New Zealand and Australian markets, particularly in the payments (EFTPOS), merchant POS (hardware and software) technology and telecommunications sectors.

Ian has formed and managed five companies in the merchant and payments industry and has extensive experience in the technology (wireless, Wi-Fi, internet and payment gateways/switches), card issuing (private label cards), marketing to banks, financial institutions, telecommunications companies, transport and media.

In addition Ian has been involved in the listing and management of two companies listed on the NZX.

Ian has a solid background and qualifications in technology, management and sales and marketing. These include a Diploma in Electronic Computer Servicing, and an Electronics Technician Certificate from Auckland Technical Institute, the completion of Marketing papers from the University of Auckland, a Certificate in Business Management from the Australian Institute of Management, and a wide range of courses from the New Zealand Institute of Directors, including a Certificate in Company Direction, Chairing the Board, Finance Essentials and Governance Essentials. Ian has both New Zealand and Australian citizenship.

Ian is also a Chartered member of the New Zealand Institute of Directors and an Affiliate of the Australian Institute of Directors and has held directorships in New Zealand and Australian private and public companies.

Ian has a proven track record of success, business growth, cash flow management, funding, and successful strategy development and implementation.

His career includes:

- New Zealand and Australian experience.
- Providing strategic input to assist companies to grow, the restructuring of businesses to enhance profitability, technical product reviews and marketing plan review.
- Acting as director of various public companies, and/or their subsidiaries in both NZ and Australia.
- Acquisition and integration management.
- Listing companies on the NZX and has experience in public company governance.
- Managing distressed companies and turnaround environments.
- Business analysis for profitability improvement.
- Technical review of product developments.
- Payment (EFTPOS) system design and implementations.
- Project management.
- Business plan review and implementations.
- Business restructuring programs and implementation.
- Funding and capital raising.

Tom McDonald

If the acquisition proceeds an Australian based executive, Tom McDonald, will be appointed as the General Manager of the Australian operations for the WolfStrike Companies.

Tom McDonald is an experienced business executive with over 20 years listed public company experience. He has a background in senior management, CFO and COO roles with growth and technology companies in Australia and USA. Those roles include CFO/GM and new business development for Keycorp Limited; Manager Global Information Systems in California with Beckman Instruments Inc; CFO at Australian based LIPA Pharmaceuticals Limited and currently is an independent consultant providing strategy and management roles to public companies.

Tom has previously worked with Ian and has agreed to join the company in the role of Australian GM with a focus on presenting the company to the Australian market, brokers and potential investors. Tom will support all aspects of ASX governance

and company secretarial, acquisition and integration management, as well as the day to day financial management of the company.

Tom holds a Bachelor of Commerce from the University of New South Wales (UNSW), as well as Post Graduate Diploma in business studies from the University of Technology Sydney (UTS). In addition, Tom is a Fellow of the Certified Practising Accountants (FCPA); is an associate of the Governance Institute (formerly the Chartered Institute of Company Secretaries) and is a member and presenter with the Australian Institute of Company Directors (AICD).

In the New Zealand market WDL/WRS has an established management team operating the day to day management of the business.

The core management team comprises of:

Darren Moore – New Zealand Group GM

Darren is an experienced senior manager with a background in all facets of business including technical staff, marketing, sales and administrative personnel. He has previously worked for Digital Mobile, and Digi Cell in both local and international markets with staff of more than 65 and revenues of well over \$40M per annum. He has undertaken a range of tertiary courses in sales and marketing and has high energy and sets high standards.

He has directly managed the NZ business and has been instrumental in the growth of the company over the last 12 months.

Sharlene Henderson – Financial Controller/Chief Operating Officer

Sharlene has been with the WolfStrike group for the last 12 months as the Financial Controller. Her responsibilities include all financial management, and specifically the management of the WRS rental book, along with all company asset management. Sharlene has been involved in the development of the financial systems and processes of the WolfStrike Business, with a focus on systems and procedures.

Sharlene has worked with Ian Bailey in a previous company relating to the operation of a rental book and successfully managed the growth of the book along with tight debtors controls and collections.

Sharlene has a Bachelor of Business with an Accounting major, and over the past 20 years has held various Group Accountant and Financial Controller positions for both public and private companies, with companies such as Airpro Group of Companies Limited, Singer Group Limited, Cadmus Technology Ltd and Hi Tech Packaging Ltd.

Chief Operating Officer (COO)

The company is currently recruiting a chief operating officer with specific focus on people who have experience in growth companies, the implementation of operational process controls, mergers and acquisitions and having a combination of commercial skills along with financial knowledge, qualifications and background.

2.7 Material Terms of the WolfStrike Acquisition

The Company will acquire the whole of the issued capital of the WolfStrike Companies. Completion of the WolfStrike Acquisition is conditional upon satisfactory due diligence by the Company of the WolfStrike Companies and by the WolfStrike Companies of the Company. Completion is also conditional upon Resolutions 5 to 9 the subject of this Notice of Meeting being passed by the requisite majorities. If they are not passed then the WolfStrike Acquisition will not proceed.

The usual types of warranties with respect to a share purchase agreement are given by the WolfStrike Vendors.

The purchase price for the WolfStrike Acquisition is:

- (a) the Initial Consideration Shares; and,
- (b) if the Performance Conditions are met and the shareholders approve the issue of the same, the Performance Shares.

2.8 Impact of the Resolutions on the Company's Capital Structure

The capital structure of the Company following completion of the WolfStrike Acquisition (on a pre and post consolidation basis) and Capital Raising is set out below:

Indicative Share Structure	No. of Shares	% of Shares
Existing Shares on Issue	75,703,461	100%
Total Existing Shareholders	75,703,461	100%
Shares Post-Consolidation (Resolution 6)	37,851,730	5.78%
Initial Consideration Shares for WolfStrike Acquisition (Resolutions 7, 8 and 9) issued on completion as follows:		
Kingfisher Trustee Limited	28,000,000	4.28%
Riverhorse Trustee Limited	18,000,000	2.74%
Janice Taylor	25,000,000	3.81%
Jonathon Taylor	22,000,000	3.36%
Elaine Bailey	22,000,000	3.36%
Joseph Sleeman Bailey	40,000,000	6.10%
Lydia Sleeman Bailey	40,000,000	6.10%
Venice Trustee Ltd	45,000,000	6.86%
Kingbird Limited	164,329,000	25.08%
Issue of Shares pursuant to Prospectus(Resolution 10)	100,000,000	15.26%
Issue of Shares to Promoters (Resolution 11)	25,000,000	3.82%
Issue of Shares to Advisers (Resolution 12)	25,000,000	3.82%
No. of Shares on conversion of Convertible Notes if fully subscribed (Resolution 13)	62,500,000	9.54%
Issue of Shares to BDO (Resolution 17)	594,580	0.09%
Total Shares Following Acquisition & Capital Raising	655,275,310	100%

2.9 Indicative Timetable

The anticipated timetable for completion of the WolfStrike Acquisition is set out below. However, the Directors reserve the right to change any of the below dates without notice but subject to relevant laws:

Item	Estimated Date
Execution of WolfStrike Acquisition Agreements	30/10/2014
Announcement of proposed WolfStrike Acquisition	14/11/2014
Dispatch of Notice of General Meeting seeking approval of the Resolutions	17/2/2015
General Meeting to Approve Resolutions	20/3/2015
Lodgement of Prospectus ASIC	18/6/2015
Application for Listing lodged with ASX	25/6/2015

2.10 Impact of the WolfStrike Acquisition on the Company

The WolfStrike Acquisition will result in the Company owning 100% of the WolfStrike Companies and the current business of those entities. This will give the Company a profitable business to generate a return to Shareholders on capital. The WolfStrike Acquisition will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote.

2.11 Advantages of the WolfStrike Acquisition

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

- (a) The Company does not currently have an operating business and accordingly is not generating value for the Company's Shareholders;
- (b) The addition of Ian Bailey to the management team in connection with the WolfStrike Acquisition will add valuable experience and skills which can help the Company to grow and develop;
- (c) The WolfStrike Acquisition represents a significant investment opportunity for the Company to transition the focus of its activities to developing a successful operating business;
- (d) The WolfStrike Acquisition comprising a potentially profitable business with strong on-going cash flows that provides the Company with an opportunity to further develop that business to substantially increase the value of the Company; and

- (e) The Company may be able to raise further funds in the future at higher prices by way of share equity as a result of the WolfStrike Acquisition.

2.12 Disadvantages of the WolfStrike Acquisition

The following is a non-exhaustive list of potential disadvantages of the WolfStrike Acquisition that may be relevant to a Shareholder's decision as to how they vote on the Resolutions:

- (a) The Company's change of activities to become what is essentially a business equipment rental company may not be consistent with the objectives of all Shareholders;
- (b) The issue of the Initial Consideration Shares and the Consolidation itself will have the effect of significantly diluting an existing Shareholder's shareholdings in the Company;
- (c) The issue of any Performance Shares (subject to further Shareholder approval) will also significantly dilute an existing Shareholder's shareholdings in the Company;
- (d) There are risks associated with the WolfStrike Acquisition to which see paragraph 2.13 below.

2.13 Risks of the WolfStrike Acquisition

Shareholders should be aware that if the WolfStrike Acquisition is approved, the Company will be changing the nature and scale of its activities to that of a combined business financing and product distribution sales business, which will be subject to various risk factors. Based on available information, a non-exhaustive list of risk factors are as follows:

(a) Re quotation of shares on ASX

The WolfStrike Acquisition constitutes a significant change in the nature and scale of the Company's activities. Accordingly, the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX for the first time.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its shares. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met.

This is a risk for existing Shareholders who will continue to be prevented from trading their shares until such time as the Company does re-comply with the ASX Listing Rules.

(b) **Contractual Risks**

The ability of the Company to complete the WolfStrike Acquisition and achieve its objectives is dependent on the performance of the WolfStrike Vendors of their obligations under the WolfStrike Acquisition Agreements. If the WolfStrike Vendors default in the respective performance of their obligations, the WolfStrike Acquisition Agreements may be terminated and it may be necessary for the Company to undertake legal proceedings to seek a legal remedy. Legal proceedings can be costly and there can be no guarantee that a legal remedy will ultimately be granted or could be enforced on appropriate terms.

(c) **Dilution risk**

On a Post-Consolidation basis the shareholdings of existing shareholders will dilute as set out in the table at paragraph 2.8 as a result of the issue of the Consideration Shares, the Public Offer and other associated share issues.

In addition, the holdings of existing Shareholders may be further diluted if additional funds are raised under the proposed capital raising or as a result of any future equity capital raisings required in order to comply with Chapters 1 and 2 of the Listing Rules and/or to develop the business.

(d) **No market potential for the products**

As there are a wide range of products in the WolfStrike suite, it is unlikely that all products will have no market opportunity. Similar products to the ones provided under the licence are already being offered in other countries which would give some credibility to the release of those same products into the Australian market. Further the New Zealand experience shows that there is a ready and ongoing market for the WolfStrike products. The assumptions would be that, in a worst case, the growth would be slower than projected.

(e) **Delays in getting to market**

The funds raised are a best estimate of the costs to get to market and produce positive cash flows and profits. Should there be a delay then some additional working capital may be required. However, the projections are conservative and, with a broad range of services offered, the Company may elect to target specific markets to take a dominant position and generate early cash flows and profits.

(f) **Issues getting access to the Australian payments system**

Some of the products require a connection to a payments platform offered by banks and/or payment switches. Whilst it is preferred that those connections are directly with WolfStrike and its product suite, it is also possible to generate revenues by way of connecting to third party switches and/or terminal providers. This would reduce the overall income per merchant but not be a critical item in the rollout of the product suite.

(g) **Short operating history**

WolfStrike should be evaluated in light of the expenses, delays, uncertainties and complications typically encountered by early stage ventures, many of which may be beyond the Company's control. The Company's business plan and its belief that its processes can be implemented are proven in the New Zealand and other international markets.

(h) **Economic, Political, Judicial, Administrative, Taxation or Other Regulatory Factors**

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors. The Company is subject to the risks of changes in policy, currency fluctuations, royalty, tax increases and terrorism threats.

2.14 **Plans for the Company if the Resolutions are not passed**

If the Resolutions 5 to 9 are not passed and the WolfStrike Acquisition is not completed, the Company will continue to manage its existing assets and will look for alternative opportunities for the Company.

3. Resolution 5 – Change of Name of Company

Resolution 5 seeks Shareholder approval for the Company to change its name to "WolfStrike Rentals Group Limited".

The Board has decided to change the name of the Company from "CFT Energy Limited" to "WolfStrike Rentals Group Limited" to better reflect the activities of the Company following completion of the WolfStrike Acquisition.

As the Corporations Act requires that any change to the name of the Company be approved by a special resolution of the Company's Shareholders, such approval is being sought for the changing of the company's name to the new name.

If Resolution 5 is passed the change of Company name will take effect when ASIC alters the details of the Company's registration.

The passing of Resolution 5 is conditional upon, and subject to, resolutions 5 to 9 being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 5, you should also vote in favour of these other Resolutions.

4. Resolution 6 – Share Consolidation

The Company made application to the ASX for a waiver from compliance with Listing Rule 2.1 condition 2 (the "20 cent rule") and Listing Rule 1.1 condition 11(application of the "20 cent rule" to options). Under Guidance Note 12, the ASX will consider such a request if the issue price or sale price for any securities being issued or sold as part of, or in conjunction with, the transaction is not less than two cents each and is specifically approved by security holders as part of the approval(s) obtained under Listing Rule 11.1.2 and ASX is otherwise satisfied that the Company's proposed capital structure after the transaction will satisfy Listing Rules 1.1 condition 1 and 12.5 (appropriate structure for a listed entity).

In response to this application by the Company, on 11 February, 2015, the Company was informed by the ASX that:

"Based solely on the information provided, in connection with the conditional Sale and Purchase Agreement ("SPA") by the Company of WolfStrike Rental Services Limited ("WolfStrike") and its associated distribution companies WolfStrike Distributors Limited and WolfStrike Distributors Pty Limited (the "WolfStrikeGroup") ("Acquisition") ASX does the following:

1. *Grants a waiver from listing rule 2.1 condition 2 to the extent necessary to permit the issue price for at least 100,000,000 ordinary shares ("Capital Raising Securities") proposed to be issued (on a post consolidation basis) pursuant to a prospectus for a capital raising to be undertaken in conjunction with the Wolfstrike Acquisition not to be at least \$0.20, on the following conditions.*
 - (a) *The issue price of the Capital Raising Securities is not less than \$0.02 each;*
 - (b) *Security holders approve the issue price of the Capital Raising Securities as part of the approvals obtained under Listing Rule 11.1.2 for the Acquisition.*
2. *ASX has considered listing rules 2.1 condition 2 only and makes no statement as to the Company's compliance with other listing rules."*

Therefore in order for the Company to be able to issue further shares in connection with the Wolfstrike Acquisition and Pubic Offer at 2 cents each it is necessary for the existing shares to be consolidated on a 2 for 1 basis.

