



**Reclaim Industries Limited
ACN 090 671 819**

**Notice of General Meeting and
Explanatory Statement and
Independent Expert's Report and
Proxy Form**

**General Meeting to be held at Trident Capital, Level 24, 44 St Georges Terrace,
Perth, Western Australia on 30 June 2015 commencing at 10.00am (WST).**

The Independent Expert reporting on Resolutions 3(a) and 3(b) concludes that the acquisition is
FAIR AND REASONABLE to the non-associated Shareholders of the Company.

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how to vote, they should seek advice from their accountant,
solicitor or other professional adviser without delay.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Reclaim Industries Limited (**Company**) will be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia on 30 June 2015, commencing at 10.00am (WST).

SPECIAL BUSINESS

1. Resolution 1 – Change in nature and scale of activities of the Company

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

“That, subject to Resolutions 2 to 13 (inclusive) being passed, in accordance with ASX Listing Rule 11.1.2, and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.”

2. Resolution 2 – Approval of Performance Shares

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

“That, subject to Resolutions 1, and 3 to 13 (inclusive) being passed, for the purposes of Section 246B(1) and 246C(5) of the Corporations Act and Rule 3.1 of the Constitution of the Company and for all other purposes, the Company be authorised to issue Class A Performance Shares and Class B Performance Shares, the terms of which are set out in the Explanatory Statement accompanying this notice.”

3. Resolution 3 – Issue of Consideration Shares to Vendors

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

- (a) *“That, subject to Resolutions 1 and 3(b) to 13 (inclusive) being passed, and in accordance with Item 7 of section 611 and section 208 of the Corporations Act and for all other purposes, approval be and is hereby given to the issue of 293,663,292 New Shares at a deemed issue price of \$0.02 each to the Related Vendors (as that term is defined in the Explanatory Statement) under the Prospectus, and 7,341 Class A Performance Shares and 7,341 Class B Performance Shares, as part consideration for the Company acquiring 100% of the issued capital of Rision Pty Ltd, and for the acquisition by the Related Vendors of a Relevant Interest (details of which are set out in Annexure D to the Explanatory Statement) in the New Shares to be issued to them as contemplated by this Resolution 3(a), further details of which are contained in the Explanatory Statement.”*
- (b) *“That, subject to Resolutions 1 to 3(a) and 4 to 13 (inclusive) being passed, and in accordance with Item 7 of section 611 of the Corporations Act, and for all other purposes, approval be and is hereby given to the issue of 106,336,708 New Shares at a deemed issue price of \$0.02 to the Unrelated Vendors (as that term is defined in the Explanatory Statement), and 2,659 Class A Performance Shares and 2,659 Class B Performance Shares, under the Prospectus, as part consideration for the Company acquiring*

100% of the issued capital of Rision Pty Ltd, and for the acquisition by the Unrelated Vendors of a Relevant Interest (details of which are set out in Annexure D to the Explanatory Statement) in the New Shares to be issued to them as contemplated by this Resolution 3(b), further details of which are contained in the Explanatory Statement.”

4. Resolution 4 – Issue of New Shares pursuant to the Capital Raising

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

“That, subject to Resolutions 1 to 3 (inclusive) and 5 to 13 (inclusive) being passed, and in accordance with ASX Listing Rule 7.1, and for all other purposes, approval be and is hereby given to issue of up to 200,000,000 New Shares at an issue price of \$0.02 per New Share to raise a minimum of \$4,000,000 under a Prospectus, with provision to accept oversubscriptions of a further 200,000,000 New Shares to raise up to a total of \$8,000,000, further details of which are contained in the Explanatory Statement.”

5. Resolution 5 – Right to apply under the Prospectus by any Proposed Directors

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

“That, subject to the passing of Resolutions 1 to 4 (inclusive) and 6 to 13 (inclusive), and in accordance with ASX Listing Rule 10.11, and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue to the Proposed Directors (and/or their nominees) up to 16,000,000 Shares out of the New Shares that may be issued pursuant to Resolution 4 on the terms set out in the Explanatory Statement.”

Shareholders should note that if this Resolution is passed, the approval of Shareholders is not required under Listing Rule 7.1.

6. Resolution 6 – Issue of Facilitation Shares to Trident Capital

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

“That, subject to Resolutions 1 to 5 (inclusive) and 7 to 13 (inclusive) being passed, and in accordance with ASX Listing Rule 7.1, and for all other purposes, approval is given to the issue of 10,000,000 Shares to Trident Capital Pty Ltd (and/or its nominees) under a Prospectus, further details of which are contained in the Explanatory Statement.”

7. Resolution 7 – Issue of Facilitation Shares to SCM Equities Pty Ltd

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

“That, subject to Resolutions 1 to 6 (inclusive) and 8 to 13 (inclusive) being passed, and in accordance with ASX Listing Rule 7.1, and for all other purposes, approval is given to the issue of 10,000,000 Shares to SCM Equities Pty Ltd (and/or its nominees) under a Prospectus, further details of which are contained in the Explanatory Statement.”

8. Resolution 8 – Change of Company Name

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

“That, subject to Resolutions 1 to 7 (inclusive) and 9 to 13 (inclusive) being passed, and in accordance with section 157(1) of the Corporations Act, and for all other purposes, the Company change its name from ‘Reclaim Industries Limited’ to ‘Rision Limited’.”

9. Resolution 9 – Appointment of Robert Day as Director

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

“That subject to Resolutions 1 to 8 (inclusive) and 10 to 13 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Mr Robert Day, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

10. Resolution 10 – Appointment of Anthony Dixon as Director

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

“That subject to Resolutions 1 to 9 (inclusive) and 11 to 13 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Mr Anthony Dixon, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

11. Resolution 11 – Appointment of Graham Steer as Director

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

“That subject to Resolutions 1 to 10 (inclusive) and 11 to 13 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Mr Graham Steer, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

12. Resolution 12 – Appointment of Kate Cornick as Director

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

“That subject to Resolutions 1 to 11 (inclusive) and 13 being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Dr Kate Cornick, having provided conditional consent to act and be appointed as a Director

of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

13. Resolution 13 – Appointment of Myron Spence Howard (Ron Howard) as Director

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

“That subject to Resolutions 1 to 12 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Ron Howard, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

Voting Exclusion Statement

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

Resolution No.	Title	Excluded Persons
1	Change in nature and scale of activities of the Company	Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associate of that person.
2	Approval of Performance Shares	The Vendors and any of their Associates.
3(a)	Issue of consideration to the Related Vendors	The Related Vendors and any of their Associates.
3(b)	Issue of consideration to the Unrelated Vendors	The Unrelated Vendors and any of their Associates.
4	Issue of New Shares pursuant to the Capital Raising	Any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associate of that person.
5	Right to apply under a Prospectus by Proposed Directors	The Proposed Directors and/or any of their nominees, and any of their Associates.
6	Issue of Facilitation Shares to Trident Capital	Trident Capital Pty Ltd and/or its nominees, and any of its Associates.
7	Issue of Facilitation Shares to SCM Equities	SCM Equities Pty Ltd and/or its nominees, and any of its Associates.

However, the Company need not disregard a vote if:

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

Explanatory Statement

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

Resolutions 1 to 13 (inclusive) are subject to and conditional on each of those resolutions being passed. Accordingly, the Resolutions should be considered collectively as well as individually.

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

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on 28 June 2015. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Deborah Ho', with a stylized flourish underneath.

Deborah Ho
Company Secretary
Reclaim Industries Limited
28 May 2015

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

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

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

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

1. PROPOSED TRANSACTION

1.1 Background

On 16 May 2014 the Company announced to ASX that it had entered into a Heads of Agreement, the key terms of which were as follows:

- (a) The Company agreed to acquire all the issued capital of Rision Pty Ltd ("**Rision**") from its shareholders, Apex Private Wealth Pty Ltd, Anthony Francis Dixon, Pebtilly Pty Ltd, T & H Corby Pty Ltd and Amabowl Pty Ltd (together the "**Vendors**").
- (b) The Vendors agreed to sell their interest in Rision for the following Shares (adjusted for any consolidation, as required):
 - (i) 400,000,000 fully paid ordinary shares in the Company to be issued at Completion.
 - (ii) 10,000 Class A Performance Shares, which convert to 350,000,000 fully paid ordinary shares in the Company to be issued upon Rision achieving \$2,750,000 in revenue within twelve (12) months of a loan of \$500,000 being advanced by the Company to Rision ("**Loan**"), or Rision being sold for or being valued at an amount not less than \$150,000,000 within eighteen (18) months from completion of the Proposed Transaction.
 - (iii) 10,000 Class B Performance Shares, which convert to 300,000,000 fully paid ordinary shares in the Company to be issued upon Rision achieving \$20,000,000 in revenue or being sold for or being valued at an amount not less than \$150,000,000 within eighteen (18) months from completion of the Proposed Transaction.
- (c) The parties agreed to negotiate in good faith the terms of a Share Sale Agreement and execute it as soon as practicable and within 60 days, unless agreed otherwise.
- (d) The Company agreed to advance \$500,000 to Skills Connect Pty Ltd, a wholly owned subsidiary of Rision, under a loan agreement, subject to the Company having completed a capital raising of not less than \$550,000.

- (e) The Company agreed to issue 10,000,000 Facilitation Shares to both Trident Capital and SCM Equities in return for them facilitating the Proposed Transaction. Approval of the issue of these Facilitation Shares is Resolutions 6 and 7 of the Notice of Meeting.
- (f) Completion under the Heads of Agreement was also agreed to be subject to and conditional on:
 - (i) The Company completing capital raisings (inclusive of funds in the Company) to raise not less than \$2,500,000 or such other amount as agreed upon by both parties;
 - (ii) Rision and Skills Connect Pty Ltd obtaining all required shareholder approvals;
 - (iii) The Company obtaining all required regulatory and Shareholder approvals;
 - (iv) Rision shareholders agreeing to execute the Share Sale Agreement; and
 - (v) The parties being satisfied with their due diligence enquiries.