The Directors are therefore seeking Shareholder approval to consolidate the number of Shares on issue on a 2:1 basis.

Accordingly, post-consolidation, the number of Shares that will be on issue in the Company, provided that Shareholders approve this Resolution will be 37,851,731 Shares.

There will be no amount unpaid on any of the Company's Shares on issue.

The Consolidation will alter the capital structure of the Company to ensure that it complies with the admission requirements of the ASX.

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

As from the effective date of this Resolution (being the date advised to the ASX which will be 7 days from the date of approval of this Resolution), all holding statements for Shares will cease to have effect, except as evidence of entitlement to a certain number of Post Consolidation Shares.

After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders.

The effect of the Corporate Restructure and Acquisition and all of the other Resolutions contained within this Notice will have on the capital structure of the Company is as set out above.

Fractional entitlements and taxation

Not all Shareholders will hold a number of Shares able to be divided evenly by 2. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share.

It is not considered that any taxation consequences will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own independent tax advice on the Consolidation and neither the Company nor the Directors (nor the Company's advisors) accept any responsibility for the individual taxation consequences arising from the Consolidation.

The passing of Resolution 6 is conditional upon, and subject to, resolutions 5 to 9 being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 6, you should also vote in favour of these other Resolutions.

5. Resolution 7 – Change in Nature and Scale of Activities

Resolution 7 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company. The proposed WolfStrike Acquisition constitutes a significant change in the nature and scale of the Company's activities, from managing the existing assets to operating a financing business of products and services, rented to merchants on a fixed term, fixed monthly fee rental agreement and consequently requires Shareholder approval pursuant to ASX Listing Rule 11.1.

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

For this reason, the Company is seeking Shareholder approval to make a significant change to the nature and scale of its activities under ASX Listing Rule 11.1. Assuming Shareholders approve Resolution 7, ASX also requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

If Resolution 7 is passed, the Company will have obtained, in compliance with Listing Rule 11.1 .2, Shareholder approval for the change in the nature and scale of its activities to the extent described in this Explanatory Memorandum.

If Resolution 7 is not passed, the Company will not be permitted to change the nature and scale of its activities and the WolfStrike Acquisition will not proceed.

The passing of Resolution 7 is conditional upon, and subject to, Resolutions 5 to 9 being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 7, you should also vote in favour of these other Resolutions.

6. Resolution 8 – WolfStrike Acquisition

The WolfStrike Acquisition involves a significant change to the nature or scale of the Company's activities. Therefore approval is sought under Listing Rule 11.1. Full details of the WolfStrike Acquisition may be found at paragraph 2.2 above.

If Resolution 8 is not passed, the Company will not proceed with the WolfStrike Acquisition. The passing of Resolution 8 is conditional upon, and subject to, Resolutions 5 to 9 being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 8 you should also vote in favour of these other Resolutions.

7. Resolution 9 – Approval of Issue of Initial Consideration Shares

Item 7 of s 611 of the Corporations Act

7.1 Background

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the WolfStrike Acquisition, that person's or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined under section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities; or
- (b) have power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

There are various exceptions to the prohibition in section 606, including under section 611 Item 7 of the Corporations Act.

Section 611 Item 7 provides an exception to the prohibition in section 606, in circumstances where the shareholders of the company approve an acquisition of shares at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

If the Shareholders approve the issue of the Initial Consideration Shares pursuant to this Resolution then Listing Rule 7.1 does not apply to the issue by reason of Exception 16 in Listing Rule 7.2.

7.2 Required Information

The Company is required to provide to Shareholders all information known to the person proposing to make the acquisition or their associates, or known to the Company, that is material to the decision on how to vote on the Resolution.

The following paragraphs set out information required to be provided to the Shareholders under ASIC Regulatory Guide 74 and section 611 Item 7 of the Corporations Act in relation to resolution:

(a) Identity of the persons proposing to make the acquisition and their associates

The persons and their associates who propose to make the acquisition are as follows:

- (1) Kingfisher Corporate Trustee Limited (NZ Company No. 4531758 NZBN: 9429030152243) with respect to 28,000,000 Shares on completion of the WolfStrike Acquisition;
- (2) River Horse Trustee Limited (NZ Company No. 2140601 NZBN 9429032702439) with respect to 18,000,000 Shares on completion of the WolfStrike Acquisition;
- (3) Janice Taylor with respect to 25,000,000 Shares on completion of the WolfStrike Acquisition;
- (4) Jonathon Taylor with respect to 22,000,000 Shares on completion of the WolfStrike Acquisition;
- (5) Elaine Bailey with respect to 22,000,000 Shares on completion of the WolfStrike Acquisition;
- (6) Joseph Sleeman Bailey with respect to 40,000,000 Shares on completion of the WolfStrike Acquisition;
- (7) Lydia Sleeman Bailey with respect to 40,000,000 Shares on completion of the WolfStrike Acquisition;
- (8) Venice Trustee Limited with respect to 45,000,000 Shares on completion of the WolfStrike Acquisition;

- (9) Kingbird Limited - 164,329,000 Shares (transferred to that company at the direction of WolfStrike Distributors Limited as consideration for the acquisition from Kingbird Limited of the WolfStrike Distribution Business).

It should be noted that Ian Bailey, who proposes to become a director of the Company if the WolfStrike Acquisition is approved (see paragraph 7.2(g) below), is the sole director of River Horse Trustee Limited and therefore is an associate of that company. He is also one of two directors of Venice Trustee Limited but does not control that company.

Full particulars (including the number and the percentage) of the shares in the company to which the purchaser is or will be entitled immediately before and after the proposed acquisition.

If the Promoter and Adviser Shares referred to in Resolutions 11 and 12 are issued:

Acquirer of Shares	No. of Shares		% of shares	
	Before	After	Before	After
Kingfisher Corporate Trustee Limited	Nil	28,000,000	Nil	5.68%
River Horse Trustee Limited	Nil	18,000,000	Nil	3.65%
Janice Taylor	Nil	25,000,000	Nil	5.07%
Jonathon Taylor	Nil	22,000,000	Nil	4.46%
Elaine Bailey	Nil	22,000,000	Nil	4.46%
Joseph Sleeman Bailey	Nil	40,000,000	Nil	8.13%
Lydia Sleeman Bailey	Nil	40,000,000	Nil	8.13%
Venice Trustee Ltd	Nil	45,000,000	Nil	9.13%
Sub-Total - for all of the above entities	Nil	240,000,000	Nil	48.71%
Kingbird Limited	Nil	164,329,000	Nil	33.35%
Promoter Shares	Nil	25,000,000	Nil	5.07%
Adviser Shares	Nil	25,000,000	Nil	5.07%
BDO Shares	Nil	594,580		0.12
Existing Shares	37,851,731	37,851,731	100%	7.68%
Total	37,851,731	492,775,331	100%	100%

If the Promoter and Adviser Shares referred to in Resolutions 11 and 12 are not issued:

Acquirer of Shares	No. of Shares		%age of shares	
	Before	After	Before	After
Kingfisher Corporate Trustee Limited	Nil	28,000,000	Nil	6.32%
River Horse Trustee Limited	Nil	18,000,000	Nil	4.07%
Janice Taylor	Nil	25,000,000	Nil	5.65%
Jonathon Taylor	Nil	22,000,000	Nil	4.97%
Elaine Bailey	Nil	22,000,000	Nil	4.97%
Joseph Sleeman Bailey	Nil	40,000,000	Nil	9.03%
Lydia Sleeman Bailey	Nil	40,000,000	Nil	9.03%
Venice Trustee Ltd	Nil	45,000,000	Nil	10.16%
Sub-Total - for all of the above entities	Nil	240,000,000	Nil	54.20%
Kingbird Limited	Nil	164,329,000	Nil	37.11%
BDO Shares	Nil	594,580	Nil	0.14%
Existing Shares	37,851,731	37,851,731	100%	8.55%
Total	37,851,731	442,775,311	100%	100%

(b) **The maximum extent of the increase in the person's voting power in the Company that would result from the acquisition**

The maximum extent of the increase in each of the following person's voting power in the Company that will result from the issue of the Initial Consideration Shares for the WolfStrike Acquisition will be:

If the Promoter and Adviser Shares referred to in Resolutions 11 and 12 are issued:

Acquirer of Shares	Current voting power (%)	Increase in voting power (%)
Kingfisher Corporate Trustee Limited	Nil	5.68%
River Horse Trustee Limited	Nil	3.65%
Janice Taylor	Nil	5.07%
Jonathon Taylor	Nil	4.46%
Elaine Bailey	Nil	4.46%
Joseph Sleeman Bailey	Nil	8.13%
Lydia Sleeman Bailey	Nil	8.13%
Venice Trustee Ltd	Nil	9.13%
Sub-total for above entities	Nil	48.71%
Kingbird Limited	Nil	33.35%

If the Promoter and Adviser Shares referred to in Resolutions 11 and 12 are not issued:

Acquirer of Shares	Current voting power (%)	Increase in voting power (%)
Kingfisher Corporate Trustee Limited	Nil	6.32%
River Horse Trustee Limited	Nil	4.07%
Janice Taylor	Nil	5.65%
Jonathon Taylor	Nil	4.97%
Elaine Bailey	Nil	4.97%
Joseph Sleeman Bailey	Nil	9.03%
Lydia Sleeman Bailey	Nil	9.03%
Venice Trustee Ltd	Nil	10.16%
Subtotal for above entities	Nil	54.20%
Kingbird Limited	Nil	37.11%

(c) The voting power the person would have as a result of the acquisition

The maximum extent of the increase in each person's voting power in the Company that will result from the acquisition of the Initial Consideration Shares will be as set out in paragraph 7.2(b).

(d) The maximum extent of the increase in the voting power of each of the person's associates that would result from the acquisition

Not Applicable. There are no associates of Kingfisher Corporate Trustee Limited, River Horse Trustee Limited or Kingbird Limited who currently hold shares in the Company.

(e) The voting power that each of the person's associates would have as a result of the acquisition

Not Applicable. There are no associates of Kingfisher Corporate Trustee Limited, River Horse Trustee Limited or Kingbird Limited who currently hold shares in the Company.

(f) **The changes in voting power**

The changes in voting power that will occur are set out in the table at paragraph 7.2(b) above.

(g) **The identity, associations and qualifications of any person who it is intended will become a director if shareholders agree to the purchase**

If the resolution is passed it is intended that Ian Bailey will be appointed as an additional director to the Board of the Company.

Ian Bailey is:

- (1) the sole director of WolfStrike Rental Services Limited and WolfStrike Distributors Limited;
- (2) a director of WolfStrike Distributors Pty Ltd;
- (3) the sole director and sole shareholder of River Horse Trustee Limited.

He therefore has an interest in the outcome of this resolution.

He is also one of two directors of Venice Trustee Limited but does not control that company.

Ian's full details are set out above in paragraph 2.6.

(h) **Statement by the Purchasers of their intentions regarding the future of the Company**

If Resolutions 5 to 9 are passed then the business of the Company will change as described above in this Explanatory Memorandum. The issue of the Initial Consideration Shares is just part of the process for the changing of the future of the Company.

There are no current employees of the Company.

The Initial Consideration Shares are being issued in consideration for the WolfStrike Acquisition by the Company as explained at section 2 above in this Explanatory Memorandum.

There is no intention to otherwise redeploy the fixed assets of the Company.

(i) **When the acquisition is to be completed**

The acquisition of the Initial Consideration Shares is expected to be completed within three months of the date of this General Meeting.

(j) **Interests of the Directors in the resolution**

The Directors do not have any interest in the resolution other than in their capacity as existing Shareholders or, as a holder of a Convertible Note if acquired by a Director.

(k) **The identity of the directors who approved or voted against the proposal to put the resolutions to shareholders and this Explanatory Memorandum**

All of the Directors attending the relevant board meeting voted in favour of the resolution to put the Resolutions to shareholders and this Explanatory Memorandum. Please note that Harry Fung was not present at the board meeting however has confirmed he approves the proposal to put the resolutions to shareholders and this Explanatory Memorandum.

(l) **The recommendation or otherwise of each director as to whether non-associated shareholders should agree to the acquisition, and the reasons for that recommendation or otherwise**

All of the Directors recommend that the Shareholders should agree to the issue of the Initial Consideration Shares in accordance with Resolution 9. The reasons for this recommendation are that the Company will be receiving significant assets in exchange for the Initial Consideration Shares as described elsewhere in this Explanatory Memorandum. As a result the Company expects to be able to re-comply with Chapters 1 and 2 of the Listing Rules and have its Shares re-admitted for quotation on the official list of the ASX.

(m) **Analysis of whether the proposal is fair and reasonable when considered in the context of the interests of the shareholders other than those involved in the proposed allotment or purchase or associated with such persons ("non-associated shareholders")**

The Directors resolved to commission an independent expert to give an opinion on whether the proposal is fair and reasonable in the context of the non-associated shareholders.

The independent expert has concluded that the proposal is not fair but reasonable in the context of the non-associated shareholders. The independent expert's report which includes an analysis of the advantages and disadvantages of the proposal accompanies this Explanatory Memorandum. Shareholders are urged to consider the report in full before making any decision on how to vote.

Members are encouraged to read the Independent Expert's Report in full.

8. Resolution 10 – Issues of Shares in Public Offer

Resolution 10 seeks Shareholder approval for the allotment and issue of 100,000,000 Shares at \$0.02 each under a Prospectus to be issued by the Company to raise \$2,000,000 in connection with the Company's application for re-admission to the ASX following Shareholder approval of a change in the nature and scale of the Company's activities.

The Company made application to the ASX for a waiver from compliance with Listing Rule 2.1 condition 2 (the "20 cent rule") and Listing Rule 1.1 condition 11 (application of the "20 cent rule" to options).

In response to this application by the Company, on 11 February, 2015, the Company was informed by the ASX that:

“Based solely on the information provided, in connection with the conditional Sale and Purchase Agreement (“SPA”) by the Company of WolfStrike Rental Services Limited (“WolfStrike”) and its associated distribution companies WolfStrike Distributors Limited and WolfStrike Distributors Pty Limited (the “WolfStrikeGroup”) (“Acquisition”) ASX does the following:

1. *Grants a waiver from listing rule 2.1 condition 2 to the extent necessary to permit the issue price for at least 100,000,000 ordinary shares (“Capital Raising Securities”) proposed to be issued (on a post consolidation basis) pursuant to a prospectus for a capital raising to be undertaken in conjunction with the Wolfstrike Acquisition not to be at least \$0.20, on the following conditions.*
 - (a) *The issue price of the Capital Raising Securities is not less than \$0.02 each;*
 - (b) *Security holders approve the issue price of the Capital Raising Securities as part of the approvals obtained under Listing Rule 11.1.2 for the Acquisition.*
2. *ASX has considered listing rules 2.1 condition 2 only and makes no statement as to the Company’s compliance with other listing rules.”*

The effect of Resolution 10 will be to allow the Directors to issue the Shares pursuant to the Public Offer during the 3 month period after the Meeting (or a longer period, if allowed by the ASX), without the Company using any of the annual 15% placement capacity imposed under Listing Rule 7.1.

8.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that an ASX listed Company must not, subject to certain exceptions, issue or agree to issue more than 15% of its capital within a 12 month period without the approval of shareholders.

By obtaining the prior approval of the Shareholders to the issue of the Shares under the Public Offer, the issue of those Shares will not count within the 15% limit under Listing Rule 7.1.

8.3 ASX Listing Rule 7.3

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

(a) The number of securities to be issued

The number of securities to be issued is up to 100,000,000 fully paid ordinary Shares.

(b) The date by which the Company will issue the securities

Within 3 months after the date of the Meeting (or such later date if permitted by the ASX)

(c) **The issue price of the securities**

\$0.02 per Share

(d) **The names of the Allottees of the securities**

The Shares will be issued to members of the public under a Prospectus, and as such the name of the allottees are not known at this time.

(e) **The terms of the securities**

The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares.

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

The funds will be used to fund the costs and expenses associated with expansion of the businesses of the Wolfstrike Companies acquired by the Company, the costs and expenses of the Company's capital raising, the costs of the Company's application for re-admission to ASX and for general working capital purposes.

(g) **Dates of allotment**

It is intended that the Shares will be allotted on the same date as their issue.

(h) **Voting exclusion statement**

The Company will disregard any votes cast on this resolution by:

- (1) a person who has or might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed;
- (2) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

9. Resolution 11 – Issue of Up to 25,000,000 Shares to Promoters

The Directors wish to have the flexibility to remunerate any promoters (within the meaning of that expression in the Listing Rules) in relation to the Corporate Restructure and Acquisition or the issue of the Convertible Notes wholly or partly through the issue of Shares rather than in cash. They are therefore seeking permission to be able to issue up to 25,000,000 Shares

for this purpose. The persons to whom these are issued will not be related parties so Chapter 10 of the Listing Rules will not apply to the issue.

The effect of Resolution 11 will be to allow the Directors to issue Shares for this purpose during the 3 month period after the General Meeting (or a longer period, if allowed by the ASX), without the Company using any of the annual 15% placement capacity imposed under Listing Rule 7.1.

9.1 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that an ASX listed Company must not, subject to certain exceptions, issue or agree to issue more than 15% of its capital within a 12 month period without the approval of shareholders.

By obtaining the prior approval of the Shareholders to the issue of the Shares to the promoters, the issue of those Shares will not count within the 15% limit under Listing Rule 7.1.

9.2 ASX Listing Rule 7.3

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

(a) The number of securities to be issued

The number of securities to be issued is up to 25,000,000 fully paid ordinary Shares.

(b) The date by which the Company will issue the securities

Within 3 months after the date of the Meeting (or such later date if permitted by the ASX).

(c) The issue price of the securities

\$0.02 per Share.

(d) The names of the Allottees of the securities

The Shares will be issued to any promoters (within the meaning of that expression in the Listing Rules) in relation to the Corporate Restructure and Acquisition or the issue of the Convertible Notes wholly or partly through the issue of Shares rather than in cash and as such the name of the allottees are not known at this time.

(e) The terms of the securities

The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares.

(f) The use of funds raised

There will be no funds raised through the issue but they will be provided as consideration for the provision of services by the promoters.

(g) **Dates of allotment**

It is intended that the Shares will be allotted on the same date as their issue.

(h) **Voting exclusion statement**

The Company will disregard any votes cast on this resolution by:

- (1) a person who has or might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed;
- (2) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

10. Resolution 12 – Issue of Shares to Advisers

The Directors wish to have the flexibility to remunerate any advisers in relation to the Corporate Restructure and Acquisition or the issue of the Convertible Notes wholly or partly through the issue of Shares rather than in cash. They are therefore seeking permission to be able to issue up to 25,000,000 Shares for this purpose. The persons to whom these are issued will not be related parties so Chapter 10 of the Listing Rules will not apply to the issue.

The effect of Resolution 12 will be to allow the Directors to issue Shares for this purpose during the 3 month period after the General Meeting (or a longer period, if allowed by the ASX), without the Company using any of the annual 15% placement capacity imposed under Listing Rule 7.1.

10.1 ASX Listing Rule 7.1:

ASX Listing Rule 7.1 provides that an ASX listed Company must not, subject to certain exceptions, issue or agree to issue more than 15% of its capital within a 12 month period without the approval of shareholders.

By obtaining the prior approval of the Shareholders to the issue of the Shares pursuant to this Resolution, the issue of those Shares will not count within the 15% limit under Listing Rule 7.1.

10.2 ASX Listing Rule 7.3

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

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

The number of securities to be issued is up to 25,000,000 fully paid ordinary Shares.

(b) **The date by which the Company will issue the securities**

Within 3 months after the date of the Meeting (or such later date if permitted by the ASX).

(c) **The issue price of the securities**

\$0.02 per Share.

(d) **The names of the Allottees of the securities**

The Shares will be issued to any advisers in relation to the Corporate Restructure and Acquisition or the issue of the Convertible Notes wholly or partly through the issue of Shares rather than in cash and as such the name of the allottees are not known at this time.

(e) **The terms of the securities**

The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares.

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

There will be no funds raised through the issue but they will be provided as consideration for the provision of services by the advisers.

(g) **Dates of allotment**

It is intended that the Shares will be allotted on the same date as their issue.

(h) **Voting exclusion statement**

A voting exclusion statement is included in the Notice of Meeting.

11. Resolution 13 – Issue of Convertible Notes

The Company proposes to raise up to \$1,000,000 by the issue of Convertible Notes on the Note Conditions summarise at paragraph 11.1 below. The purpose of the issue of the Convertible Notes is to provide the Company with funds to repay its creditors and to assist with the cost of the proposed Corporate Restructure and Acquisition. Without at least part of these funds, the Company will not be in a position to proceed with the proposed Corporate Restructure and Acquisition.

11.1 Note Conditions

The Note conditions basically are:

- (a) Each Note has a Note Face Value of \$50,000;

- (b) Each Note bears interest at an annual percentage rate of twelve per centum (12%) which will accrue until the Maturity Date of the Notes or when they are converted into Shares;
- (c) On the Maturity Date (being one year from the date of the Note) the Company must redeem the Notes for the Note Face Value together with any accrued but unpaid interest thereon.
- (d) The Noteholder may at any time and from time to time during the Conversion Period (being the period from the date of issue of the Note up until the Maturity Date) by way of full redemption of the Note, elect to convert on or prior to the Maturity Date a Note into the number of fully paid Shares subscribed for at the Share Subscription Price equal to the Note Face Value (e.g. for one Note with a Face Value of \$50,000 this would be 6,250,000 Shares i.e. $6,250,000 \times \$0.008 = \$50,000$ if Pre-Consolidation Shares or 3,125,000 i.e. $3,125,000 \times \$0.016 = \$50,000$ if Post-Consolidation Shares).

The Convertible Notes will only be available to persons to whom disclosure is not required under Chapter 6D.2 of the Corporations Act, 2001. If a holder would acquire a relevant interest in issued voting shares in the Company upon conversion of the Convertible Notes then the issue of such shares will be subject to approval of the Shareholders pursuant to Item 7 of section 611 of the Corporations Act, 2001.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue. For this purpose each security will generally be counted as the maximum number of ordinary securities into which the Convertible Note can be converted.

For the purposes of Listing Rule 7.3:

11.2 The maximum number of securities to be issued

The number of Convertible Notes that may issue are 20 Notes each with a Note Face Value of \$50,000 (total \$1,000,000) and convertible on a per Note basis into 6,250,000 Shares of \$0.008 per Share on a pre-consolidation basis or 3,125,000 Shares of \$0.016 per Share on a post-consolidation basis.

11.3 The date by which securities will issue securities

The date of issue of the Convertible Notes will be no more than three (3) months after the date of the General Meeting.

11.4 Issue price of securities

See paragraph 11.2 above.

11.5 The names of the persons to whom the securities will issue

Any person who has subscribed for the Notes who must be a person to whom disclosure is not required under Chapter 6D.2 of the Corporations Act, 2001 and who will not acquire a relevant interest in the voting shares of the Company upon conversion of the Notes into ordinary securities.

11.6 Terms of the securities

The terms of the Convertible Notes are:

- (a) Each Note bears interest at an annual percentage rate of twelve per centum (12%) which will accrue until the Maturity Date of the Notes or when they are converted into Shares;
- (b) On the Maturity Date (being one year from the date of the Note) the Company must redeem the Notes for the Note Face Value together with any accrued but unpaid interest thereon.
- (c) The Noteholder may at any time and from time to time during the Conversion Period (being the period from the date of issue of the Note up until the Maturity Date) by way of full redemption of the Note, elect to convert on or prior to the Maturity Date a Note into the number of fully paid Shares subscribed for at the Share Subscription Price equal to the Note Face Value (e.g. for one Note with a Face Value of \$50,000 this would be 6,250,000 Shares i.e. $6,250,000 \times \$0.008 = \$50,000$ if Pre-Consolidation Shares or 3,125,000 i.e. $3,125,000 \times \$0.016 = \$50,000$ if Post-Consolidation Shares).

11.7 The intended use of the funds raised

The use (or intended use) of the funds raised is to pay out certain creditors and meeting costs of the Corporate Restructure and Acquisition with any remaining balance as working capital.

11.8 Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by:

- (a) any holder of the Convertible Notes;
- (b) a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
- (c) an associate of any of the above.

However the Company need not disregard any vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or if it cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

12. Resolution 14 – Issue of Shares to A & J Tannous Nominees Pty Ltd ACN 050 195 581

As announced to the ASX on 27 October, 2014, the Company entered into a Deed of Release with Sanston Securities Australia Pty Ltd ACN 156 057 064 and Asenna Wealth Solutions Pty

Ltd ACN 155 544 460 in relation to the share subscription agreement that the Company had with those entities. As part of the consideration for entering into that Deed of Release, the Company issued at the direction of Sanston Securities Australia Pty Ltd ACN 156 057 064 and Asenna Wealth Solutions Pty Ltd ACN 155 544 460 five million (5,000,000) Shares on a pre-consolidation basis to A & J Tannous Nominees Pty Ltd ACN 050 195 581.

Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of the Listing Rules if the issue did not breach Listing Rule 7.1 and the holders of ordinary securities subsequently approve it.

The issue of the five million (5,000,000) Shares on a pre-consolidation basis to A & J Tannous Nominees Pty Ltd ACN 050 195 581 by the Company did not breach Listing Rule 7.1 and approval is sought pursuant to this resolution to ensure that the issue of those shares to A & J Tannous Nominees Pty Ltd ACN 050 195 581 are treated as having been made under Listing Rule 7.1.

For the purposes of Listing Rule 7.5:

12.1 The number of securities issued

Five million (5,000,000) Shares on a pre-consolidation basis were issued to A & J Tannous Nominees Pty Ltd ACN 050 195 581.

12.2 The price at which the securities were issued

The five million (5,000,000) Shares on a pre-consolidation basis were issued to A & J Tannous Nominees Pty Ltd ACN 050 195 581 at the direction of Sanston Securities Australia Pty Ltd ACN 156 057 064 and Asenna Wealth Solutions Pty Ltd ACN 155 544 460 in part consideration for the release by Sanston Securities Australia Pty Ltd ACN 156 057 064 and Asenna Wealth Solutions Pty Ltd ACN 155 544 460 of the Company's obligations under a share subscription agreement that the Company has with those entities.

12.3 The terms of the securities

The Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and were issued on a pre-consolidation basis.

12.4 The names of the persons to whom the entity issued the securities or the basis on which those persons were determined

A & J Tannous Nominees Pty Ltd ACN 050 195 581.

12.5 The use (or intended use) of the funds raised

No funds were raised by the issue of the Shares. The consideration for the issue is set out in paragraph 12.2 above.

12.6 Voting exclusion statement

The voting exclusion statement is contained in the Notice of Meeting.

13. Resolution 15 – Confirmation of Appointment of Director

Robin Armstrong was appointed by the Directors as a director of the Company on 29 September 2014. The Resolution is to confirm this appointment.

Mr Armstrong was a director & head of corporate at Findlay & Co Stockbrokers Ltd for many years. His wealth of experience in the capital markets both domestically and internationally will be a valuable asset to the Company. Mr Armstrong has previously served on many boards, both in executive and non-executive capacities.

He will be an executive director of the Company.

14. Resolution 16 – Confirmation of Appointment of Director

Quentin Olde was appointed by the Directors as a director of the Company on 29 October 2014. The Resolution is to confirm this appointment.

Mr Olde is an experienced and respected restructuring and turnaround professional with over 20 years' experience as a Chartered Accountant and adviser to financiers, corporates and investors. Mr Olde has broad expertise specifically in the industries of property, hospitality, mining and mining services as well as technology services. He is currently a Senior Managing Director at FTI Consulting, a global restructuring and crisis management firm. Mr. Olde's skill set is vast with expertise in private equity, strategic workouts, formal insolvencies, distressed debt-trading transactions, dispute resolution and operational restructurings,

Mr. Olde holds a Bachelor of Commerce from UWA.

He will be a non-executive director of the Company.

15. Resolution 17 – Issue of Shares to BDO

The Company owes outstanding fees to BDO. The Company has settled payment of those outstanding fees through the issue to BDO (WA) Pty Ltd ACN 124 158 863 as trustee for the BDO (WA) Unit Trust of 594,580 Shares on a post consolidation basis of \$0.02 per Share.

15.1 ASX Listing Rule 7.1:

ASX Listing Rule 7.1 provides that an ASX listed Company must not, subject to certain exceptions, issue or agree to issue more than 15% of its capital within a 12 month period without the approval of shareholders.

By obtaining the prior approval of the Shareholders to the issue of the Shares pursuant to this Resolution, the issue of those Shares will not count within the 15% limit under Listing Rule 7.1.