The parties entered into the Share Sale Agreement contemplated by the Heads of Agreement on 22 September 2014 (which was subsequently amended on 11 February 2015 to extend the completion date). Further details of the Share Sale Agreement are included in section 1.3 of this Notice.

The parties entered into the Loan Agreement contemplated by the Heads of Agreement on 28 May 2014. The Loan Agreement was subsequently amended on 5 August 2014 to facilitate an additional \$900,000 being advanced by the Company to Skills Connect, and again on 22 January 2015 to facilitate up to an additional \$1,200,000 being advanced. The total amount advanced under the Loan Agreement (as amended) is \$2,400,000 as at the date of this Notice. Further details of the Loan Agreement are included in section 1.4 of this Notice.

The consideration for the Proposed Acquisition (being 400,000,000 Consideration Shares, 10,000 Class A Performance Shares and 10,000 Class B Performance Shares (having the terms set out in Annexure C) was agreed between the Company and the Vendors following commercial arms-length negotiations, and remains the mutually agreed consideration between the parties. In this regard it is noted that, although \$2,400,000 has been advanced under the Loan Agreement (rather than the initial \$500,000 which was contemplated) the Loan is an asset in the Company's Accounts and a liability in Rision's accounts, and so, after completion of the Proposed Acquisition, the asset and the liability net out in the consolidated accounts. Similarly, although the proposed Capital Raising contemplated under Resolution 4 is now for a greater amount than was originally contemplated (i.e. a minimum of \$4,000,000 up to a maximum of \$8,000,000), the additional Shares being issued under the Capital Raising will proportionally dilute the consideration issued to the Vendors.

1.2 Overview of Rision

(a) Background

Rision Pty Ltd is an unlisted private company that has been funded by private investment from its five shareholders. The company is focused on providing human

resourcing solutions for organisations that manage contingent workers and their employees. Rision addresses the changing employment landscape that is witnessing a global move to a contingent workforce, and the subsequent rise in the number of people working multiple part-time jobs.

Founded in 2001, under the name Employment Management Solutions Pty Ltd, the company designed and developed a system that enabled businesses to control their contingent workforce hiring processes. Intellectual property was developed, as described below, enabling business to connect and transact with multiple suppliers of contingent employees. In 2009 the company was rebranded as Skills Connect.

In September 2014 the company entered into a Share Sale Agreement with Reclaim Industries Limited in order to access funding to further develop the platform into a fully integrated mobile and HTML 5 solution. The redevelopment enables employees, business managers and human resources professionals to connect, streamlining the hiring and management of staff for businesses while providing increased transparency for employees. The redevelopment of the platform will enable access to broader markets through a Software-as-a-Service ("**SaaS**") offering.

The company name was changed to Rision Pty Ltd, reflecting the fact that Rision helps employees to rise up through their work to achieve their financial and career aspirations, while enabling businesses to rise above their human resourcing challenges to identify, employ and manage staff.

Rision's mobile and HTML 5 product is currently completing development, with expected completion of the first version of the mobile product in the first quarter of 2015. It will be available and ready for use by small, medium and large organisations during the second quarter of 2015 in both English and Spanish.

Rision will commercialise its products by engaging strategic channel partners and value-added resellers, as well as through developing a direct sales team, in dynamic, large scale employment industries including fast food, retail, hospitality, commercial property services, construction, events management and healthcare. The intent of this approach is to enable the company to scale at speed to become a significant provider of employment management systems.

Overview of Rision's Products

Rision's platform is designed for use by job seekers, businesses and their employees, and human resources professionals. The platform enables transparent, efficient connectivity that drives improved work practices and productivity.

Job seekers register with Rision at no cost, and are required to provide basic personal, employment and education information as well as their availability. Once registered, the platform matches their skill set to job offers for contingent work, and job seekers can view, decline or accept job offers from their smartphone.

Businesses register with Rision, and can use the platform to identify, employ and roster staff, and manage timesheets at a competitive price point.

Rision's initial product offering includes:

JobMatch: this product leverages Rision's network to match employees and employers, simplifying the employment process. Job seekers do not have to write job applications, and the burden of reviewing CVs is reduced for businesses. Managers are provided with a shortlist of job seekers from the Rision network that best match their needs, including being available when needed. Candidates get notified when they are chosen and can accept or decline job interviews and offers on their smartphone.

Roster: this product provides an intuitive interface to manage rostering of staff quickly and efficiently, including providing shift notifications to employees via their mobile phone.

LastMinute: this product helps managers to fill shifts at the last minute, for example when staff members call in sick, from known candidates with the required availability, skills and expertise.

TimeSheet: This product enables online completion and approvals of hours worked via a mobile timesheet. The information is passed to payroll system to enhance the efficiency of remuneration processes while significantly lowering management costs.

Additionally, Rision is developing business intelligence product offerings that provide businesses with tools to make informed HR decisions to benefit their company and its employees.

Rision is also developing a mobile wallet product that will enable employees to be paid directly on their mobile phone, through integrations with white-labeled mobile wallet companies.

Corporate structure of Rision Group

The corporate structure for Rision Group is as follows:



The Rision Group comprises Rision Pty Ltd, the parent company, which has developed the Rision products and holds the patents over the intellectual property.

Skills Connect Pty Ltd is 100% owned by Rision Pty Ltd, and will be the company through which commercialisation of Rision products will be undertaken in the Australia Asia Pacific region.

Rision Inc. is the 100% Rision owned subsidiary, established to commercialise the product in North America.

Overview of Rision's Intellectual Property

Rision has a granted patent in Australia and New Zealand and pending patent applications in the USA, for a transaction based process connecting business to multiple suppliers of contingent employees, from hire to payroll:

- United States Patent Application No. 11/817,024; entitled: Transactional Engine Linking Businesses to Multiple Recruitment Companies for Engagement & Management of Labour
- Australian Complete Patent No. 2006218253; entitled: Transactional Engine Linking Businesses to Multiple Recruitment Companies for Engagement & Management of Labour

In addition Rision has a portfolio of registered domain names and has lodged trademark applications for the Rision logo in both Australia and the USA.

(b) Financial History

Rision is essentially a start-up with limited trading history. Since incorporating in November 2009, Rision's activities have been aimed at product development and research.

Capital raised to date has been used to establish a management team, product development and corporate expenses.

Given Rision's limited trading history and given that its business is largely unproven, it is difficult to make an evaluation of Rision's business or its prospects. Accordingly, no assurance can be given that the Company will achieve commercial viability through the acquisition of Rision and the implementation of its business plans.

(c) Business Plan

Following completion of the Capital Raising, the Company will focus on growing Rision's business by fully commercialising Rision's products and by prioritising funds towards sales and marketing and development of core products in accordance with the table set out in section 1.14. By commercialising Rision's product, the Company will endeavour to increase sales with a view to generating profits. In addition, the Company will consider opportunities for growth by additional product development or acquisitions that complement Rision's business.

1.3 Share Sale Agreement

The Company and the Vendors entered into a Share Sale Agreement on 22 September 2014 (as amended on 11 February 2015). Subject to various conditions, the Company agreed to purchase, and the Vendors agreed to sell, 100% of the ordinary shares in Rision Pty Ltd.

Completion of the sale and purchase of all the issued shares in Rision is due to occur 5 business days following the satisfaction or waiver of the last condition to be satisfied or waived. The conditions to be satisfied or waived are:

- (a) The Company being satisfied with its due diligence enquiries in respect of Rision.

- (b) The Vendors being satisfied with their due diligence enquiries in respect of the Company.
- (c) The Company obtaining all required regulatory and shareholder approval.
- (d) The Company completing the Capital Raising of at least \$2,000,000, as contemplated by Resolution 4.
- (e) As the Company is required by ASX to re-comply with Chapters 1 and 2 of the Listing Rules, ASX providing the Company with a list of conditions reasonably acceptable to the Vendors and the Company, which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX.
- (f) Satisfaction of the conditions in (e).
- (g) Termination of various Services Agreements in place with effect from Completion.

The Company must use best endeavours to procure the satisfaction of conditions (a), (c), (d), (e), (f) and (g) above.

At Completion of the Agreement, the Company has agreed (subject to the passing of the Resolutions by Shareholders) to issue New Shares to the Vendors, Trident and SCM in accordance with Resolutions 3(a), 3(b), 6 and 7. In addition, following the appointment of the Proposed Directors, Robert Day, Anthony Dixon, Graham Steer, Kate Cornick and Ron Howard, to the Board, it is proposed that the Existing Directors, Messrs Hewitt-Dutton, Ong and Scoggins will resign as Directors.

The Share Sale Agreement contains additional provisions, including warranties and indemnities in respect of the status of Rision and the Company, which are considered standard for agreements of this kind.

1.4 Loan agreement

In addition to the Share Sale Agreement, the Company has entered into a Loan Agreement with Skills Connect Pty Ltd on 28 May 2014, pursuant to which the Company advanced \$500,000 to Skills Connect to provide working capital funds to Skills Connect. On 5 August 2014 and 22 January 2015 the Loan Agreement was amended to facilitate a further \$900,000 and up to \$1,200,000 respectively being advanced to Skills Connect. The loan is on normal commercial terms. However, Shareholders should be aware that if the Proposed Transaction is completed, Skills Connect will be a subsidiary of the Company and the loan will not be repayable to the Company.

1.5 Capital Raising and Loan

On 29 May 2014 the Company announced that they had completed a Placement raising \$582,000 by the issue of 97,000,000 fully paid ordinary shares at \$0.006 a Share. The Placement was completed in two tranches, 56,000,000 fully paid ordinary shares were issued on 28 May 2014 in Tranche 1. A further 41,000,000 fully paid ordinary shares were issued following Shareholder approval on 1 July 2014. These are the Tranche 2 issue Shares.