15.2 **ASX Listing Rule 7.3**

Listing Rule 7.3 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.1 and the following information is included in this Explanatory Memorandum for that purpose:

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

The number of securities to be issued are 594,580 Shares.

(b) **The date by which the Company will issue the securities**

Within 3 months after the date of the Meeting (or such later date if permitted by the ASX).

(c) **The issue price of the securities**

The equivalent of \$0.02 per Share being settlement of outstanding fees for services performed for the Company.

(d) **The names of the Allottees of the securities**

BDO (WA) Pty Ltd ACN 124 158 863 as trustee for the BDO (WA) Unit Trust

(e) **The terms of the securities**

The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares.

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

There will be no funds raised through the issue. The shares were issued in settlement of outstanding fees for services performed for the Company.

(g) **Dates of allotment**

It is intended that the Shares will be allotted on the same date as their issue.

(h) **Voting exclusion statement**

A voting exclusion statement is included in the Notice of Meeting.

16. **Other Information**

Other than as contained in this Explanatory Memorandum and the accompanying independent expert's report, there is no other information known to the Company material to the decision on how to vote on the resolution.

17. **How to Vote**

A general meeting of members of the Company will be held at 11am on Friday, 20 March, 2015 to consider and vote on the resolutions set out in the Notice of Meeting. To vote on the resolutions you must either:

- complete and return the proxy form which is enclosed with the Notice of Meeting by post or by facsimile at least 48 hours before the time appointed for the meeting; or
- attend the meeting

18. Further Information

If you require further information about the matters set out in this Explanatory Memorandum please contact the Company at info @cftenergy.com.au.

Section E – Glossary of Terms

ASIC means the Australian Securities and Investments Commission;

Associate has the same meaning as the expression “associate” has in the Listing Rules;

ASX means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conducted by it;

Board means the board of directors of the Company;

Capital Raising means the raising of \$3,000,000 through the Public Offer and the issue of the Convertible Notes;

Company means CFT Energy Limited ACN 107 745 095;

Consideration Shares means the Initial Consideration Shares and the Performance Consideration Shares;

Consolidation means the consolidation of the Pre-Consolidation Shares the subject of Resolution 2;

Constitution means the constitution of the Company;

Convertible Notes means the convertible notes referred to in Resolution 13 above;

Corporate Restructure and Acquisition means the Consolidation, the WolfStrike Acquisition and the issue of Initial Consideration Shares and, subject to:

- (a) the Performance Conditions being satisfied; and
- (b) shareholder approval of the issue of the Performance Shares,

the Performance Shares;

Corporations Act means the *Corporations Act* 2001 (Cwth);

Directors means the directors of the Company;

GST has the same meaning as the expression "GST" has in the GST Act;

GST Act means *A New Tax System (Goods and Services Tax) Act, 1999*;

Initial Consideration Shares means those Consideration Shares issued on completion of the WolfStrike Acquisition being 404,329,000 Post-Consolidation Shares;

Listing Rules means the listing rules of the ASX;

Member means a member of the Company;

Note Conditions means the terms and conditions of a Note;

NZX means New Zealand Stock Exchange

Performance Consideration Shares means those Consideration Shares that may be issued on the first anniversary and second anniversary of the completion of the WolfStrike Acquisition if performance conditions are met and the issue thereof is approved by the shareholders of the Company pursuant to Item 7 section 611 of the Corporations Act, 2001 and any other required provision of the Listing Rules or the Corporations Act, 2001 being:

- (a) 297,835,500 Post-Consolidation Shares on the first anniversary; and,
- (b) 297,835,500 Post-Consolidation Shares on the second anniversary;

Performance Conditions are the conditions that must be met in order for the Performance Consideration Shares to be issued; being as determined by the Board of the Company;

Post-Consolidation Shares means the Shares in the Company after each Pre-Consolidation Share has been consolidated into 0.5 Shares;

Pre-Consolidation Shares means all of the Shares on issue in the Buyer as at the date of this Notice of Meeting;

Public Offer means the issue of new Shares, each with an issue price of not less than \$0.02, under a prospectus issued by the Company in accordance with the Corporations Act to raise \$2,000,000 being the shares referred to in Resolution 10;

Relisting means the admission of the Shares to official quotation by the ASX following re-compliance with the Listing Rules following their current suspension;

Resolution means a resolution referred to in this Notice of Meeting;

Share means an ordinary share in the Company;

WolfStrike means the unregistered trade mark and trading name "WolfStrike" used by the WolfStrike Companies with respect to their businesses;

WolfStrike Acquisition means the Company's intended acquisition of:

- (a) the WolfStrike Distributor Business including all of the assets of that business (which may be achieved through that business being acquired by EFTPOS Warehouse Limited (Company number:2140751, NZBN 9429032702187) before the acquisition by the Company of the whole of that company's issued capital);
- (b) the whole of the issued capital of WolfStrike Distributors Pty Ltd ACN 163 332 956; and,
- (c) the whole of the issued capital of WolfStrike Rental Services Limited (being a company incorporated in New Zealand No. 4578439 NZBN: 9429030112797);
- (d) the whole of the issued capital of WolfStrike Distributors Limited (formerly EFTPOS Warehouse Limited) (Company number:2140751, NZBN 9429032702187);

WolfStrike Acquisition Completion Date means four months from the date of the WolfStrike Acquisition Agreements, or any other date as agreed by the parties in writing;

WolfStrike Acquisition Agreements means the agreements to give effect to the WolfStrike Acquisition;

WolfStrike Assets means the whole of the issued capital of the WolfStrike Companies;

WolfStrike Companies means each of the following companies:

- (a) WolfStrike Distributors Pty Ltd ACN 163 332 956; and,
- (b) WolfStrike Rental Services Limited (being a company incorporated in New Zealand No. 4578439 NZBN: 9429030112797);
- (c) WolfStrike Distributors Limited (formerly EFTPOS Warehouse Limited) (Company number: 2140751, NZBN 9429032702187);

WolfStrike Distributor Business means the business carried on by WolfStrike Distributors Limited (Incorporated in New Zealand No 3321332 NZBN: 9429031177894) of distribution of products to merchants and businesses throughout New Zealand including without limitation:

- POS systems, software, smartphone based applications, payment terminals and systems; and,
- in New Zealand, security systems;
- Castles Technology Co Ltd.'s range of EFTPOS and contactless terminals for both NZ and Australia under an exclusive distribution rights agreement with that company.

WolfStrike Information means information provided by WolfStrike to the Company for the purposes of this Explanatory Memorandum;

WolfStrike Vendors means Kingfisher Corporate Trustee Limited (NZ Company No. 4531758 NZBN: 9429030152243) and River Horse Trustee Limited (NZ Company No. 2140601 NZBN 9429032702439).

Annexure A - WolfStrike Rental Services Limited's Financial Statements for the 6 month period ended 30 Sep 2014

Balance Sheet	
WolfStrike Rental Services Ltd	
As at 30 September 2014	
	30 Sep 2014
Assets	
Current Assets	
Business Cheque Account	\$ 193,056
Accounts Receivable	\$ 29,947
Other assets	\$ 134,867
Total Current Assets	\$ 357,870
Fixed Assets	
EFTPOS Terminals for Rental	\$ 2,589,922
Website & Software	\$ 30,429
Total Fixed Assets	\$ 2,620,351
Non-current Assets	
Business Acquisitions	\$ 130,000
Goodwill	\$ 13,333
Total Non-current Assets	\$ 143,333
Total Assets	\$ 3,121,554
Liabilities	
Current Liabilities	
Accounts Payable	\$ 7,500
Total Current Liabilities	\$ 7,500
Non-Current Liabilities	
Loans - Rent book Funding	\$ 2,969,345
Shareholder Loans	\$ 25,000
Total Non-Current Liabilities	\$ 2,994,345
Total Liabilities	\$ 3,001,845
Net Assets	\$ 119,709
Equity	
Current Year Earnings	\$ 177,221
Retained Earnings	\$ (57,512)
Total Equity	\$ 119,709
Unrealised Future Cash flows - Rent Book	\$ 2,965,124

Annexure B - WolfStrike Distributors Limited's Financial Statements for the 6 month period ended 30 Sep 2014

Balance Sheet WolfStrike Distributors Limited As at 30 September 2014

30 Sep 2014

Assets

Current Assets

Bank Accounts	\$ 22,326
Accounts Receivable	\$ 212,861
Other assets	\$ 55,762
Prepayments	\$ 132,590
Stock on Hand	\$ 373,793
Total Current Assets	\$ 797,332

Non-Current Assets

Fixed Assets as per Schedule	\$ 622,300
Total Non-Current Assets	\$ 622,300

Total Assets	\$ 1,419,632
---------------------	---------------------

Liabilities

Current Liabilities

Accounts Payable	\$ 410,062
Accrued Annual Leave	\$ 41,172
Funds held on behalf of Customers	\$ 27,200
Other liabilities	\$ 95,851
Total Current Liabilities	\$ 574,284

Non-Current Liabilities

Stock and other loans	\$ 760,032
Total Non-Current Liabilities	\$ 760,032

Total Liabilities	\$ 1,334,316
--------------------------	---------------------

Net Assets	\$ 85,316
-------------------	------------------

Equity

Share capital	\$ 541,000
Retained Earnings	\$ (636,225)
Current Year Profit	\$ 164,541
Realised Gain/Loss on Investments	\$ 16,000
Total Equity	\$ 85,316

CFT Energy Limited - ACN 107 745 095

PROXY FORM

I/We _____
Name(s) of member(s) Member No. _____

of _____
Address

being a * member/members of the company

appoint _____ of _____
Name of proxy or office held address

or in the absence of the person named or if no person is named, the chairperson of the meeting, as * my/our proxy to vote on * my/our behalf at the general meeting of the company to be held at 11am on 20 March 2015 and at any adjournment of that meeting.

This appointment applies to * all or _____% or _____ of *my/our votes.
percentage number

Direction to proxy

If you want to direct your proxy how to vote, mark one box only for each resolution. If you do not want to direct your proxy how to vote, do not mark any box for the resolution. If you wish not to vote on a particular resolution, mark the "Abstain" box.

I/We direct * my/our proxy to vote as follows:

	For	Against	Abstain
Resolution 1 - Adoption of Remuneration Report for the year ended 30 June 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Adoption of Remuneration Report for the year ended 30 June 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - Adoption of Remuneration Report for the year ended 30 June 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Adoption of Remuneration Report for the year ended 30 June 2014	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - Change of Name of Company to WolfStrike Rentals Group Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 - Share Consolidation from 2 to 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 - Change in Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 - WolfStrike Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 - Approval of Issue of up to 404,329,000 Initial Consideration Shares – Item 7 of s 611 of the Corporations Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 - Issue of up to 100,000,000 Shares in Public Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 11 - Approval of Issue of up to 25,000,000 Shares to Promoters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 - Approval of Issue of up to 25,000,000 Shares to Advisers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 - Issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14 - Approval of issue of 5,000,000 Shares on a pre-consolidation basis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15 - Appointment of Robin Armstrong as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16 - Appointment of Quentin Olde as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17 - Issue of Shares to BDO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated 2015

Unless otherwise directed, the proxy holder may vote as he/she thinks fit, or abstain from voting.

The Chairman intends to vote all undirected proxies that he receives in favour of each resolution to be brought before the meeting.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box:

☐

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chairman of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Individual, attorney or joint holder 1

Sole director and sole company secretary

OR

Joint holder 2

Director

Joint holder 3

Director / company secretary

SIGNING & SEALING REQUIREMENTS

Individuals, joint holders and attorneys

Individual members and attorneys must sign where indicated above and insert date.

An attorney must provide the company with the original or a certified copy of the relevant authority, unless previously noted. If there are joint holders, each person must sign.

Additional proxy forms are available on request.

Companies

A company must affix its common seal to this form, or execute this form without using a common seal, in accordance with its constitution or the Corporations Act 2001.

CFT Energy Limited

INDEPENDENT EXPERT'S REPORT

13 February 2015

Moore Stephens Sydney
Corporate Finance Pty Ltd

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Sydney NSW 2000
Australia

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An affiliate of Moore Stephens Sydney Pty Ltd.
Moore Stephens Sydney Pty Ltd is an
independent member of Moore Stephens
International Limited - members in principal cities
throughout the world.

13 February 2015

The Directors
CFT Energy Limited
Level 2, 22 Pitt Street
Sydney NSW 2000

Level 15, 135 King Street
Sydney NSW 2000

GPO Box 473
Sydney, NSW 2001

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F +61 (0)2 9233 4636

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Dear Directors

INDEPENDENT EXPERT'S REPORT FOR NON-ASSOCIATED SHAREHOLDERS OF CFT ENERGY LIMITED

Introduction

CFT Energy Limited ("*CFT*" or the "*Company*") is a public company listed on the Australian Securities Exchange ("*ASX*"); however its shares have been suspended from official quotation since August 2008. CFT currently has no operating business and is in a net liability position. The Directors have been actively seeking to identify potential investment opportunities for the Company for some time.

CFT proposes to undertake the following restructure and acquisition (together "*Proposed Transaction*"):

- a) Change of company name to WolfStrike Rentals Group Limited ("*Name Change*");
- b) Consolidation of shares on a 2 to 1 basis ("*Consolidation*");
- c) Change the nature and scale of activities ("*Activities Change*");
- d) Acquire the issued capital of WolfStrike Group (also referred to as "*WolfStrike*") comprising:
 - WolfStrike Rental Services Limited;
 - WolfStrike Distributors Limited (formerly EFTPOS Warehouse Limited); and
 - WolfStrike Distributors Pty Ltd,(collectively "*WolfStrike Acquisition*").
- e) Issue up to 1 billion CFT shares on a post-consolidation basis as consideration for the WolfStrike Acquisition, comprising:
 - An initial issue of 404.3m shares on completion ("*Initial Consideration*");
 - A conditional issue of:
 - 297.8m shares on the first anniversary of the Proposed Transaction ("*First Conditional Issue*"); and
 - 297.8m shares on the second anniversary of the Proposed Transaction ("*Second Conditional Issue*" and together "*Conditional Consideration*"),

subject to performance conditions to be determined by the Board of the Company and the separate approval of shareholders at a later date prior to the issue of shares.

The separate resolutions to approve the Name Change, Consolidation, Activities Change, WolfStrike Acquisition and Initial Consideration are inter-dependent. The Conditional Consideration will require separate shareholder approval at a later date prior to the share issue. Further details of the Proposed Transaction, included related resolutions, are set out in the Notice of General Meeting and Explanatory Memorandum dated on or around 16 February 2015 ("*Notice of Meeting*").

To fund the Proposed Transaction costs and working capital, CFT has entered into a Convertible Note Loan Agreement with Tasman Pacific Investments Limited ("*Tasman*") in terms of which Tasman has purchased convertible notes in CFT to the value of \$450,000 ("*Tasman Convertible Notes*"). Tasman has the right, but not the obligation, to invest a further \$250,000 in such securities.

Tasman may elect, at any time prior to 7 October 2015, to convert the Tasman Convertible Notes into CFT shares at a subscription price of \$0.008 per share on a pre-consolidation basis, or \$0.016 per share on a post-consolidation basis.

CFT proposes to issue:

- Additional convertible notes up to the value of \$550,000 more than the Tasman Convertible Notes currently on issue ("*Additional Convertible Notes*"); and
- 100m shares at \$0.02 each under a Prospectus to raise \$2m in connection with the Company's application for re-admission to the ASX ("*Public Offer*").

Scope and Purpose

Section 606 of the Corporations Act 2001 ("*the Act*") provides a general prohibition against any person holding 20% or less in the voting shares of a public company from increasing their relevant interest to greater than 20%.

Following the WolfStrike Acquisition and issue of the Initial Consideration, at least one of the WolfStrike vendors, their associates and/or other recipients of CFT shares as consideration for the WolfStrike Acquisition ("*Vendor Group*") would increase their voting shares in the Company from nil to greater than 20% on a post-consolidation, undiluted basis. However, section 611 item 7 of the Act provides an exemption to this general prohibition where the increase is approved in a general meeting by shareholders of the company.

Section 611 item 7 also states that the members of the company must be given all information known to the person proposing to make the acquisition or their associates, or known to the company, that was material to the decision on how to vote on the resolution.

While there is no statutory requirement for CFT to commission an Independent Expert's Report ("*Report*") in relation to the Proposed Transaction, Australian Securities & Investments Commission ("*ASIC*") Regulatory Guide 111 "*Content of expert reports*" ("*RG 111*") and ASIC Regulatory Guide 74 "*Acquisitions approved by members*" ("*RG74*") recommend that a Report be provided in relation to an acquisition approved by shareholders under item 7 of section 611. For this reason and to ensure that CFT's shareholders are fully informed, CFT's Directors have commissioned this Report.

This Report has been prepared by Moore Stephens Sydney Corporate Finance Pty Ltd ("*Moore Stephens*") for inclusion in CFT's Notice of Meeting to assist Non-associated Shareholders to decide whether or not to approve the Proposed Transaction. The sole purpose of this Report is to express our opinion as to whether the Proposed Transaction is fair and reasonable to the Non-associated Shareholders.

The Report may not be used for any other purpose, or by any other party, and Moore Stephens will not accept any responsibility for its use outside this purpose. No extract, quote or copy of this Report, in whole or in part, should be reproduced without the prior written consent of Moore Stephens, as to the form and context in which it appears.

This is a summary of Moore Stephens' opinion as to the merits or otherwise of the Proposed Transaction. This summary should be considered in conjunction with, and not independently of, our detailed Report.

Basis of Evaluation

In terms of RG 111:

- An offer is "*fair*" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison is made assuming 100% ownership of the target, irrespective whether the consideration is cash or scrip, and further assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length;
- An offer is "*reasonable*" if it is "*fair*"; and
- An offer may be "*reasonable*" if, despite being "*not fair*", the expert believes there are other sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

Summary of Opinion

Proposed Transaction is Not Fair

We are unable to assess the value of a CFT share on a minority basis after the Proposed Transaction in a manner which satisfies the relevant scope requirements of RG 111. Given our inability to conclude on value we must conclude that the Proposed Transaction is **not fair**.

Proposed Transaction is Reasonable

After considering the advantages and disadvantages of the Proposed Transaction for Non-associated Shareholders of CFT, as set out in Section 6.2 of this Report, in our opinion the Proposed Transaction is **reasonable** to Non-associated Shareholders in the absence of any other relevant information and/or a superior proposal.

Yours faithfully

Moore Stephens Sydney Corporate Finance Pty Ltd



Alan Max
Director



Scott Whiddett
Director

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1. Background

CFT Energy Limited ("*CFT*" or the "*Company*") is a public company listed on the Australian Securities Exchange ("*ASX*"); however its shares have been suspended from official quotation since August 2008. CFT currently has no operating business and is in a net liability position. The Directors have been actively seeking to identify potential investment opportunities for the Company for some time.

CFT proposes to undertake the following restructure and acquisition (together "*Proposed Transaction*"):

- a) Change of company name to WolfStrike Rentals Group Limited ("*Name Change*");
- b) Consolidation of shares on a 2 to 1 basis ("*Consolidation*");
- c) Change the nature and scale of activities ("*Activities Change*");
- d) Acquire the issued capital of WolfStrike Group (also referred to as "*WolfStrike*") comprising:
 - WolfStrike Rental Services Limited ("*WRS*");
 - WolfStrike Distributors Limited ("*WDL*") (formerly EFTPOS Warehouse Limited); and
 - WolfStrike Distributors Pty Ltd ("*WDPL*"),
 (collectively "*WolfStrike Acquisition*").
- e) Issue up to 1 billion CFT shares on a post-consolidation basis as consideration for the WolfStrike Acquisition, comprising:
 - An initial issue of 404.3m shares on completion ("*Initial Consideration*");
 - A conditional issue of:
 - 297.8m shares on the first anniversary of the Proposed Transaction ("*First Conditional Issue*"); and
 - 297.8m shares on the second anniversary of the Proposed Transaction ("*Second Conditional Issue*" and together "*Conditional Consideration*"),
 subject to performance conditions to be determined by the Board of the Company and the separate approval of shareholders prior to the share issue.

The separate resolutions to approve the Name Change, Consolidation, Activities Change, WolfStrike Acquisition and Initial Consideration are inter-dependent. The Conditional Consideration will require separate shareholder approval at a later date prior to the share issue. Further details of the Proposed Transaction, included related resolutions, are set out in the Notice of General Meeting and Explanatory Memorandum dated on or around 16 February 2015 ("*Notice of Meeting*").

To fund the Proposed Transaction costs and working capital, CFT has entered into a Convertible Note Loan Agreement with Tasman Pacific Investments Limited ("*Tasman*") in terms of which Tasman has purchased convertible notes in CFT to the value of \$450,000 ("*Tasman Convertible Notes*"). Tasman has the right, but not the obligation, to invest a further \$250,000 in such securities.

Tasman may elect, at any time prior to 7 October 2015, to convert the Tasman Convertible Notes into CFT shares at a subscription price of \$0.008 per share on a pre-consolidation basis, or \$0.016 per share on a post-consolidation basis.

CFT proposes to issue:

- Additional convertible notes up to a value of \$550,000 more than the Tasman Convertible Notes currently on issue ("*Additional Convertible Notes*"); and
- 100m shares at \$0.02 each under a Prospectus to raise \$2m in connection with the Company's application for re-admission to the ASX ("*Public Offer*").

Amounts in this report are in Australian Dollars unless otherwise stated.

2. Basis of Assessment

2.1 Corporations Act

Section 606 of the Corporations Act 2001 ("*the Act*") provides a general prohibition against any person holding 20% or less in the voting shares of a public company from increasing their relevant interest to greater than 20%.

Following the WolfStrike Acquisition and issue of Initial Consideration, at least one of the WolfStrike vendors, their associates and/or other recipients of CFT shares as consideration for the WolfStrike Acquisition ("*Vendor Group*") would increase their voting shares in the Company from nil to greater than 20% on a post-consolidation, undiluted basis. However, section 611 item 7 of the Act provides an exemption to this general prohibition where the increase is approved in a general meeting by shareholders of the company.

Section 611 item 7 also states that the members of the company must be given all information known to the person proposing to make the acquisition or their associates, or known to the company, that was material to the decision on how to vote on the resolution.

While there is no statutory requirement for CFT to commission an Independent Expert's Report ("*Report*") in relation to the Proposed Transaction, Australian Securities & Investments Commission ("*ASIC*") Regulatory Guide 111 "*Content of expert reports*" ("*RG 111*") and ASIC Regulatory Guide 74 "*Acquisitions approved by members*" ("*RG74*") recommend that a Report be provided in relation to an acquisition approved by shareholders under item 7 of section 611. For this reason and to ensure that CFT's shareholders are fully informed, CFT's Directors have commissioned this Report.

2.2 ASIC Regulatory Guide 111

In preparing our Report we have had regard to the guidelines set out in RG 111. Neither the Act nor the ASX Listing Rules define the term "*fair and reasonable*"; however RG 111 provides that each of these criteria be assessed individually and not as a compound phrase. RG 111 states that:

- An offer is "*fair*" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison is made assuming 100% ownership of the target, irrespective whether the consideration is cash or scrip, and further assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length ("*Fair Value*");

- An offer is “reasonable” if it is “fair”; and
- An offer may be “reasonable” if, despite being “not fair”, the expert believes there are other sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

Our approach has therefore been to consider whether or not the Proposed Transaction is “fair” to the CFT shareholders not associated with the Vendor Group (“Non-associated Shareholders”) by assessing and comparing the:

- Fair Value of a share in CFT on a control basis pre the Proposed Transaction; with
- Fair Value of a share in CFT on a minority basis (i.e. non control) immediately post completion of the Proposed Transaction.

A valuation of this nature should also meet the requirements of a “Valuation Engagement” as defined by APES 225 Valuation Services (“APES 225”) issued by the Accounting Professional & Ethical Standards Board.

We have also considered whether the Proposed Transaction is “reasonable” to the Non-associated Shareholders by considering other factors relating to the Proposed Transaction which are likely to be relevant to the Non-associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

2.3 Purpose

This Report has been prepared by Moore Stephens Sydney Corporate Finance Pty Ltd (“Moore Stephens”) for inclusion in CFT’s Notice of Meeting to assist Non-associated Shareholders to decide whether or not to approve the Proposed Transaction. The sole purpose of this Report is to express our opinion as to whether the Proposed Transaction is fair and reasonable to the Non-associated Shareholders.

The Report may not be used for any other purpose, or by any other party, and Moore Stephens will not accept any responsibility for its use outside this purpose. No extract, quote or copy of this Report, in whole or in part, should be reproduced without the prior written consent of Moore Stephens, as to the form and context in which it appears.

2.4 Limitations and Reliance on Information

Our opinion is based on market, economic and other factors existing at the date of this Report. Such conditions can change significantly in short periods of time.

Our Report is based upon financial and other information provided by CFT's and WolfStrike Group's representatives, contractors, advisors, agents and/or related parties ("*Providers*"). In forming our opinion we have reviewed and relied upon this information, unless otherwise stated.

The information provided was evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable. Our enquiries and procedures do not constitute an audit, extensive examination, verification or "due diligence" investigation. None of these assignments has been undertaken by Moore Stephens.

In forming the opinion expressed in this Report, the opinions and judgments of management of CFT and WolfStrike Group have been considered. Although this information has been evaluated through analysis, enquiry and review to the extent practical, inherently such information is not always capable of independent verification.

In forming our opinion, we have considered the interest of Non-associated Shareholders as a whole. This Report therefore does not consider the financial situation, objectives or needs of individual shareholders. It is not practical to assess the implications of the Proposed Transaction on individual shareholders as their financial circumstances are not known.

The decision of shareholders as to whether or not to accept the Proposed Transaction is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to accept or reject the Proposed Transaction may be influenced by his or her particular circumstances, we recommend that individual shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this Report as set out in Appendix 3 of this Report. We note that we have not undertaken to update this Report for events or circumstances arising after the date of this Report, other than those of a material nature and contemplated by RG 111 which occur prior to the date of the General Meeting to vote on the Proposed Transaction.

3. Overview of CFT

3.1 Company Overview

CFT was listed on the ASX in 2004 and is based in Sydney, Australia. The Company's shares have been suspended from trading on the ASX since August 2008.

CFT currently has no operating business, and has continued to seek opportunities to acquire assets or businesses for the past few years.

The Directors of CFT as at the date of this report are as follows:

Name:	Position:
Mr Robin Armstrong	Non-Executive Director (<i>Appointed 29 September 2014</i>)
Mr Harry Fung	Non-Executive Director (<i>Appointed 28 June 2010</i>)
Mr Quentin Olde	Non-Executive Director (<i>Appointed 29 October 2014</i>)

3.1.1 Brief Company History

CFT was listed on the ASX in November 2004, under the name Asset Loans Limited, as a provider of short-term finance to borrowers with urgent funding requirements. In August 2008, CFT was suspended from official quotation on the ASX.

CFT appointed voluntary administrators in September 2008 due to its inability to meet requests for the redemption of notes. A Deed of Company Arrangement was entered into by the Company in December 2008.

In November 2009, a Recapitalisation Deed was entered into which proposed to recapitalise the Company and seek reinstatement of its shares to quotation on the ASX.

Having raised limited capital under the Recapitalisation Deed, in 2010 and 2011 various proposals were considered to further recapitalise the Company and acquire an operating business.

A General Meeting was held in January 2012 with shareholders voting in favour of the resolution to acquire CFT Holdings (HK) Limited and change the Company's name to CFT Energy Limited. As part of the meeting, a resolution was also passed to issue a Prospectus to raise capital of up to \$3m. This Prospectus was issued by CFT in May 2012.

In September 2012, CFT announced that it was withdrawing this Prospectus due to the prevailing market conditions and lack of valid applications received by the Company. The Share Sale and Purchase Agreement with CFT Holdings (HK) Limited was terminated due to the failure to meet the minimum capital raising condition.

In November 2012, CFT announced a due diligence process to acquire MM VAS Motors Limited, a developer of Intellectual Property to produce a unique electromagnet capable of delivering great power with a smaller design and utilising less power than other standard models. The due diligence was completed in February 2013, and the Directors of CFT elected not to pursue the acquisition.

In May 2013, CFT entered into negotiations with Welcome Gold Holdings Pty Ltd, an Australian gold company with a portfolio of exploration tenements and gold mining rights in Queensland, Australia. Heads of Agreement to acquire the entity were entered into in July 2013.

At this time, CFT also entered into Heads of Agreement with Meridien Capital Limited to acquire its option to purchase Welcome Gold Pty Ltd which would have led to CFT owning 100% of both Welcome Gold Holdings Pty Ltd and Welcome Gold Pty Ltd. In August 2014, CFT announced that this proposed acquisition would not proceed following the finalisation of the due diligence process.