On 6 August 2014 the Company announced that it had completed a Further Placement raising \$1,020,000 by the issued of 67,999,996 fully paid ordinary shares at \$0.015 per Share.

On 27 January 2015 the Company announced that it had completed a Second Further Placement raising \$1,225,500 by the issued of 81,700,000 fully paid ordinary shares at \$0.015 per Share

The Placement, Further Placement and Second Further Placement were used to fund the advances made under the Loan Agreement detailed in section 1.4 of this Notice.

1.6 Advantages of the Proposed Transaction

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

- (a) Greater commercial opportunities – the proposed shift from a rubber recycler and manufacturer to a technology platform will provide the Company with greater opportunities, given that the commercialisation of the software platform is scheduled to occur in the short term.
- (b) Additional sources of financing – the change in nature of activities should enable the Company to attract new investors and raise additional working capital to enable commercialisation of the software platform, and may also increase the Company's ability to acquire further projects.
- (c) Acquisition of Rision – seeks to leverage on the increasing global trend of employers hiring a contingent workforce, i.e. workers who are employed on a temporary basis.
- (d) The Company will acquire one hundred percent (100%) of Rision and its business by the issue of the Consideration Shares.

1.7 Disadvantages of the Proposed Transaction

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

- (a) The Company will be changing the nature of its activities from being a rubber recycler and manufacturer to a cloud based Software as a Service (“SAAS”) provider, which may not be consistent with the objectives of the Shareholders.
- (b) The Proposed Transaction will result in the issue of Shares to the Vendors, Trident Capital and SCM Equities with Existing Shareholders' interests diluted from holding 100% of the Company to holding an interest of 50.27% based on the Company achieving the minimum Capital Raising of \$4,000,000 and 43.32% based on the Company achieving the maximum Capital Raising of \$8,000,000.
- (c) Potential lower liquidity of shares – if the acquisition is completed, trading in the Company's Shares may be negatively affected by the presence of the Vendors holding a potential 32.7% ownership interest based on the Company achieving the minimum Capital Raising of \$4,000,000 and 28.2% based on the Company achieving the maximum Capital Raising of \$8,000,000. The Existing Shares will therefore have a materially lower float on a proportional basis which may reduce liquidity.
- (d) Absence of significant revenues – the technology being acquired is at an early stage of being commercialised with no significant revenues yet generated. There is therefore a higher degree of uncertainty in relation to the future prospects of

Rision. Additionally, there is no guarantee that Rision will be able to successfully commercialise its products and realise significant revenues going forward.

- (e) Competitive market – the software platform will be entering a competitive market with over 20 systems already targeting the contingent labour market, with some of these systems already having a considerable spend under management.
- (f) There are risk factors associated with the change in nature of the Company’s activities, or rather risks associated with the Proposed Transaction. Some of these risks are set out in Section 1.15 below.

1.8 Effect of the Proposed Transaction on the Company

By acquiring 100% of the issued capital of Rision, the Company will be taking on the commercialisation of intellectual property in national and international markets.

Pro Forma Capital Structure		
Shares	\$4,000,000	\$8,000,000
Shares currently on issue	626,699,469	626,699,469
Shares to be issued to Vendors (Resolution 3)	400,000,000	400,000,000
Shares to be issued on Capital Raising (Resolution 3)	200,000,000	400,000,000
Shares to be issued for Facilitation Fees (Resolutions 6 and 7)	20,000,000	20,000,000
Total Shares on issue following completion and compliance	1,246,699,469	1,446,699,469
Performance Shares to be issued (Resolution 3)	650,000,000	650,000,000
Total Shares on issue following completion and compliance assuming milestones satisfied	1,896,699,469	2,096,699,469

1.9 Independent Expert’s Report

For the purposes of item 7 of section 611 of the Corporations Act and to assist Shareholders in considering the Resolutions in this Notice of General Meeting, the Company has commissioned an Independent Expert’s Report on the fairness and reasonableness of the Proposed Transaction. The report concludes the Proposed Transaction is FAIR AND REASONABLE to the non-Associated Shareholders.

You should consider the Independent Expert’s Report in detail (see Annexure B).

1.10 Indicative timetable

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

Action	Date
Lodgement of Prospectus with ASIC	4 June 2015
Prospectus offer opens	12 June 2015
Suspension of the Company's securities from trading on ASX at the opening of trading	30 June 2015
General Meeting	30 June 2015
Prospectus offer closes	10 July 2015
Issue of all New Shares	15 July 2015
Completion of the Proposed Transaction	15 July 2015
Satisfaction of ASX conditions for reinstatement	22 July 2015
Commencement of trading of New Shares on ASX	29 July 2015

1.11 Relevant Interests and Voting Power

This section 1.11 sets out the effect of the issue of New Shares pursuant to Resolutions 3(a) and 3(b) (issue of consideration to Vendors) on Relevant Interests and Voting Power in relation to the Company.

(a) **Identity of persons who will receive New Shares in the Company pursuant to Resolutions 3(a) and 3(b) and their Associates**

If Resolutions 3(a) and 3(b) are passed (issue of consideration to the Vendors), both the Related Vendors and the Unrelated Vendors will receive the numbers of New Shares (and acquire a Relevant Interest in the number of New Shares) set out in Annexure D of this Explanatory Statement.

Each of the Vendors do not consider they will be Associates of one another after the New Shares have been issued to them, and therefore do not consider that their Voting Power in the Company will exceed 20% (with the exception of Pebtilly) following completion of the Proposed Transaction. However, at the point in time when the New Shares are issued, upon completion of the Share Sale Agreement (referred to in section 1.3), each of the Vendors will be considered Associates of one another as a consequence of their participating in the Proposed Transaction and agreeing to sell their shares in Rision to the Company.

The following additional information is provided in relation to the Vendors:

(i) **Robert Day**

Mr Robert Day is a director of Rision, and a Proposed Director of the Company.

(ii) **Pebtilly Pty Ltd**

Mr Robert Day is a director of Pebtilly Pty Ltd. Mr Robert Day is also the sole shareholder of Pebtilly Pty Ltd. Mr Robert Day is a director of Rision, and a Proposed Director of the Company.

(iii) **Anthony Dixon**

Mr Anthony Dixon is a director of Rision, and a Proposed Director of the Company. Mr Anthony Dixon is also a shareholder of Rision.

(iv) **Amabowl Pty Ltd as trustee for the Amabowl Family Trust**

Mr Graham Steer is a director of Amabowl Pty Ltd. Mr Graham Steer is also a beneficiary of the Amabowl Family Trust, together with other family members. Mr Graham Steer is a director of Rision, and a Proposed Director of the Company.

Each of these Vendors are related private investors in Rision.

(b) **Impact of the Proposed Transaction on the Voting Power in the Company's Shares**

(i) **The Company's capital structure**

As at the date of this Explanatory Statement, the Company has 626,699,469 Existing Shares on issue.

Once the issue of securities as proposed in Resolutions 3(a), 3(b), 4, 6 and 7 have been completed and New Shares are issued, the capital structure of the Company will consist of 1,246,699,469 Shares (assuming \$4,000,000 is raised under the Capital Raising) and 1,446,699,469 Shares (assuming \$8,000,000 is raised under the Capital Raising).

(ii) **Current Voting Power of the Vendors**

As at the date of the Notice of General Meeting, the following Vendors have a Relevant Interest in Existing Shares:

Vendor	Existing Shares	Existing Voting Power
Pebtilly Pty Ltd	Nil	0%
Anthony Dixon	Nil	0%
Amabowl Pty Ltd ATF the Amabowl Family Trust	Nil	0%
Apex Private Wealth Pty Ltd	Nil	0%
T & H Corby Pty Ltd	Nil	0%

Except as disclosed above, none of the Vendors have any Relevant Interest in any Existing Shares. Accordingly, the Vendors combined Voting Power as at the date of the Notice of General Meeting is 0%.

(iii) **Relevant Interests and maximum Voting Power of the Vendors after the issue of the New Shares pursuant to Resolutions 3(a), 3(b), 4, 6 and 7.**

Once all of the New Shares referred to in Resolutions 3(a), 3(b), 4, 6 and 7 have been issued, the number of Shares in which the Vendors will have a Relevant Interest will be as set out in Annexure D.

The maximum Voting Power of the Vendors set out below is provided based on the Company achieving:

- A. the minimum Capital Raising of \$4,000,000;
- B. the Company raising a maximum of \$8,000,000.

Based on the Company achieving the minimum Capital Raising of \$4,000,000, the Vendors would together hold a maximum Voting Power equal to 32.7% upon issue of the New Shares pursuant to Resolutions 3(a), 3(b), 4, 6 and 7.

Based on the Company raising \$8,000,000, the Vendors would together hold a maximum Voting Power equal to 28.2% upon issue of the New Shares pursuant to Resolutions 3(a), 3(b), 4, 6 and 7.

These numbers and percentages also assume that the Company does not issue any other Shares to any person prior to the Completion of the Proposed Transaction.

1.12 Intentions as to the future of the Company

The Company understands that the present intentions of the Vendors regarding the future of the Company, if the Resolutions are approved by Shareholders, are that they:

- (a) have no current intention of making any changes to the business of the Company following the acquisition of Rision except as outlined in this Explanatory Statement or agreed to in the Company's plans for the business following the acquisition of Rision as set out in the Prospectus;
- (b) do not have immediate plans to inject further capital into the Company for its current business;
- (c) intend to change the Company Secretary and providers of administration services to the Company (including the proposed changes to the Board, as described in section 1.3(g));
- (d) do not propose that any assets be transferred from the Company to the Vendors or their Associates; and
- (e) have no intention to otherwise re-deploy the fixed assets of the Company.