In February 2014, CFT entered into Heads of Agreement to acquire the capital of E-tivity Corporation (APAC) Pty Ltd. As part of the agreement, there was to be a share consolidation, minimum capital raising of \$2.7m, the purchase of capital in E-tivity for \$10m (\$2.4m cash; balance in shares) and re-quotation on the ASX. Following due diligence, the Directors of CFT announced in May 2014 that the proposed acquisition would not proceed.

On 29 August 2014, CFT entered into a conditional Share Subscription Agreement with Asenna Wealth Solutions Pty Ltd ("*Asenna*") and Sanston Securities Australia Pty Ltd ("*Sanston*" and together "*Subscribers*"). The agreement stipulated that Asenna or its nominee would pay approximately \$200,000 as consideration for the allotment of new shares in CFT that would result in the Subscribers holding 80% of the shares on issue. The agreement was conditional on the satisfactory completion of due diligence by the Subscribers, CFT shareholder approval and CFT obtaining all necessary regulatory approvals.

Subsequently, the Directors resolved not to proceed with the Share Subscription Agreement and, on 3 October 2014, entered into a Deed of Release requiring CFT to pay a settlement sum of \$85,000 and issue 5m shares. The shares were issued on 26 November 2014.

In October 2014, CFT entered into the Convertible Note Loan Agreement with Tasman (refer section 1).

On 13 November 2014, CFT announced the conditional Sale and Purchase Agreement with WolfStrike Group and an associated capital raising.

3.2 Financial Performance

CFT's auditor was unable to express an audit opinion (i.e. disclaimer of opinion) on CFT's financial report for the years ended 30 June 2011 to 2014, because of the significance of the following matters:

- Inability to access the necessary books, records and documentation supporting expenditures in the financial statements; and
- The Company's financial report was prepared on a going concern basis which is dependent upon, amongst other things, the successful execution of the WolfStrike Acquisition which is contingent upon a number of events.

Notwithstanding the disclaimed audit opinions, the following table summarises CFT's reported historic financial performance:

Year Ended	June-12 \$'000	June-13 \$'000	June-14 \$'000
Fair value gain on conversion of convertible notes ⁽¹⁾	231	-	-
Corporate and administrative expenses	(63)	(14)	(276)
Loss before income tax	(132)	(14)	(276)
Income tax expense	-	-	-
Loss for the year	(132)	(14)	(276)

Source: CFT's financial statements.

Note: Numbers may not add due to rounding.

(1) Non-cash gain.

We note the following with regard to CFT's financial performance:

- The Company has not operated a business during the above period.
- The corporate and administrative expenses recorded by the Company predominately comprise consultancy fees, ASX fees, accounting and audit fees.
- In 2012, the fair value gain was in relation to the conversion of convertible notes issued by the Company, a one-off, non-cash gain.
- In addition to the Proposed Transaction, significant events subsequent to 30 June 2014 include:
 - Proceeds received from the Tasman Convertible Notes (refer section 1).
 - Settlement under the Deed of Release (refer section 3.1).
 - Settlement with CFT's major creditors including cash payments and debt forgiveness,
 (together "*Subsequent Events*").

Management accounts post 30 June 2014 containing the Subsequent Events were not available to us.

3.3 Financial Position

Notwithstanding CFT's disclaimed audit opinion (refer section 3.2), the following table summarises CFT's reported historic financial position:

Balance Sheet as at	June-12 \$'000	June-13 \$'000	June-14 \$'000
Cash and equivalents	20	56	1
Total assets	20	56	1
Trade and other payables	209	260	446
Total liabilities	209	260	446
Net asset deficiency	(189)	(203)	(445)
Share capital	5,129	5,129	5,163
Accumulated losses	(5,318)	(5,332)	(5,608)
Total equity	(189)	(203)	(445)
No. of shares on issue	67,321,011	67,321,011	70,703,461

Source: CFT's financial statements.

Note: Numbers may not add due to rounding.

We note the following with regard to CFT's historic balance sheets:

- CFT had a net asset deficiency of \$445,000 as at 30 June 2014.
- For the period 1 July 2013 to 30 June 2014, 3,382,450 shares were issued by CFT:
 - In August 2013, 1,150,000 shares were issued under an interim capital raising for working capital purposes. The consideration for these shares was \$11,500.
 - In December 2013, 2,232,450 shares were issued for legal services rendered in relation to the 2012 Compliance Prospectus. The consideration for these shares was \$22,234.
- The Balance Sheet at 30 June 2014 pre-dates and hence excludes the Subsequent Events. More recent management accounts containing the Subsequent Events were not available to us.

3.4 Capital Structure

CFT currently has 75.7 million ordinary shares on issue, with the Top 10 shareholders holding approximately 58% of the issued shares. As at 10 February 2015, substantial shareholders (holding greater than 5%) were as follows:

Registered Shareholder	Shares Held (000)	Percentage of Issued Shares (%)
Sticha Pty Ltd	13,500	17.8
Z J & C Investments Pty Ltd	9,098	12.0
Harry Fung & related entities	5,625	7.4
A&J Tannous Pty Ltd	5,000	6.6
Substantial Shareholders Subtotal	33,223	43.9
Other Shareholders	42,480	56.1
Total	75,703	100.0

Source: CFT

Note: Numbers may not add due to rounding.

The Directors collectively hold a direct and indirect interest in 5.625m shares, representing 7.4% of the issued shares as at 10 February 2015.

CFT currently has no outstanding instruments on issue which can be converted to ordinary shares in the Company, other than the Tasman Convertible Notes. Based on the Tasman Convertible Notes of \$450,000 on issue, existing shareholders' interest in CFT would reduce from 100% to 57.4% should these securities be converted. Further dilution would occur should the Additional Convertible Notes be issued and converted into shares – refer section 1.

3.5 Share Price Performance

CFT's shares have been suspended from official quotation on the ASX since August 2008. Accordingly, we have not analysed CFT's historical share price performance and volumes traded.

As a result of this suspension, there is no current public market in which to trade CFT shares. We summarise below the more significant announcements made by CFT since September 2011:

Date	Announcement
11/12/2014	Release of Annual Reports (<i>Issue of Annual Reports for the 2011, 2012, 2013 and 2014 financial years</i>)
1/12/2014	Issue of 5m shares (<i>Issue of shares to A&J Tannous Pty Ltd pursuant to Deed of Release – refer section 3.1</i>)
14/11/2014	Conditional Acquisition of WolfStrike Group (<i>Announcement of WolfStrike Acquisition and related capital raising</i>)
30/10/2014	Board Movement (<i>Notice of Mr Oldes' appointment to the Board</i>)
28/10/2014	Share Subscription Agreement Cancelled (<i>Share subscription agreement between CFT and the Subscribers was cancelled with a Deed of Release entered into between the parties</i>)
13/10/2014	Director Appointment (<i>Notice of Mr Robin Armstrong's appointment to the Board</i>)

Date	Announcement
22/09/2014	Board Movement <i>(Notice of resignation of Mr Andrew Roach from the Board)</i>
2/09/2014	Entry into Share Subscription Agreement <i>(Share subscription agreement between CFT and the Subscribers entered into)</i>
14/08/2014	Heads of Agreement Not Proceeding <i>(Intended acquisition of Welcome Gold Holdings Pty Ltd not proceeding following finalisation of due diligence process)</i>
14/08/2014	Board Change <i>(Notice of resignation of Mr Chris Burrell from the Board)</i>
7/05/2014	Intended IT Cloud Business Acquisition Not Proceeding <i>(Intended acquisition of I.T. Cloud solutions business with E-tivity Corporation (APAC) Pty Ltd not proceeding following the due diligence process)</i>
10/02/2014	Heads of Agreement Signed <i>(Heads of Agreement with E-tivity Corporation (APAC) Pty Ltd entered into to acquire the capital of E-tivity as part of a share capital consolidation, capital raising and restructure)</i>
19/12/2013	Notification under Section 708A (5)(E) <i>(Notice of share issue – 2,232,450 shares in CFT were issued to settle outstanding legal fees)</i>
26/08/2013	Notification under Section 708A (5)(E) <i>(Notice of share issue – 1,150,000 shares in CFT were issued as part of interim capital raising for working capital purposes.)</i>
11/07/2013	Heads of Agreements Signed <i>(Heads of Agreement entered into to acquire Welcome Gold Holdings Pty Ltd)</i>
24/05/2013	Negotiations with Australian Gold Company to Commence <i>(Exclusive negotiations entered into with an Australian Gold Company with a due diligence process to follow)</i>
11/02/2013	Market Update as at February 2013 <i>(Announcement of the Company's activities. Due Diligence process on the MM VAS Motors Limited potential project complete, with the Company opting not to pursue the acquisition)</i>
9/01/2013	Director Appointment/Resignation <i>(Notice of Mr Roache's appointment to the Board as well as the resignations of Mr Marchiandi and Mr Bresnehan from the Board)</i>
2/11/2012	Market Update <i>(Due diligence on the acquisition of MM VAS Motors Limited to commence)</i>
5/09/2012	Termination of Share Sale and Purchase Agreement <i>(The Share Sale and Purchase Agreement with CFT Holding (HK) terminated due to the Company not being able to satisfy conditions of the agreement in relation to the proposed capital raising)</i>
3/09/2012	Withdrawal of Prospectus <i>(CFT advises the withdrawal of the Prospectus dated 2 May 2012, as amended, due to lack of valid applications received)</i>
23/08/2012	ASX Market Release – Suspension <i>(Notice of suspension from quotation)</i>
02/05/2012	Prospectus Issued <i>(Offer of 15,000,000 shares to be issued at \$0.20 per share – funds from the offer to be used to enter into a Co-operative Joint Venture)</i>
14/09/2011	Execution of Acquisition Agreement with CFT Holding <i>(Announcement of intended acquisition CFT Holding (HK) by acquiring 100% of the issued capital)</i>

4. Overview of WolfStrike

4.1 Company Overview

WolfStrike Group rents a wide range of technology products to retailers and merchants sourced from third parties and/or developed and supplied by WolfStrike. WolfStrike Group seeks to bundle multiple products into a single rental contract with customers.

The current product set offered by the WolfStrike Group includes:

- POS systems – touch screens, printers and bar code scanners;
- POS software – targeted to the general retail and hospitality sectors;
- EFTPOS and payment terminals – integrated and standalone as well as Wi-Fi, GPRS and broadband;
- Security systems; and
- CCTV systems and monitoring.

The products (including the ability to finance the merchant via a rental offering) are available to all WolfStrike Group resellers and agents, as well as its direct sales force. The WolfStrike Group is not limited to its product range and will source/resell products, using its rental offering, as its merchants requirements change.

The WolfStrike Group comprises the following three private companies:

- WRS;
- WDL; and
- WDPL.

We note that whilst the three entities are managed together by the same management team, WRS has a different owner to WDL and WDPL.

4.1.1 WRS

WRS was incorporated in August 2013 and has an existing rental book with contracted future income of over NZ\$4m. The rental book is funded through a third party organisation, using the rental contracts as collateral for the loans provided. Additionally, a number of customers with matured contracts continue to pay on a month-to-month basis.

Over the last year, WRS has undertaken three acquisitions in order to grow its customer base. WolfStrike management advises that the focus of the business going forward will be to grow both by acquisition and organically via its own sales channels.

4.1.2 WDL

WDL is the sales arm of the WolfStrike Group and commenced these activities in about March 2013. WDL has distribution rights for the Castles range of payment terminals for both New Zealand and Australia and exclusive distribution rights to the CashCow retail software, as well as XCR POS software and systems.

WDL also focusses on the integration of a range of smartphone applications (including loyalty applications, remote ordering, POS systems, software) and various hardware platforms that link smartphones, advertising and payments technologies into a cohesive product suite.

WDL recently acquired EFTPOS Warehouse Limited, a New Zealand-based sales and distribution company. WDL, as the combined entity, now has agents and direct sales channel throughout New Zealand with both revenue and support capability.

WDL has also obtained accreditation from Paymark Partners ("*Paymark*") in New Zealand, enabling the company to connect payment products and support products to the New Zealand EFTPOS network. Paymark operates the EFTPOS network/payment switch (refer to section 4.5.1) and processes over 75% of electronic transactions in New Zealand.

4.1.3 WDPL

WDPL was incorporated in April 2013 and has limited operations to date. WDPL plans to implement a sales and distribution model in the Australian market similar to the WDL model in the New Zealand market, and plans to offer rental and/or sale of a range of products and services to retailers and merchants, including POS systems, security systems, CCTV systems.

The immediate focus will be on identifying new distribution channels and customer bases, expanding the currently available product range of POS software and hardware, and establishing the relevant infrastructure to enable WolfStrike to grow in Australia.

WDPL has signed an agreement to license and rebrand the Mint MPOS mobile phone payments products from Mint Wireless and to market and support the products in the Australian market under the Wolfstrike brand. This product is a combined mobile phone application and chip and pin security device that can interface into other WolfStrike POS systems, smartphone applications and similar products.

As part of the WolfStrike Group, WDPL also has the rights to exclusively distribute the Castles range of payment terminals, CashCow retail software and XCR POS software in the Australian market.

4.2 Sales and Marketing Approach

The WolfStrike Group has implemented a strategy of adding more products to its product mix, all focused on the same customer segment (merchants and retailers), including value added services such as PayCafé, loyalty programs and iBeacons technologies:

- PayCafé provides smartphone applications for customer automated ordering directly from the smartphone to the EFTPOS terminal.
- Wolfstrike offers smartphone based loyalty programs using Near Field Communication ("*NFC*") and/or Radio Frequency Identification ("*RFID*") features.
- iBeacon provides advertising systems that allow the targeting to a customer either in-stores or in-strip malls/shops. This allows a merchant to send messages directly to the smartphone when the customer is in range of the merchant's shop.

WolfStrike Group has also established a new sales team focused on Asian-owned businesses in New Zealand. According to management, this market represents approximately 30% of all businesses in New Zealand and a similar market group in Australia.

The sales approach in New Zealand is via a combination of direct sales, agents and resellers. The same approach is envisaged for the Australian market. In some cases, the Australian operations may utilise the New Zealand infrastructure to reduce costs and increase efficiency.

4.3 Financial Performance

WolfStrike Group has not prepared consolidated accounts as, although jointly managed, WRS has a different owner to WDL and WDPL. Accordingly, the standalone historic financial performance of each relevant WolfStrike entity is summarised separately below.

In the following financial information, we would like to draw your attention to the fact that intercompany transactions exist between WDL and WRS, including the sale of goods. These transactions have not been eliminated in the financial information provided, and therefore the financial information does not accurately reflect the financial performance of the consolidated WolfStrike Group. As a result, we advise readers not to aggregate the financial information of the separate WolfStrike entities.

The balance date of the WolfStrike entities is 31 March. We note that the management accounts for period ending 31 October 2014 provided to us were prepared by WolfStrike for internal management purposes. These were not prepared on the same accounting basis as the year end accounts. As a result, we have not included the year to date financial performance in this analysis.

4.3.1 WRS

The following table summarises the WRS historic financial performance:

Period Ended	8 months to 31-Mar-14 NZ\$'000
Rental income	172
Other Income	-
Operating expenditure	(32)
Depreciation and amortisation	(86)
Finance costs	(112)
Profit/(Loss) before income tax	(58)
Income tax expense	-
Profit/(Loss) for the year	(58)

Source: WRS unaudited financial statements.

Note: Numbers may not add due to rounding.

We note the following with regard to WRS's financial performance:

- WRS was incorporated in August 2013.
- The rental book has grown from NZ\$1.4m in January 2014 to over NZ\$4m as at 8 December 2014, mainly through acquisitions.

4.3.2 WDL

The following table summarises the WDL historic financial performance:

Period/Year Ended	31-Mar-13 NZ\$'000	31-Mar-14 NZ\$'000
POS and EFTPOS sales	-	288
Other income	-	1
Cost of sales	-	(160)
Gross Profit	-	129
<i>GP %</i>	-	<i>45%</i>
Other operating revenue	-	299
Operating expenditure	(4)	(360)
EBITDA	(4)	68
<i>EBITDA %</i>	-	<i>23%</i>
Depreciation and amortisation	-	(20)
EBIT	(4)	48
<i>EBIT %</i>	-	<i>17%</i>
Interest income	1	-
Finance costs	-	(63)
Profit/(Loss) before income tax	(3)	(15)
Income tax expense	-	-
Profit/(Loss) for the year	(3)	(15)

Source: WDL unaudited financial statements.

Note: Numbers may not add due to rounding.

We note the following with regard to WDL's financial performance:

- WDL began operations in about March 2013 with the entity only recording minor operational expenditure for this period.
- WDL recorded its first product sales in FY14 and incurred a loss for the year of \$15k.
- Other operating revenue relates to overhead recoveries within the WolfStrike Group.

4.3.3 WDPL

WDPL has limited operating history and is therefore excluded.

4.4 Financial Position

As noted in section 4.3, WolfStrike Group has not prepared consolidated accounts as, although jointly managed, WRS has a different owner to WDL and WDPL. Accordingly, the standalone historic financial position of each relevant WolfStrike entity is summarised separately below.

In the following financial information, we would like to draw your attention to the fact that intercompany transactions exist between WDL and WRS including the sale of goods. These transactions have not been eliminated in the financial information provided, and therefore the financial information does not accurately reflect the financial position of the consolidated WolfStrike Group. As a result, we advise readers not to aggregate the financial information of the WolfStrike entities.

We note that the management accounts for period ending 31 October 2014 provided to us were prepared by Wolfstrike for internal management purposes. These were not prepared on the same accounting basis as the year end accounts. As a result, we have not included the year to date financial position in this analysis.

4.4.1 Summary

The table below provides a summary of financial position of WDL and WRS as at 31 March 2014:

Balance Sheet as at 31 March 2014	WRS NZ\$'000	WDL NZ\$'000
Cash and equivalents	2	24
Trade and other receivables	49	174
Loans receivable from related parties	-	75
Loan receivable from external party	-	277
Investments	90	-
Property, plant and equipment	1,402	188
Other assets	33	75
Total assets	1,576	813
Trade and other payables	7	89
Loans payable to related party	41	86
Loan payable to external party	1,585	635
Total liabilities	1,633	810
Net asset balance/(deficiency)	(58)	3

Source: WRS and WDL unaudited financial statements.

Note: The numbers presented in the table contain intercompany balances which have not been eliminated. As a result, the **consolidated financial position of WolfStrike businesses cannot be inferred**.

Note: Numbers may not add due to rounding.

4.4.2 WRS

The following table summarises the WRS historic financial position:

Balance Sheet as at:	31-Mar-14 NZ\$'000
Cash and equivalents	2
Trade and other receivables	49
Inventory	6
Other current assets	17
Intangibles	10
Investments - Cashcow	90
Plant and equipment	1,402
Total assets	1,576
Trade and other payables	8
Loans payable to WDL	41
Loans payable to external party	1,585
Total liabilities	1,633
Net asset balance/(deficiency)	(58)

Source: WRS unaudited year-end financial statements.

Note: Numbers may not add due to rounding.

We note the following with regard to the WRS historic balance sheet:

- Plant and equipment includes EFTPOS machines for rental of \$1.37m, as well as software and website expenditure.
- Investments relates to WRS's purchase of the Cashcow rental book and technologies.
- WRS is funded by a loan facility with an external funder secured by the rental book.

4.4.3 WDL

The following table summarises the WDL historic financial position:

	31-Mar-13 NZ\$'000	31-Mar-14 NZ\$'000
Cash and equivalents	-	24
Trade and other receivables	-	174
Loans receivable from related parties	21	75
Loan receivable from external party	-	277
Inventory	-	39
Other current assets	-	36
Plant and equipment	-	188
Total assets	21	813
Trade and other payables	3	89
Loans payable to related party	-	86
Loan payable to external party	-	635
Total liabilities	3	810
Net assets	18	3

Source: WDL unaudited year-end financial statements.

Note: Numbers may not add due to rounding.

We note the following with regard to the WDL historic balance sheet:

- Loans are receivable from an external party (\$277,000) and related parties (\$75,000). Loans are payable to an external funder (\$635,000) and WDL's shareholder (\$86,000).
- Plant and equipment includes Paymark certification of \$137,000, as well as office equipment, software and website expenditure.

4.4.4 WDPL

WDPL has limited operating history and is therefore excluded.

4.5 Industry Overview

4.5.1 Market

While WolfStrike provides a range of technology products to retailers and merchants, the EFTPOS market is the key underlying market for the WolfStrike Group. Many of the WolfStrike products are cross-sold into its core EFTPOS and POS offering. EFTPOS stands for Electronic Funds Transfer at Point of Sale and is a means of paying for goods and services with a debit or credit card.

The key components of the EFTPOS market are:

- **Merchants** - the business or person that has an EFTPOS terminal which enables it to accept payments for goods or services.
- **Acquiring banks** - the bank that provides the facilities to the merchant enabling them to accept EFTPOS as a form of payment for their business.
- **EFTPOS network/payment switch** - the network (called a payment switch) that connects to an EFTPOS terminal and enables it to operate. A payment switch routes EFTPOS transactions from an EFTPOS terminal to the applicable bank or card issuer for approval. The payment switch effectively acts as a middleman between the merchant's bank (i.e. the acquiring bank) and the customer's bank.
- **Terminal or hardware supplier** - the provider of the EFTPOS terminal.

4.5.2 Market Size and Trends

The size of the EFTPOS markets in New Zealand and Australia differs markedly and there are also some key differences between the two markets in terms of structure and trends. A description of each market is below.

New Zealand

There are about 120,000 EFTPOS terminals in operation in New Zealand, serviced by a number of EFTPOS terminal providers. The market is competitive. Relatively low barriers to entry characterise the sale or lease of EFTPOS terminals to small business customers, but there are higher barriers to entry for corporate services (such as loyalty and value add applications such as those discussed in Section 4.2) as these need to be developed and certified with the payment switch provider.

Features of the New Zealand EFTPOS market include:

- Banks in New Zealand do not generally include EFTPOS equipment in their merchant offerings with only a small number of terminals rented by the banks direct to retail customers. Banks generally partner with specialist EFTPOS equipment companies if they wish to provide a full service offering.
- Two primary payment switches operate in the New Zealand market, being Paymark and EFTPOS New Zealand.

The absence of banks in the EFTPOS terminal market has allowed the proliferation of independent providers and made the market more competitive.

Australia

There are about 800,000 EFTPOS terminals in operation in Australia. As the market has traditionally been dominated by the banks (who generally provide terminals in their merchant offerings) there are only a very small number of independent EFTPOS terminal providers. Accordingly, there are higher barriers to entry for the sale or lease of EFTPOS terminals in Australia relative to New Zealand.

Features of the Australian EFTPOS market include:

- Banks in Australia generally charge merchants for each EFTPOS transaction processed whereas in New Zealand the banks only charge a fee for credit card transactions.
- There are multiple payment switches in Australia, with each of the major banks owning and operating their own switches, as well as a number of the smaller banks and some independent providers.

The presence of banks in the EFTPOS terminal market has limited the proliferation of independent providers and restricted the level of competition.

5. Impact of Proposed Transaction on CFT's Capital Structure

CFT has 75.7m shares on issue prior to the Proposed Transaction.

The table below sets out a summary of the capital structure of CFT post the Proposed Transaction dependent on whether the First Conditional Issue and Second Conditional Issue are made (which are subject to satisfying performance conditions and obtaining separate shareholder approval at a later date).

	Post Completion of WolfStrike Acquisition			Post First Conditional Issue			Post Second Conditional Issue		
	No. of Shares	Undiluted Percentage	Diluted Percentage	No. of Shares	Undiluted Percentage	Diluted Percentage	No. of Shares	Undiluted Percentage	Diluted Percentage
	(000)	(%)	(%)	(000)	(%)	(%)	(000)	(%)	(%)
Existing Shareholders (Pre-Consolidation)	75,703	100%	100%	75,703	100%	100%	75,703	100%	100%
Existing Shareholders (Post-Consolidation)	37,852	7.7%	5.8%	37,852	4.8%	4.0%	37,852	3.5%	3.0%
WolfStrike Vendor Group	404,329	82.1%	61.7%	702,165	88.8%	73.7%	1,000,000	91.9%	79.9%
- On Completion	404,329	82.1%	61.7%	404,329	51.1%	42.4%	404,329	37.1%	32.3%
- First Conditional Issue	N/A	N/A	N/A	297,836	37.7%	31.2%	297,836	27.4%	23.8%
- Second Conditional Issue	N/A	N/A	N/A	N/A	N/A	N/A	297,836	27.4%	23.8%
Promoter Shares	25,000	5.1%	3.8%	25,000	3.2%	2.6%	25,000	2.3%	2.0%
Adviser Shares	25,000	5.1%	3.8%	25,000	3.2%	2.6%	25,000	2.3%	2.0%
BDO Shares	595	0.1%	0.1%	595	0.1%	0.1%	595	0.1%	0.0%
Total Shares on Issue	492,776	100%	75%	790,611	100%	83%	1,088,447	100%	87%
Tasman Convertible Notes (if fully converted)	28,125	N/A	4.3%	28,125	N/A	3.0%	28,125	N/A	2.2%
Additional Convertible Notes (if fully converted)	34,375	N/A	5.2%	34,375	N/A	3.6%	34,375	N/A	2.7%
Public Offer	100,000	N/A	15.3%	100,000	N/A	10.5%	100,000	N/A	8.0%
Total Fully Diluted Shares on Issue	655,276	N/A	100%	953,111	N/A	100%	1,250,947	N/A	100%

After the Proposed Transaction, dependant on the amount of Conditional Consideration, the aggregate shareholding of the:

- Existing Shareholders would range from 3.5% to 7.7% on an undiluted basis, and range from 3.0% to 5.8% on a fully diluted basis.
- Vendor Group would range from 82.1% to 91.9% on an undiluted basis, and range from 61.7% to 79.9% on a fully diluted basis.

6. Evaluation of Proposed Transaction

In order to assess whether the Proposed Transaction is fair and reasonable to Non-associated Shareholders, our approach is to consider whether the Proposed Transaction is:

- Fair by comparing the:
 - Fair Value of a share in CFT on a control basis pre the Proposed Transaction; with
 - Fair Value of a share in CFT on a minority basis (i.e. non control) immediately post completion of the Proposed Transaction.
- Reasonable by first considering whether the Proposed Transaction is fair. In addition, we have considered other advantages and disadvantages of the Proposed Transaction to Non-associated Shareholders.

6.1 Fairness of Proposed Transaction

The valuation of a CFT share on a minority basis after the Proposed Transaction requires us to value WolfStrike Group. There are a number of valuation methods that can be used to value a business or shares in a company. In evaluating the possible valuation methods to apply, we have considered the valuation guidelines set out in RG 111 and summarised in Appendix 2.

The appropriateness of valuation methods outlined in Appendix 2 is considered below:

- **Discounted Cash Flow (“DCF”)** – In our view, the DCF method is most appropriate to value a business in growth stage. We reviewed the cash flow forecasts and the underlying assumptions prepared by WolfStrike management. Based on the review, we note that it’s challenging to create a reasonable forecast of revenue, profits and cash flows without a considerable amount of speculation amidst a lack of operating history and performance data for WolfStrike. As a result, in our opinion, it’s not possible to support the cash flow projections on a reasonable basis in a manner which satisfies the relevant scope requirements of RG 111.
- **Capitalised Future Maintainable Earnings (“CFME”)** – Valuation of Wolfstrike on a CFME basis is not appropriate as historical operating and financial data is not sufficient for us to determine the future maintainable earnings for the business.
- **Net Asset Value (“NAV”)** – WolfStrike has a business model with potential for future growth which the assets in the balance sheet do not capture. Additionally, while being managed together by the same management team, the WolfStrike entities do not have common owners prior to the Proposed Transaction and have not been consolidated for financial reporting purposes. As a result the individual balance sheets are not a fair representation of assets and liabilities of the combined WolfStrike Group. Accordingly, we do not consider valuation of WolfStrike using the NAV methodology to be appropriate.

- **Quoted Price** – As WolfStrike is not a publicly listed company, no quoted prices are available.
- **Recent offers or potential acquirers** – We are not aware of any recent offers or other parties interested in acquiring WolfStrike.

Based on the above considerations, we believe that there is no appropriate valuation methodology to value WolfStrike in a manner which satisfies the relevant scope requirements of RG 111. We are therefore unable to assess the value of a CFT share on a minority basis after the Proposed Transaction.

Consequently, we do not assess the value of a CFT share on a control basis before the Proposed Transaction as we do not have a value to compare it with after the Proposed Transaction.

Given our inability to conclude on value we must conclude that the Proposed Transaction is **not fair**.

6.2 Reasonableness of Proposed Transaction

We have considered the following factors in assessing the reasonableness of the Proposed Transaction, assuming that the Conditional Consideration is fully issued.

6.2.1 Advantages of approving the Proposed Transaction

The primary advantages to Non-associated Shareholders of approving the Proposed Transaction are as follows:

- a) **Extended funding period** – CFT’s ability to remain a going concern depends on the continued financial support of Tasman, holder of the Tasman Convertible Notes. The Tasman Convertible Notes would become due and payable by 12 May 2015 if the:
- Resolutions are not passed to approve the Proposed Transaction and issue the Tasman Convertible Notes, Additional Convertible Notes and Public Offer shares; or
 - WolfStrike Acquisition has not been completed through the default of CFT by 10 May 2015,

(each a “Repayment Event”).