1.13 Financial and dividend policies of the Company

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

1.14 Expenditure plans and use of funds

The Company intends to use the funds raised from the New Shares issued pursuant to the Prospectus, as contemplated by Resolution 4 as follows:

Proposed Application of funds raised				
	Minimum Subscription (\$4,000,000)		Full Subscription (\$8,000,000)	
	Amount (\$)	%	Amount (\$)	%
Expenses of the Capital Raising (including capital raising fees)	\$440,000	11%	\$720,000	9%
Sales and marketing of Rision products	\$1,131,000	28%	\$2,766,000	35%
Ongoing technology development	\$650,000	16%	\$1,114,000	14%
Corporate and administration	\$465,000	12%	\$793,000	10%
Repayment of loans	\$350,000	9%	\$350,000	4%
Working capital for Rision	\$964,000	24%	\$2,257,000	28%
Total	\$4,000,000	100%	\$8,000,000	100%

1.15 Risks – Change in Nature of Activities

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature and scale of its activities which will, because of its nature, be subject to various risk factors. These risks are both specific to the industry in which the Company operates and also relate to the general business and economic environment in which the Company will operate. An investment in the Company is not risk free and Existing Shareholders should consider the risk factors described below, together with information contained elsewhere in this Notice of General Meeting. The following is not intended to be an exhaustive list of the risk factors to which the Company will be exposed to on the acquisition of Rision.

Based on the information available, the principal risks facing the Company upon completion of the Proposed Transaction will be as follows:

SPECIFIC RISKS

(a) Change in nature and scale of activities

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. There is a risk that the Company may not be able to meet the requirements of ASX for re-quotations on the ASX.

(b) Commercialisation Risk

Rision is now in the process of commercialising its products, including JobMatch, TimeSheet, Roster and LastMinute (as described in Section 1.2(a)). There is a risk that Rision will not be able to successfully commercialise its products, including by not being able to commercialise its products, or by being unable to attract sufficient customers.

(c) **Competition and new technologies**

The industry in which Rision is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While Rision will undertake all reasonable due diligence in its business decisions and operations, Rision will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of Rision's projects and business. For instance, new technologies could overtake the advancements made by Rision's products. In that case, Rision's revenues and profitability could be adversely affected.

(d) **Special Reputational Risks**

Rision operates in an online and fast-changing environment. Negative publicity can spread quickly, whether true or false. Disgruntled customers posting negative comments about Rision in public forums may have a disproportionate affect on Rision's reputation and its ability to earn revenues and profits. Additionally, complaints by such users can lead to additional regulatory scrutiny and a consequential increased compliance burden in responding to regulatory inquiries. This could negatively impact on Rision's profitability.

(e) **Hosting Provider Disruption Risks**

Rision relies on its primary hosting provider, Amazon Web Services ("**Host**") to maintain continuous operation of its platform and mobile applications stores to maintain the mobile platforms (iOS and Android). Should the host suffer outages, for example due to catastrophic destruction of infrastructure following a natural disaster, service to the Rision platform may also be disrupted. If the Host ceases to offer its services to Rision and Rision is unable to obtain a replacement hosting provider quickly, this could also lead to disruption of services to the Rision platform.

Unavailability of the platform would lead to a loss of revenue while Rision is unable to provide its services. Further, particularly in the case of prolonged outages, such disruptions could have a material adverse impact on Rision's reputation. This could hinder Rision's ability to retain existing customers or attract new customers which would have a material adverse impact on Rision's growth.

(f) **Limited Trading History**

The business is yet to be fully commercialised and the bulk of its revenues to-date have been as a result of equity raisings or grants of funds. Further, Rision's efforts in the past have been significantly focused towards the research and development of its product. In addition, Rision does not have audited financial information available in respect of its business for the year ending 30 June 2013. There is therefore greater uncertainty in relation to the business and Existing Shareholders should consider Rision's prospects in light of its limited financial history. In addition, there is no guarantee that Rision will be able to successfully commercialise its products and if it is unable to do so it will not be able to realise significant revenues in the future.

(g) **Protection of Intellectual Property Rights**

Rision believes that its intellectual property rights such as trademarks and patents are important to its success and competitive position and recognises the importance of registering patents and trademarks related to its product and brand. Rision is not aware of any material violations or infringements of its intellectual

property rights. However, third parties may in the future attempt to challenge the ownership and/or validity of Rision's intellectual property rights. In addition, the business is subject to the risks of third parties counterfeiting the "Rision" brand or otherwise infringing intellectual property rights. Such unauthorised use of the "Rision" brand in counterfeit products could not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities. Rision may not always be successful in securing protection for its intellectual property rights, in preventing the production and sale of counterfeit products or preventing other infringements of its intellectual property rights.

Protections offered by foreign jurisdictions in respect of intellectual property may not be as effective as in Australia. Rision may need to resort to litigation in the future to enforce its intellectual property rights. Any such litigation could result in substantial costs and a diversion of its resources. Rision's failure to protect and enforce its intellectual property rights could have a material adverse impact on its reputation, business and results of operation.

(h) Reliance on Key Personnel

The recent development of the Business has been in large part due to the talent, effort, experience and leadership of its senior management team, in particular the leadership of Rision Founder Robert Day and Managing Director Kate Cornick. Although Rision has entered into service contracts with Robert Day and Kate Cornick, there is no assurance that such contracts will not be terminated or will be renewed on the expiry of their term. In addition, there is no assurance that Messrs Day, Dixon, Steer and Cornick, or senior management would remain healthy and able to continue in their current roles. If such contracts were terminated or breached, or if the relevant employees were no longer to continue in their current roles, Rision would need to employ alternative staff, and Rision's operations and business would be adversely affected.

(i) Data Loss, Theft or Corruption

Rision provides its services (exclusively) online through its platform, including HTML5 and native mobile applications. Hacking or exploitation of some unidentified vulnerability in its website could lead to a loss, theft or corruption of data.

Rision will collect sensitive data relating to employment information which could be attractive to hacking or exploitation.

This could render the platform unavailable for a period of time whilst data is restored. It could also lead to unauthorised disclosure of users' data with associated reputational damage, claims by users and regulatory scrutiny and fines. Although Rision has strategies and protections in place to try to minimise security breaches and to protect data these strategies might not be successful. In that event, disruption to the platform and unauthorised disclosure of user data could negatively impact upon Rision's revenues and profitability.

(j) Hacker Attacks

To some extent, Rision relies upon the availability of its website to provide services to customers and attract new customers. Hackers could render the website unavailable through a disrupted denial of service or other disruptive attacks. Rision will collect sensitive data relating to employment information which could be attractive to hacking or exploitation.

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

(k) **Domain Name Risk**

To some extent, Rision's business depends on customers being attracted to its website. Rision has registered a domain name in Australia for the purposes of its website. However, should Rision not renew or otherwise lose control of its domain name, it would lose all website traffic direct to that domain. This would adversely affect Rision's revenue.

(l) **Attracting Customers to Rision's Website**

To some extent, Rision's revenues depend on sufficient customers being attracted to its website. The amount of visitors to its website directly affects its sales of the product. Various factors can affect the level of web traffic arriving at Rision's website including:

- (i) Marketing and promotions: if Rision's marketing and promotion efforts are not effective this will manifest itself as a lack of customers visiting the Rision website.
- (ii) Brand damage: should Rision suffer from reputational damage, web traffic could be affected.
- (iii) Search engine traffic: search engines such as Google, direct significant traffic to the Rision website. Should these search engines make changes to their algorithms and procedures that direct this traffic, Rision could see a substantial drop in customers visiting its website. For example, Google regularly updates the algorithms that determine the ranking of results it returns for any given search term. Rision attempts to follow Google's guidelines and online best practice to maintain the flow of traffic to its website, but such changes could adversely affect the traffic to its website.

A decline in traffic to Rision's website could lead to a decline in Rision's ability to attract customers. This could adversely affect Rision's revenue.

(m) **Customer Service Risk**

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

(n) **Risks Associated with the Regulatory Environment**

Rision's main operating entities are based in Australia and subject to Australian laws and regulations. For example, Rision is required to comply with the *Corporations Act 2001* (Cth) and the *Competition and Consumer Act 2010* (Cth). However Rision also intends to increase its operations in international jurisdictions such as the United States of America and across the Asia Pacific region. Users, competitors, members of the general public or regulators could allege breaches of the legislation in the relevant jurisdictions, for example, if they considered an advertisement to be misleading or deceptive. This could result in remedial action or litigation, which could potentially lead to Rision being required to pay compensation or a fine. Rision's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon Rision's profitability. In addition, if regulators took the view that Rision had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage to Rision and consequent impact upon its revenue.

Rision intends to offer its products throughout the world. Regulatory changes could see Rision being required to hold a licence in some of these jurisdictions or otherwise comply with local regulations. This could preclude Rision from offering certain services in these jurisdictions until such a licence has been obtained, or may require Rision to comply with a range of regulatory requirements. Any such increase in the costs and resources associated with the regulatory compliance in these jurisdictions could impact upon Rision's profitability.

(o) **Foreign Exchange Risks**

Rision's costs and expenses in the United States of America are in US\$. Accordingly, the depreciation and/or the appreciation of the US\$ relative to the Australian currency could result in a translation loss on consolidation which is taken directly to shareholder equity. Any depreciation of the US\$ relative to the Australian currency may result in lower than anticipated revenue, profit and earnings. Rision will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the US\$, and will have to monitor this risk on an ongoing basis.

(p) **Liability Claims**

Rision's products are sold predominantly within Australia and the United States of America. Rision may be exposed to liability claims if those service products are provided in fault and/or cause harm to its customers. As a result, Rision may have to expend significant financial and managerial resources to defend against such claims. Rision believes that such liability claim risks will increase as new technology is introduced to the market that compete with Rision's products. If a successful claim is made against Rision, Rision may be fined or sanctioned and its reputation and brand may be negatively impacted, which could materially and adversely affect its reputation, business prospects, financial condition and results of operation.

(q) **Contractors and Contractual Disputes**

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, the Directors are unable to completely avoid the risk of:

- (i) financial failure or default by a participant in any joint venture to which the Company or its subsidiaries may become a party;
- (ii) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by the Company or its subsidiaries in its exploration activities; or
- (iii) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by the Company or its subsidiaries or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the Company's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by the Company, it is not possible for the Company to predict or protect itself completely against all such risks.

(r) **Liquidity and Dilution Risk**

There are currently 626,699,469 Shares on issue with between 16.0% and 27.6% of the total Shares on issue following requotation of the Company's shares being offered to the public pursuant to the Prospectus. Upon requotation of the Company's Shares, a significant portion of the Shares on issue will be subject to escrow restrictions imposed by the Listing Rules. Some Existing Shareholders may consider that there is an increased liquidity risk as a large portion of the issued capital may not be able to be traded freely for a period of up to 24 months. For further information on potential restrictions to be imposed by ASX see Section 2.5(f).

(s) **Future Capital Needs**

Further funding of projects may be required by Rision to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect the business and financial condition of Rision and consequently its performance.

(t) **No profit to date**

Rision has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. Since the Company intends to continue investing development program the Directors anticipate making further losses in the foreseeable future.

While the Directors have confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

General Risks

(u) Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(v) Insurance Coverage

Rision faces various risks in connection with its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. Rision maintains insurance coverage for its employees (as required by law in Australia), Public Liability and Product Liability insurance, however, Rision does not maintain business interruption insurance or third-party liability insurance against claims for property damage or other liabilities. If Rision incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, its financials may be adversely affected.

(w) Management of Growth

There is a risk that Company's management will not be able to implement the Company's growth strategy after completion of the Rision Acquisition. The management's capacity to properly implement and manage the Company's strategic direction, in particular as regard to the Rision Business, may affect the Company's financial performance.

(x) Economic Risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries including, but not limited to, the following:

- (i) general economic conditions in Australia and its major trading partners, and in the United States of America;
- (ii) changes in government policies, taxation and other laws, particularly in Australia and the United States of America;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector;
- (iv) movement in, or outlook on, interest rates and inflation rates; and
- (v) natural disasters, social upheaval or war in Australia or overseas.

Further, share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) the general global political and economic outlook, particularly in Australia and the United States of America;
- (ii) interest rates and inflation rates;

- (iii) currency fluctuations;
- (iv) mineral price fluctuations;
- (v) changes in investor sentiment toward particular market sectors (in particular cloud based businesses and human capital management businesses);
- (vi) industrial and landowner issues and disputes; and
- (vii) terrorism or other hostilities,

as well as other factors beyond the control of the Company or the Directors.

(y) **Share Market**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(z) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(aa) **Currency Risk**

As the Company's potential earnings will be largely derived from the sale of technology both in Australia and overseas, the Company's future revenues and cash flows will be impacted by changes in the prices of the currencies in which it operates. However, the Company's cost base will be primarily in Australian dollars. Consequently changes in the Australian dollar exchange rate will impact on the earnings of the Company. The exchange rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

2. GENERAL MEETING

2.1 Action to be taken by Shareholders

In order to proceed with the acquisition of Rision, the Company must convene a general meeting of its Shareholders for the purpose of passing the Resolutions in compliance with the requirements of the Corporations Act and the Listing Rules.

The Notice convening the General Meeting is included in the front of this booklet. Shareholders are encouraged to attend and vote in favour of each of the Resolutions to be put to the General Meeting.

If a Shareholder is unable to attend and vote at the General Meeting, the Shareholder is encouraged to complete the Proxy Form at the back of this booklet and return it to the Company by no later than 10.00am (WST) on 28 June 2015.

2.2 Resolutions

There are 13 Resolutions to be put to the General Meeting. Resolutions 2 and 8 are special resolutions and all other Resolutions are ordinary resolutions. Each Resolution relates to the acquisition of Rision and is conditional on the passing of each of the other Resolutions so that the Resolutions will not have any effect unless all the Resolutions are passed. Accordingly, Shareholders should consider each Resolution collectively, as well as individually.

Certain voting restrictions are imposed in relation to the Resolutions as detailed in the Notice under the “voting exclusion statement” section. This Section 2 sets out a brief explanation of each Resolution.

2.3 Resolution 1 – Change in nature and scale of activities of the Company

Subject and pursuant to the passing of Resolution 1 and Resolutions 2 to 13 (inclusive), Resolution 1 is an ordinary resolution which seeks approval for the change of the Company’s nature and scale of activities as a result of the acquisition of Rision.

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable. 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 General Meeting.

ASX has indicated to the Company that it has exercised its discretion to require the Company to seek the approval of Shareholders under Listing Rule 11.1.2 for a change in the nature of its activities. For this reason, the Company is seeking Shareholder approval for the Company to change the nature of its activities under Listing Rule 11.1.1.

As a consequence of the change to the Company's nature and scale of activities, it is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules. Listing Rule 2.1 Condition 2 requires that the offer price of securities is a minimum of 20 cents. The Company has applied to the ASX for a waiver from Listing Rule 2.1 Condition 2 to allow the Company to offer securities for 2 cents.

Recommendation

Each of the Directors has no interest in the outcome of Resolution 1, other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 1.

Shareholders should refer to the information in Section 1.2 for information about the acquisition of Rision and its impact on the Company.

2.4 Resolution 2

Subject to the passing of Resolutions 1 and 3 to 13 (inclusive), Resolution 2 is a special resolution which seeks the approval for the issue of Class A Performance Shares and Class B Performance Shares under the Company’s Constitution.

Under Rule 3.1 of the Company's Constitution, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Corporations Act and the Listing Rules, except as the Company in general meeting may when authorising any issue of shares otherwise direct and subject to the Company's Constitution, shares in the Company are under the Control of the Directors who may allot or dispose of all or any of the same to such person at such times at such price and on such terms and conditions and having attached to them such preferred, deferred or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise and whether as preference shares that are at the option of the Company likely to be redeemed as the Directors think fit.

Section 246C(5) of the Corporations Act provides that if a company has one class of shares and seeks to issue a new class of shares, such issue is taken to vary the rights attached to shares already issued.

Under section 246B(1) of the Corporations Act, if a company has a constitution which sets out the procedure for varying or cancelling (in the case of a company with share capital) rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure. In accordance with Rule 3.2 of the Company's Constitution, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied or abrogated in any way with the consent in writing of the holders of three-quarters of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Class A Performance Shares and the Class B Performance Shares as new classes of shares on the terms set out in Annexure C.

The Company will also seek Shareholder approval in Resolution 2 to issue Performance Shares to the Vendors.

The resolution the subject of Resolution 2 is a **special resolution**. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote (in person or by proxy) at the meeting must be in favour of this resolution for it to be passed.

2.5 Resolutions 3(a) and 3(b) – Issue of Consideration Shares to the Vendors

(a) Background

Subject to the passing of Resolutions 1 and 2 and 4 to 13 (inclusive):

- (i) Resolution 3(a) is an ordinary resolution which seeks approval for the issue of 293,663,292 New Shares and 7,341 Class A Performance Shares and 7,341 Class B Performance Shares to the Related Vendors, as part of the consideration for the Proposed Transaction, as summarised in section 1.
- (ii) Resolution 3(b) is an ordinary resolution which seeks approval for the issue of 106,336,708 New Shares and 2,659 Class A Performance Shares and 2,659 Class B Performance Shares to the Unrelated Vendors, as part of the consideration for the Proposed Transaction, as summarised in section 1.

(b) **Section 611 of the Corporations Act**

Resolution 3(a) requires Shareholders approval under Item 7, Section 611 of the Corporations Act for the issue of the Consideration Shares to Pebtilly.

Pebtilly Pty Ltd will, at the time of issue of the New Shares, hold Voting Power in the Company up to a maximum of:

- (i) 20.78%, assuming that \$4,000,000 is raised under the Capital Raising; and
- (ii) 17.91%, assuming that \$8,000,000 is raised under the Capital Raising.

including any Shares applied for in the Capital Raising (Resolution 4).

In addition, each of the Vendors do not consider they will be Associates of one another after the New Shares are issued to them, and therefore do not consider that their Voting Power in the Company will exceed 20% (with the exception of Pebtilly) following completion of the Proposed Transaction. However, at the point in time when the New Shares are issued, the Vendors will be considered Associates of one another as a consequence of participating in the Proposed Transaction and agreeing to sell their shares in Rision to the Company. Accordingly, the Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act because at the time of issue of the New Shares under Resolutions 3(a) and 3(b), the Vendors will hold Voting Power in the Company of up to a maximum of:

- (i) 32.7%, assuming that \$4,000,000 is raised under the Capital Raising; and
- (ii) 28.2%, assuming that \$8,000,000 is raised under the Capital Raising.

Section 606(1) of the Corporations Act, subject to the exceptions in Section 611, prohibits a person from acquiring shares in a company if, after the acquisition of those shares, that person or any other person would increase their relevant interest in the voting shares of the Company from:

- (i) below 20% to above 20%; or
- (ii) from some point above 20%, but below 90%.

Item 7 of section 611 of the Corporations Act exempts from the prohibition in section 606, an acquisition of a Relevant Interest in the voting shares in a company, if the company has agreed to the acquisition by resolution passed at a general meeting at which no votes are cast in relation to the resolution by the person to whom the shares are issued, or by an Associate of that person.

Pursuant to section 610 of the Corporations Act, a person's Voting Power is defined as the percentage of the total voting shares in a company held by the person and the person's Associates.