CFT would be unable to fund this repayment based on its financial position as summarised in section 3.4. We note that CFT had a net asset deficiency of \$445,000 as at 30 June 2014. In the absence of a Repayment Event, the Tasman Convertible Notes are repayable on 7 October 2015 (unless converted earlier at Tasman’s election).

- b) **Prevent transfer of control through conversion rights** – Tasman may elect to convert the Tasman Convertible Notes into CFT shares at any time. If the Proposed Transaction proceeds and the Tasman Convertible Notes are then converted into shares, Tasman would not have a controlling interest in CFT with a shareholding of 2.2% to 4.3% (refer section 5). However, should Tasman elect to convert the Tasman Convertible Notes into CFT shares in the absence of the Proposed Transaction (including on a Repayment Event), Tasman would take effective control of CFT with a 42.6% interest (on the issue of 56.25m pre-consolidation shares based on \$450,000 of Tasman Convertible Notes on issue).

- c) **Acquire operating business with upside potential** – Currently CFT has no operating business and is in a net liability position. WolfStrike Group has an operating business which would provide the Company with a future business direction allowing shareholders to participate in any potential upside arising from the WolfStrike Acquisition, noting the risks involved (refer section 6.2.2 (b)).
- d) **Possible access to capital and re-quotation of shares** – Completion of the Proposed Transaction would provide CFT with an opportunity to seek to raise capital to fund CFT, the expansion of the WolfStrike Group, application for re-admission to the ASX and for general working capital purposes. However, the Proposed Transaction is not conditional on a successful Public Offer or the removal of the ASX suspension. A risk exists that, even on completion of the Proposed Transaction, capital may not be raised and/or Non-associated Shareholders would retain their interest in an unquoted public company.
- e) **Contingent Consideration** – The consideration for the WolfStrike Acquisition is up to 1 billion CFT shares, of which 760m shares (or 76%) are contingent on performance conditions and separate shareholder approval at a later date.

6.2.2 Disadvantages of approving the Proposed Transaction

The primary disadvantages to Non-associated Shareholders of approving the Proposed Transaction are as follows:

- a) **Dilution in shareholding and loss of control** - The Proposed Transaction would result in the dilution of the Non-associated Shareholders' aggregate interest in CFT from 100% to 3.5% on an undiluted basis, and 3.0% on a fully diluted basis (assuming that the Conditional Consideration is fully issued – refer sections 1 and 5).
- b) **Risk of failure** – The inherent risks attached to a small company with limited operating history is high. Shareholders should consider the risks of the WolfStrike business as set out in section 2.13 of the Notice of Meeting. We also note that WolfStrike Group is currently dependant on one external party to fund its rental book, business and acquisition strategy.
- c) **Possible failure to raise capital** – The Proposed Transaction is not conditional on a successful Public Offer. A risk exists that, even if the Proposed Transaction is approved, the Company may not be able to raise capital to fund CFT, the expansion of the WolfStrike Group, application for re-admission to the ASX and for general working capital purposes.
- d) **Possible failure to remove ASX suspension** – The Proposed Transaction is not conditional on a re-quotation of CFT's shares on the ASX. A risk exists that, even if the Proposed Transaction is approved, the Company may not be able to meet the requirements of the ASX for re-quotation of its shares. Should this occur, the shares cannot be traded on the ASX until such time as those requirements are met leaving Non-associated Shareholders with a minority interest in an unquoted public company.
- e) **Blocking stake in CFT** – As noted in section 5, the Vendor Group's collective interest in CFT would range from 82.1% to 91.9% on an undiluted basis, and range from 61.7% to 79.9% on a fully diluted basis (dependent on the amount of the Conditional Consideration).

Although the Vendor Group comprises many parties (refer section 2.8 of Notice of Meeting), at least one individual member of the Vendor Group would be able to block special resolutions and may also deter others from making a future takeover bid for the Company. In addition, members of the Vendor Group acting collectively would have an ability to exercise even greater control over CFT, such as the approval of ordinary and/or special resolutions.

- f) **Possible divergent objectives of Non-associated Shareholders** – CFT's change of future business direction to become a technology rental company may not be consistent with the objectives of all Non-associated Shareholders.
- f) **No future proposals** – if the Proposed Transaction is approved, Non-associated Shareholders would not be able to entertain possible alternative proposals with a view to possibly achieving a more beneficial outcome. However, as noted in section 6.2.1 (a) and (b), if the Proposed Transaction is not approved, Tasman has the ability to accelerate repayment of the Tasman Convertible Notes which CFT would be unable to fund, or Tasman could take effective control of CFT through the conversion of the Tasman Convertible Notes.

In addition, we note that CFT advises us that no alternative transactions are currently being considered.

- g) **Foreign company** – WolfStrike Group currently operates in New Zealand, and is commencing sales and marketing activities in Australia. Shareholders may therefore be subject to foreign exchange risk and other potential risks associated with owning an asset in a foreign country.

6.2.3 Reasonableness conclusion

After considering the advantages and disadvantages of the Proposed Transaction for Non-associated Shareholders, in our opinion the Proposed Transaction is reasonable to Non-associated Shareholders in the absence of any other relevant information and/or a superior proposal.

6.3 Conclusion

In our opinion the **Proposed Transaction is not fair but reasonable** to Non-associated Shareholders of CFT in the absence of any other relevant information and/or a superior proposal.

Appendix 1 - Financial Services Guide

Moore Stephens Sydney Corporate Finance Pty Ltd ("Moore Stephens") is an authorised representative of Moore Stephens Sydney Wealth Management Pty Ltd ("**Licence Holder**") in relation to Australian Financial Services Licence ("**AFSL**") No. 336950.

Moore Stephens may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "**Authorised Financial Products**"); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

Financial Services Guide

The Corporations Act 2001 requires Moore Stephens to provide this Financial Services Guide ("**FSG**") in connection with its provision of an Independent Expert's Report ("**Report**") which is included in the Notice of Meeting provided by CFT Energy Limited (the "**Company**").

General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Remuneration

Moore Stephens' client is the Company to which it provides the Report. Moore Stephens receives its remuneration from the Company. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Moore Stephens nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Moore Stephens or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

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

Independence

Moore Stephens is required to be independent of the Company.

Neither Moore Stephens, the Licence Holder, any related entities, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of the Proposed Transaction, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$45,000 (excluding GST) will be received.

No pecuniary or other benefit, direct or indirect, has been received by Moore Stephens, the Licence Holder, any related entities, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

Complaints Resolution

Moore Stephens is only responsible for its Report and this FSG. Complaints or questions about the Notice of Meeting should not be directed to Moore Stephens which is not responsible for that document.

Both Moore Stephens and the Licence Holder may be contacted as follows:

By phone: (02) 8236 7700

By fax: (02) 9233 4636

By mail: GPO Box 473
SYDNEY NSW 2001

If you have a complaint about Moore Stephens' Report or this FSG you should take the following steps:

- Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 8236 7700 or send a written complaint to the Licence Holder at Level 15, 135 King Street, Sydney NSW 2000. We will try to resolve your complaint quickly and fairly.
- If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
- The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Moore Stephens to distribute this FSG.

Appendix 2 – Valuation Methodologies

1. Overview of Business Valuation Methods

RG 111 provides guidance on the valuation methods that an independent expert should consider when valuing a company. These methods include the:

- Discounted cash flow method and the estimated realisable value of any surplus assets (“DCF”);
- Application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity (“CFME”), added to the estimated realisable value of any surplus assets;
- Amount that would be available for distribution to security holders on an orderly realisation of assets (“Net Asset Value”);
- Quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- Recent genuine offers, if any, received by the target for any business units or assets as a basis for valuation of those business units or assets; and
- Amount that any alternative acquirer might be willing to offer if all the securities in the target were available for purchase.

ASIC does not suggest that this list is exhaustive or that an expert should use all of the valuation methods listed above. Rather, each of the above valuation methods has application in different circumstances. These circumstances include the nature, profitability and financial position of the business being valued and the quality of information available.

1.1 Discounted Cash Flow

The DCF method estimates the net present value (“NPV”) of future cash flows expected to be generated from the business including a terminal value. The terminal value is the assessed value of the business after the projection period. The NPV is calculated by discounting future cash flows and the terminal value using a discount rate which reflects the risks associated with the cash flow stream.

Cash flows subject to discounting are operating cash flows on an ungeared basis (i.e. before interest and debt repayments) less tax payments, working capital requirements and capital expenditure. Cash flows on an ungeared basis are used to enable the enterprise value to be determined irrespective of the level of debt funding. The equity value may then be calculated by adding surplus assets to, and subtracting debt from, the enterprise value.

1.2 Capitalisation of Future Maintainable Earnings

The CFME method involves capitalising the earnings of a business at a multiple which reflects the growth prospects of the business and the risks inherent in the business. A multiple may be applied to, amongst others, earnings before interest, tax, depreciation and amortisation (“EBITDA”) or net profit after tax (“NPAT”).

This method determines the enterprise (or business) value where a multiple is applied to earnings before interest (e.g. EBITDA). The equity value may then be calculated by adding surplus assets to, and subtracting debt from, the enterprise value.

If the transaction value is known or the enterprise value has been estimated, the CFME method may be “reversed” to determine the required earnings or earnings multiple to support the enterprise value.

1.3 Net Asset Value

The Net Asset Value method is based on the value of the assets of a business less certain liabilities adjusted to a market value.

The Net Asset Value method is most relevant when a company is not producing economic returns, a significant portion of a company’s assets are liquid, for asset holding companies, or where other common valuation methods are unable to be utilised.

1.4 Quoted Share Price

Where the shares can be readily traded through a market such as the ASX, recent prices at which shares are bought and sold can usually be taken as the market value per share. The quoted price of a listed share is observable and objective in terms of value. With the advent of continuous disclosure, such market value should include all factors and influences that impact upon the ASX price.

However, in the absence of a deep, well-informed market exhibiting good liquidity, this method has significant limitations.

Shares in a company normally trade at a discount to the underlying value of the company as a whole, reflecting the fact that portfolio shareholdings do not give shareholders management control or direct access to cash flows.

Appendix 3 – Sources of Information

- Annual Financial Reports of CFT for the years ended 30 June 2012, 2013 and 2014.
- Annual Financial Reports of WRS and WDL for the year ended 31 March 2014.
- Share sale agreement between CFT and:
 - WRS dated 30 October 2014;
 - WDL dated 30 October 2014; and
 - WDPL dated 30 October 2014.
- CFY Umbrella Deed between CFT, Riverhorse and Kingfisher dated 30 October 2014.
- Amending Deed – WolfStrike Acquisition Agreements.
- Convertible Note Loan Agreement.
- Amending Deed – Convertible Note Loan Agreement.
- Deed of Release between CFT, Harry Fung and the Subscribers.
- Draft Notice of Meeting.
- WolfStrike rental book and other operating data.
- WolfStrike Presentations and Business Plans.
- WolfStrike company website.
- CFT shareholder register.
- Public announcements by CFT.
- Other publicly available information.
- Discussions and other correspondence with management and/or other representatives of CFT and WolfStrike.

Appendix 4 – Disclosures

Terms defined in the attached Report have the same meaning in this Appendix.

Qualifications and Independence

The individuals responsible for preparing this Report on behalf of Moore Stephens are Alan Max, Director, B.Com (Hons) FCA and Scott Whiddett, Director, B.Com FCA. Alan has many years experience in the preparation of valuations and Independent Expert's Reports as well as the provision of corporate finance advice. Scott is experienced at performing financial due diligence assignments and statutory audits, as well as preparing Investigating Accountant's Reports, Review of Directors' Forecasts and Independent Expert's Reports.

Neither Moore Stephens, its related entities, any Director thereof, nor any individual involved in the preparation of the Report has any financial interest in the outcome of the Proposed Transaction which could be considered to affect our ability to render an unbiased opinion. Moore Stephens will receive a fee of approximately \$45,000 (excluding GST) for the preparation of this Report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposed Transaction.

Neither Moore Stephens, its related entities, any Director thereof, nor any individual involved in the preparation of the Report receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

During the course of this engagement, Moore Stephens provided draft copies of this Report to CFT and WolfStrike for comment as to the factual accuracy. Changes made to the Report as a result of these reviews have not changed the opinions reached by Moore Stephens.

Disclaimer and Indemnity

It is not intended that this Report should be used or relied upon for any purpose other than to assist Non-associated Shareholders to decide whether or not to approve the Proposed Transaction. Moore Stephens expressly disclaims any liability to any CFT shareholder who relies or purports to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose whatsoever.

Other than this Report, neither Moore Stephens nor its related entities has been involved in the preparation of the Notice of Meeting or any other document prepared in respect of the Proposed Transaction. Accordingly, we take no responsibility for the content of the Notice of Meeting as a whole or other documents prepared in respect of the Proposed Transaction.

Statements and opinions contained in this Report are given in good faith. In the preparation of this Report, Moore Stephens has relied upon information provided by the Providers, unless otherwise stated.

The information provided was evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable. Our enquiries and procedures do not constitute an audit, extensive examination, verification or "due diligence" investigation. None of these assignments have been undertaken by Moore Stephens.

In forming the opinions expressed in this Report, the opinions and judgments of management of CFT and WolfStrike have been considered. Although this information has been evaluated through analysis, enquiry and review to the extent practical, inherently such information is not always capable of independent verification.

CFT has agreed to indemnify and hold harmless Moore Stephens, its directors, officers, employees, servants, agents or affiliated organisations (“*Associates*”) or any other person who is sought to be made liable against any and all losses, claims, damages and liabilities arising out of or related to the performance of these services and which arise from reliance on information received which is provided by the Providers or material information any of the Providers had in their possession and was not provided to us.

With respect to tax implications of the Proposed Transaction, it is recommended that individual shareholders obtain their own tax advice, tailored to their own particular circumstances. Furthermore, the advice provided in this Report does not constitute legal or taxation advice to the shareholders, or any other party.

We note that we have not undertaken to update this Report for events or circumstances arising after the date of this Report, other than those of a material nature and contemplated by RG 111 which occur prior to the date of the General Meeting.

Consent

Moore Stephens consents to the inclusion of this Report in the form and context in which it is included with the Notice of Meeting to be issued to the shareholders of CFT. Neither the whole nor the any part of this Report nor any reference thereto may be reproduced or included in any other document without the prior written consent of Moore Stephens as to the form and context in which it appears.