Prior to any issue of the Consideration Shares pursuant to Resolution 3(a), Pebtilly holds no Shares in the Company. This gives Pebtilly a 0% Relevant Interest in the voting shares of the Company prior to the issue of the Consideration Shares.

Prior to the issue of the New Shares pursuant to Resolutions 3(a) and 3(b), the Vendors hold no Shares in the Company. This gives the Vendors a 0% Relevant

Interest in the voting shares of the Company prior to the issue of any Consideration Shares.

The Relevant Interest in the voting Shares of the Company held by Pebtilly and the Vendors will, upon approval of Resolutions 3(a) and 3(b), increase from 0% to 20.8% (assuming \$4,000,000 is raised under the Capital Raising) and 17.9% (assuming \$8,000,000 is raised under the Capital Raising) and 0% to 32.7% (assuming \$4,000,000 is raised under the Capital Raising) and 28.2% (assuming \$8,000,000 is raised under the Capital Raising) respectively. See Table 2.5(b)(ii).

The Directors of the Company are seeking Shareholder approval pursuant to Item 7 of section 611 of the Corporations Act to issue Consideration Shares to Pebtilly on the terms proposed in Resolution 3(a) and the Vendors on the terms proposed in Resolutions 3(a) and 3(b).

The following information is included in accordance with the requirements of Item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 to the extent that it applies pursuant to ASIC Regulatory Guide 159.

As set out in the voting exclusion statements in the Notice of Meeting and in accordance with the Listing Rules, Pebtilly and the Vendors are precluded from voting on Resolutions 3(a) and 3(b).

Identity of person who will hold a relevant interest in the securities to be issued

If Resolution 3(a) is passed, 256,617,922 Consideration Shares and 6,415 Class A Performance Shares and 6,415 Class B Performance Shares are proposed to be issued to Pebtilly as shown in Table 0(i) below. If Resolutions 3(a) and 3(b) are passed 143,382,078 Consideration Shares and 3,585 Class A Performance Shares and 3,585 Class B Performance Shares in total are proposed to be issued to the Vendors (other than Pebtilly) as shown in Table 0(i).

Table 0(i)

Number of Shares held by Pebtilly and the Vendors pre and post transaction			
Shareholder	Shares held prior to approval of Resolution 3(a)	Shares held following approval of Resolution 3(a & b)	Shares held if all Class A Performance Share and Class B Performance Shares convert
Pebtilly	Nil	256,617,922	673,595,922
Vendors (excluding Pebtilly)	Nil	143,382,078	376,407,078
Vendors	Nil	400,000,000	1,050,000,000

Total Shares in Company prior to Proposed Transaction – 626,699,469.

Impact of the transactions on the Voting Power of Pebtilly and the Vendors with respect to the Company's Shares

(i) **Current voting power of Pebtilly and the Vendors**

As at the date of the Notice of General Meeting, Pebtilly and/or its Associates have a 0% Relevant Interest in the Existing Shares of the Company and the Vendors in aggregate hold a 0% Relevant Interest in the Existing Shares of the Company and Existing Shareholders, other than Pebtilly and the Vendors hold a 100% Relevant Interest in the Existing Shares of the Company. See Table 0(ii) below.

(ii) **The Company's capital structure**

Table 0(ii)

Reclaim Industries Shareholding	Current Shareholding		Shareholding following the Transaction (\$4,000,000 Capital Raising)		Shareholding if all Class A and Class B Performance Shares are converted (\$4,000,000 Capital Raising)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Pebtilly Pty Ltd	Nil	0%	256,617,922	21%	673,592,922	36%
Vendors (excluding Pebtilly)	Nil	0%	143,382,078	11%	376,407,078	20%
Other non-associated Reclaim Industries Shareholders	626,699,469	100%	626,699,469	50%	626,699,469	33%
New Shareholders (refer to Resolutions 4, 6 and 7)	Nil	0%	220,000,000	18%	220,000,000	12%
Total Shares on a fully diluted basis	626,699,469	100%	1,246,699,469	100%	1,896,699,469	100%

Reclaim Industries Shareholding	Current Shareholding		Shareholding following the Transaction (\$8,000,000 Capital Raising)		Shareholding if all Class A and Class B Performance Shares are converted (\$8,000,000 Capital Raising)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Pebtilly Pty Ltd	Nil	0%	256,617,922	18%	673,592,922	32%
Vendors (excluding Pebtilly)	Nil	0%	143,382,078	10%	376,407,078	18%
Other non-associated Reclaim Industries Shareholders	626,699,469	100%	626,699,469	43%	626,699,469	30%
New Shareholders (refer to Resolutions 4, 6 and 7)	Nil	0%	420,000,000	29%	420,000,000	20%
Total Shares on a fully diluted basis	626,699,469	100%	1,346,699,469	100%	2,096,699,469	100%

(iii) **Voting Power of Pebtilly and the Vendors after the issue of Shares**

The Relevant Interest in the voting shares of the Company held by Pebtilly will, upon approval of Resolution 3(a) increase to 20.6% (assuming \$4,000,000 is raised under the Capital Raising) and 17.7% (assuming \$8,000,000 is raised under the Capital Raising).

The Relevant Interest of the Vendors in aggregate will, upon approval of Resolutions 3(a) and 3(b) increase to 32.1% (assuming \$4,000,000 is raised under the Capital Raising) and 27.6% (assuming \$8,000,000 is raised under the Capital Raising) %.

The number and percentages assume that the Company does not issue any other New Shares to any person other than those proposed in Resolutions 3(a), 3(b), 4, 6 and 7 and that the Company does not issue any New Shares to Proposed Directors under Resolution 5.

(c) **Section 208 of the Corporations Act**

Resolution 3(a) requires Shareholder approval under section 208(1) of the Corporations Act with respect to Related Party transactions.

Under Chapter 2E of the Corporations Act a public company cannot give a “financial benefit” (including an issue of shares and options) to a Related Party of that company, unless one of the exceptions set out in sections 210 to 216 (inclusive) of the Corporations Act apply, or shareholders have in a general meeting approved the giving of the financial benefit to the Related Party.

Pebtilly is a Related Party to the Company as a result of its Relevant Interest in voting shares in the Company, and the control that this allows them to have in determining questions in relation to the Company’s financial and operating policies.

Pebtilly (an entity controlled by Robert John Day), Anthony Francis Dixon and Amabowl (an entity controlled by Graham Steer) are Related Parties to the Company as it is intended that Messrs Day, Dixon and Steer will become Directors of the Company following Completion of the acquisition of Rision. As Directors they will have control in determining questions in relation to the Company’s financial and operating policies.

The financial benefit being obtained by Pebtilly, Anthony Francis Dixon and Amabowl pursuant to Resolution 3(a) is:

- (i) the issue of 256,617,922 Consideration Shares and 6,415 Class A Performance Shares and 6,415 Class B Performance Shares to Pebtilly as a Related Party;
- (ii) the issue of 17,097,863 Consideration Shares and 427 Class A Performance Shares and 427 Class B Performance Shares to Anthony Francis Dixon;
- (iii) the issue of 19,947,507 Consideration Shares and 499 Class A Performance Shares and 499 Class B Performance Shares to Amabowl; and

- (iv) the Company purchasing Rision from Pebtilly, Anthony Francis Dixon and Amabowl as Related Parties to the Company.

Resolution 3(a) therefore requires Shareholder approval under section 208(1) of the Corporations Act to allow the Directors to issue Consideration Shares and Class A Performance Shares and Class B Performance Shares in the Company to Pebtilly, Anthony Francis Dixon and Amabowl as Related Parties, on the terms proposed in Resolution 3(a). The issue of the Consideration Shares is pursuant to an agreement allowing the Company to acquire 100% of Rision.

Section 219 of the Corporations Act requires the following information be provided to the Shareholders for approval to be granted under section 208(1) of the Corporations Act.

- (i) The Related Parties to whom Consideration Shares are being issued under Resolution 3(a) are Pebtilly, Anthony Francis Dixon and Amabowl.
- (ii) The financial benefit being obtained by Pebtilly is the issue of 256,617,922 Consideration Shares and 6,415 Class A Performance Shares and 6,415 Class B Performance Shares in the Company and the sale of their interest in Rision to the Company.
- (iii) The financial benefit being obtained by Anthony Francis Dixon is the issue of 17,097,863 Consideration Shares and 427 Class A Performance Shares and 427 Class B Performance Shares in the Company and the sale of his interest in Rision to the Company.
- (iv) The financial benefit being obtained by Amabowl is the issue of 19,947,507 Consideration Shares and 499 Class A Performance Shares and 499 Class B Performance Shares in the Company and the sale of their interest in Rision to the Company.
- (v) The quantum of the benefit of the New Shares to be issued to the Related Vendors pursuant to Resolution 3(a) will depend in part on the price at which the Shares trade on ASX (assuming the Shares are re-instated to official quotation). The quantum of the benefit of the Class A Performance Shares and Class B performance Shares to be issued to the Related Vendors pursuant to Resolution 3(a) will depend in part on the price at which the Shares trade on ASX (assuming the Shares are re-instated to official quotation) and whether the Milestones as set out in the terms of the Performance Shares (refer Annexure C).
- (vi) The Directors of the Company recommend Shareholders vote in favour of Resolution 3(a) as it underpins the objectives of the Company to engage in a cloud based business providing a business intelligence solution for multi-sourced human capital as detailed in Section 1.2 of the Explanatory Statement.
- (vii) The New Shares that may be issued to the Related Vendors pursuant to Resolution 3(a) will rank equally in all respects with Existing Shares on issue.

Please refer to Annexures D for the terms of the Class A Performance Shares and the Class B Performance Shares to be issued to Related Vendors pursuant to 3(a).

- (viii) None of the Existing Directors have any interest in the outcome of Resolution 3.
- (ix) If all New Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company (including pursuant to the conversion of any Performance Shares), then the New Shares to be issued under Resolution 3(a) would dilute Shareholders by approximately 23.6% based on the Company achieving the minimum Capital Raising of \$4,000,000 and 20.3% based on the Company achieving the maximum Capital Raising of \$8,000,000.
- (x) If all New Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company, then the conversion of all of the Performance Shares issued under Resolution 3(a) into Shares would dilute Shareholders by approximately 25.2% based on the Company achieving the minimum Capital Raising of \$4,000,000 and 22.8% based on the Company achieving the maximum Capital Raising of \$8,000,000.

(d) **Listing Rule 10.11**

Unless one of the exceptions in Listing Rule 10.12 applies, Listing Rule 10.11 requires that an entity must not issue or agree to issue equity securities to a related party of the Company unless it obtains prior Shareholder approval. Listing Rule 10.12 exception 6 provides that where a person is only a related party by reason of the transaction which is the reason for the issue of the securities and the application of section 228(6) of the Corporations Act, Listing Rule 10.11 shall not apply. The Related Vendors are only related parties of the Company by reason of the Proposed Transaction which is the reason for the issue of New Shares to them and the application of section 228(6) of the Corporations Act. As a result, Shareholder approval under Listing Rule 10.11 is not required for the purposes of Resolutions 3(a) and 3(b).

(e) **ASIC and ASX's Role**

Under section 218(1) of the Corporations Act, the Company must lodge with ASIC the Notice of General Meeting and Explanatory Statement at least fourteen (14) days before the notice convening a general meeting is given. Under section 218(2) of the Corporations Act the Company has applied for a period less than fourteen (14) days for the purpose of section 218(1) of the Corporations Act.

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

(f) **Restriction of Consideration Securities**

In accordance with Appendix 9B of the Listing Rules, some of the New Shares issued under Resolutions 3(a) and 3(b) and Performance Shares issued under Resolutions 3(a) and 3(b) will be classified by the ASX as "restricted securities" and unable to be traded for periods of up to 24 months. It is expected that of the total 400,000,000 New Shares to be issued under Resolutions 3(a) and 3(b) that 249,310,499 New Shares will be escrowed as shown in the table below. It is expected that of the total 10,000 Class A Performance Shares and the Class B

Performance Shares to be issued under Resolutions 3(a) and 3(b) that 6,232 Performance Shares of each class will be escrowed as shown in the table below.

	Consideration Shares	Class A Performance Shares	Class B Performance Shares
Escrowed 24 months from re-quotations	241,863,292	6,046	6,046
Escrowed until 30 June 2015	7,447,207	186	186

(g) Recommendation by Directors

The Directors recommend that Shareholders should approve Resolutions 3(a) and 3(b) to be put to the General Meeting. However, Shareholders must decide how to vote based on the matters set out in the Explanatory Statement.

2.6 Resolution 4 – Issue of New Shares pursuant to the Capital Raising

Subject to the passing of Resolutions 1 to 3 (inclusive) and Resolutions 5 to 13 (inclusive), Resolution 4 is an ordinary resolution which seeks approval for the issue of 200,000,000 New Shares at an issue price of \$0.02 per share to raise a minimum of \$4,000,000 with provision to accept oversubscriptions of a further 200,000,000 New Shares to raise up to a total of \$8,000,000.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of securities to be issued by the Company under Resolution 4 is 400,000,000 New Shares;
- (b) the New Shares will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that allotment will occur on the same date;
- (c) the issue price of each New Share will be \$0.02;
- (d) participants in the Capital Raising (other than the Proposed Directors) will be members of the public who are not related parties of the Company being applicants under a Prospectus. The successful applicants will be determined at the sole discretion of the Company;
- (e) the New Shares are ordinary fully paid shares and will rank equally in respect with the Existing Shares; and
- (f) the intended use of the funds raised is set out in section 1.14.

Pursuant to and in accordance with Listing Rules 7.3 and 14.11 a voting exclusion statement is included in the Notice of General Meeting.

2.7 Resolution 5 – Right to apply under the Prospectus by Existing Directors and Proposed Directors

Subject to the passing of Resolutions 1 to 4 (inclusive) and Resolutions 6 to 13 (inclusive), Resolution 5 is an ordinary resolution which seeks approval for the right for the Proposed Directors to apply to be issued up to 16,000,000 New Shares of the 200,000,000 New Shares to be issued based on the Company achieving the minimum Capital Raising of \$4,000,000 and 400,000,000 New Shares to be issued based on the Company achieving the maximum Capital Raising of \$8,000,000 as detailed in Resolution 4.

As the Proposed Directors are related parties of the Company, Resolution 5 must be approved by Shareholders under section 208(1) of the Corporations Act and Listing Rule 10.11. For a summary of those provisions see Sections 4.2 and 4.3.

Mr Robert Day, Mr Anthony Dixon, Mr Graham Steer, Dr Kate Cornick and Mr Ron Howard are Related Parties of the Company under s228(6) of the Corporations Act as it is proposed that they will be directors of the Company from completion of the Proposed Transaction.

Section 219 of the Corporations Act requires the following information be provided to the Shareholders for approval to be granted under section 208(1) of the Corporations Act:

(a) Related parties to whom the financial benefit is given

The Related Parties to whom the Shares are to be issued under Resolution 5 are the Proposed Directors.

(b) Nature of the financial benefits

The nature of the financial benefit to be given is the 2,500,000 New Shares that may be issued to each of Proposed Directors other than Ron Howard, and 6,000,000 New Shares that may be issued to Ron Howard, pursuant to Resolution 5, which are to be issued on the basis and terms set out in section 2.7.

(c) Valuation of the financial benefits

If each Related Party applies for and is issued New Shares under the Capital Raising, to which it is entitled under Resolution 5, then the value of this parcel of Shares upon issue would be:

- \$50,000 per Director other than Ron Howard, being 2,500,000 New Shares at the issue price of \$0.02 per shares; and
- \$120,000 to Ron Howard, being 6,000,000 New Shares at the issue price of \$0.02 per New Share.

It should be noted, however, that in order to be issued the maximum allowance of New Shares under the Capital Raising, the Related Party would need to pay \$50,000, or in the case of Ron Howard \$120,000, to the Company. The quantum of the benefit will depend in part on the price at which the Shares trade on ASX (assuming the Shares are re-instated to official quotation).

(d) Current remuneration and security interests

Please refer to section 3.6 for the Proposed Directors' interests in the Company.

To date the Proposed Directors have not received any remuneration from the Company and as at the date of this Notice no decision has been made as to what (if any) remuneration will or may be provided to the Proposed Directors and (subject to any necessary approvals) any such decision will be announced at the relevant time.

(e) **Terms of the securities**

The New Shares that may be issued to the Proposed Directors will rank equally in all respects with the Existing Shares on issue. Full terms and conditions of the Capital Raising will be set out in the Prospectus.

(f) **Dilution**

Shareholders should note, if Resolution 5 is approved and the New Shares are issued to the Proposed Directors, Existing Shareholders' holdings will be diluted as compared to their holdings of Existing Shares as at the date of this Explanatory Statement. The potential effects of the Capital Raising on the capital structure of the Company are outlined in the table at section 1.8.

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

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

(h) **Intended use of funds**

Funds raised by the issue of the New Shares under the Capital Raising are intended to be used in accordance with the table set out in section 1.14.

(i) **Directors' interests**

The Existing Directors do not have an interest in the outcome of Resolution 5.

Please refer to section 3.6 for the Proposed Directors' interests in the Company.

(j) **Directors' Recommendations**

The Existing Directors recommend that Shareholders vote in favour of Resolution 5 for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of New Shares:

- will raise up to \$320,000 of the \$4,000,000 to \$8,000,000 being sought under the Company's Capital Raising;
- is fair and reasonable in the circumstances as it is on the same terms as the proposed issue of New Shares to non-Related Parties under the Capital Raising; and
- will further align the interests of the Proposed Directors with those of Shareholders.

(k) **Other information**

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

Listing Rule 10.11

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

As set out above, the Proposed Directors are Related Parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of New Shares under the Capital Raising to the Proposed Directors.

The issue of New Shares under Resolution 5 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those securities (once issued) will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13 the following information is provided to Shareholders in respect of Resolution 5:

(a) **Name of the persons**

The allottees under Resolution 5 are the Proposed Directors or their nominees who apply for New Shares under the Prospectus for the Capital Raising.

Name	New Shares
Mr Robert Day	Up to 2,500,000
Mr Anthony Dixon	Up to 2,500,000
Mr Graham Steer	Up to 2,500,000
Dr Kate Cornick	Up to 2,500,000
Mr Ron Howard	Up to 6,000,000

(b) **Maximum number of securities that can be applied for and issued**

The maximum number of New Shares to be issued under Resolution 5 is 16,000,000 New Shares. These New Shares form part of the New Shares that are being approved under Resolution 4, and are not in addition to those New Shares;

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

It is proposed that the New Shares will be issued pursuant to the Capital Raising in accordance with the timetable set out in section 1.10. In any event, however, the New Shares will be issued under Resolution 5 no later than one (1) month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

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

The issue price for the New Shares under Resolution 5 is \$0.02 per Share.

(e) **Terms of the issue**

The Shares to be issued under Resolution 5 are ordinary fully paid shares which on issue will rank equally with the Existing Shares in the Company.

A maximum of \$320,000 will be raised by the issue of New Shares under Resolution 5.

(f) **Relationship that requires Shareholder approval**

The Proposed Directors will be appointed as directors of the Company following Completion.

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

Funds raised by the issue of the New Shares under the Capital Raising are intended to be used in accordance with the table set out in section 1.14.

2.8 Resolution 6 – Issue of Facilitation Shares to Trident Capital

Resolution 6 is an ordinary resolution and seeks Shareholder approval for the issue of 10,000,000 Facilitation Shares to Trident Capital (and/or its nominees) at the deemed issue price of \$0.02 under the Prospectus.

Resolution 6 must be approved by Shareholders under Listing Rule 7.1. Information on Listing Rule 7.1 is provided in Section 4.7.

The total number of New Shares that may be issued under Resolution 6 is 10,000,000.

Following the approval of the issue of the New Shares under this Resolution 6, the Company will still have the capacity to issue fifteen percent (15%) of its expanded share capital over the next twelve (12) months as those New Shares once issued will be excluded from the calculation under Listing Rule 7.1.

The 10,000,000 New Shares will, on issue, rank equally in all respects with the Existing Shares.

For the purpose of Listing Rule 7.3 the following additional information is provided to Shareholders in respect of Resolution 6:

- (a) the allottee is Trident Capital (and/or its nominees);
- (b) the maximum number of New Shares to be issued is 10,000,000 New Shares;
- (c) the New Shares will be issued no later than (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the New Shares will be issued for no cash consideration. The New Shares are being issued as consideration for corporate advisory services provided. The New Shares have a deemed issue price of \$0.02 per Share;

- (e) the New Shares to be issued are fully paid ordinary shares which on issue will rank equally with the Existing Shares in the Company;
- (f) no funds will be raised by the issue of the Shares; and
- (g) pursuant to, and in accordance with Listing Rules 7.3 and 14.11 a voting exclusion statement is included in the Notice of General Meeting.

In accordance with Appendix 9B of the Listing Rules, it is likely that the ASX will apply escrow provisions to all securities issued under Resolution 6. As at the date of this Notice of General Meeting, ASX has not made a determination in this regard but expects to do so prior to any final approval for the reinstatement of the Company's securities on ASX.

2.9 Resolution 7 – Issue of Facilitation Shares to SCM Equities Pty Ltd

Resolution 7 is an ordinary resolution and seeks Shareholder approval for the issue of 10,000,000 Facilitation Shares to SCM Equities Pty Ltd (and/or its nominees) at the deemed issue price of \$0.02 under the Prospectus.

Resolution 7 must be approved by Shareholders under Listing Rule 7.1. Information on Listing Rule 7.1 is provided in Section 4.7.

The total number of New Shares that may be issued under Resolution 7 is 10,000,000.

Following the approval of the issue of New Shares under Resolution 7, the Company will still have the capacity to issue fifteen percent (15%) of its expanded share capital over the next twelve (12) months as those Shares once issued will be excluded from the calculation under Listing Rule 7.1.

The 10,000,000 New Shares will, on issue, rank equally in all respects with the Existing Shares.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the allottee is SCM Equities Pty Ltd (and/or its nominees);
- (b) the maximum number of New Shares to be issued by the Company under Resolution 7 is 10,000,000 New Shares;
- (c) the New Shares will be issue no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that allotment will occur on the same date;
- (d) the New Shares will be issued for no cash consideration. The New Shares are being issued as consideration for corporate advisory services provided. The New Shares have a deemed issue price of \$0.02 per Share;
- (e) the New Shares to be issued are fully paid ordinary shares which on issue will rank equally in respect with the Existing Shares in the Company;
- (f) no funds will be raised by the issue of the Shares; and
- (g) pursuant to and in accordance with Listing Rules 7.3 and 14.11 a voting exclusion statement is included in the Notice of General Meeting.

In accordance with Appendix 9B of the Listing Rules, it is likely that the ASX will apply escrow provisions to all securities issued under Resolution 7. As at the date of this Notice of General Meeting, ASX has not made a determination in this regard but expects to do so prior to any final approval for the reinstatement of the Company's securities on ASX.

2.10 Resolution 8 – Change of Company Name

Resolution 8 is a special resolution which seeks approval for the Company to change its name. Subject to the various Resolutions being passed and completion of the acquisition of Rision, and consistent with the new focus and direction of the Company, the Company proposes to change its name from "Reclaim Industries Limited" to "Rision Limited". This change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

Shareholder approval is required for Resolution 8 under section 157 of the Corporations Act by special resolution. The change of name will take effect on the day it is approved by ASIC.

2.11 Resolution 9 – Appointment of Robert Day

Subject to the passing of Resolutions 1 to 8 (inclusive) and Resolutions 10 to 13 (inclusive), Resolution 9 is an ordinary resolution and provides for the approval of the appointment of Mr Robert Day to the Board. The appointment of Mr Day will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Mr Day is set out at section 3.3.

2.12 Resolution 10 – Appointment of Anthony Dixon

Subject to the passing of Resolutions 1 to 9 (inclusive) and Resolutions 11 to 13, Resolution 10 is an ordinary resolution and provides for the approval of the appointment of Mr Anthony Dixon to the Board. The appointment of Mr Dixon will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Mr Dixon is set out at section 3.3.

2.13 Resolution 11 – Appointment of Graham Steer

Subject to the passing of Resolutions 1 to 10 (inclusive) and Resolutions 12 and 13, Resolution 11 is an ordinary resolution and provides for the approval of the appointment of Mr Graham Steer to the Board. The appointment of Mr Steer will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Mr Steer is set out at section 3.3.

2.14 Resolution 12 – Appointment of Kate Cornick

Subject to the passing of Resolutions 1 to 11 (inclusive) and Resolutions 13, Resolution 12 is an ordinary resolution and provides for the approval of the appointment of Dr Kate Cornick to the Board. The appointment of Dr Cornick will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Dr Cornick is set out at section 3.3.

2.15 Resolution 13 – Appointment of Ron Howard

Subject to the passing of Resolutions 1 to 12 (inclusive), Resolution 13 is an ordinary resolution and provides for the approval of the appointment of Mr Ron Howard to the Board. The appointment of Mr Howard will become effective only on and from the date

on which the Proposed Transaction is completed. A profile of Mr Howard is set out at section 3.3.

3. OTHER INFORMATION

3.1 Scope of disclosure

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

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

3.2 Existing Directors' profiles

Mr David Scoggin, Non-Executive Director

David is an 18 year veteran of the international finance industry. He began his career as a proprietary trader for ING Baring and Credit Agricole Indosuez, splitting time between Japan and Hong Kong from 1996-2001. In 2001, he began working for Susquehanna International Company as a hedge fund manager and in 2005, David joined Evolution Capital's Global Opportunities fund. He has spent the past 7 years specialising in the Australian natural resource sector and has been managing a portfolio of small/mid cap resource companies and has been involved in early stage financings in exploration and development projects.

Mr Stephen Hewitt-Dutton, Non-Executive Director

Stephen has over 20 years of experience in corporate finance, accounting and company secretarial matters. He is an Associate Director of Trident Capital and holds a Bachelor of Business from Curtin University, is an affiliate of the Institute of Chartered Accountants.

Before joining Trident Capital, Stephen was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 15 years.

Mr KC Dennis Ong, Non-Executive Director

Mr. Ong has over 25 years of extensive and diverse experience in corporate finance and business advisory to corporations in Australia and South-East Asia. Mr. Ong is a Director of Trident Management Services. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree and is a Certified Practising Accountant.

3.3 Proposed Directors' profiles

Mr Robert Day, Executive Chairman

Robert Day is a recruitment executive, with proficiencies across a range of industries including manufacturing, transport, farming, hospitality, oil & gas and construction. Robert Day founded Rision Pty Ltd, formerly Employment Management Systems Pty Ltd, in 2000, recognizing the ability to better manage contingent employees through technology solutions. Prior to founding Rision, Robert Day established and managed a successful

recruitment business for casual workers, servicing large clients across construction, transport and manufacturing industries. Previously, he gained 15 years' experience working for Shell Chemicals/LPG in a variety of positions including Regional Manager and has also managed his own hospitality business.

Mr Anthony Dixon, Non-Executive Director

Tony has held senior roles in investment banking and corporate finance with Macquarie Bank, Cushman & Wakefield, Mirvac and JB Were Goldman Sachs, specialising in advising REITs invested in markets including the United States, Australia and Japan. Tony has also assumed positions in asset management, capital transactions and is the Responsible Officer for a fund. Spending his early childhood in New York, Tony is a graduate of New York University and holds a Bachelor of Business Administration.

Mr Graham Steer, Non-Executive Director

Graham Steer started Spencer Steer in 1996 after 24 successful years as a chartered accountant in other firms. His specialisation lies in corporate advisory, strategically guiding clients as they navigate through complex financial matters. Graham is frequently invited to board positions and holds permanent advisory roles within many organisations, where he is valued for his judicious advice throughout negotiation processes, mergers and acquisitions, share and asset restructuring and other transaction matters.

Dr Kate Cornick, Managing Director

Kate Cornick is an experienced technologist with experience working across university, government and private sectors. Prior to joining Rision she held roles including Director of Industry Engagement and Innovation at the University of Melbourne; General Manager, Health and Education at NBN Co, the company rolling out the National Broadband Network in Australia; Executive Director of the Institute for a Broadband-Enabled Society (IBES) - an interdisciplinary research institute established at the focused on broadband applications; and the General Manager of the Centre for Energy-Efficient Telecommunications, a joint venture between the University of Melbourne, Victorian State Government and Alcatel-Lucent. Kate has also worked as Senior Telecommunications Adviser and Deputy Chief of Staff to Senator Stephen Conroy, the Australian Government Minister for Broadband, Communications and the Digital Economy. Her roles included advising on the National Broadband Network policy, consumer issues and regional telecommunications. Kate undertook her PhD in optical telecommunications at the University of Melbourne.

Ron Howard, Non-Executive Director

Mr Howard serves as Principal of Equity Partners International, Incorporated, a private equity firm with offices in Washington, D.C., Annapolis, Maryland and Los Angeles, California. Mr Howard also served as Gate Gourmet International, Incorporated's Vice Chairman, Division Americas. Mr Howard joined Gate Gourmet International, Incorporated from Continental Airlines, Incorporated, where he was a key Corporate Officer, a member of the Airline's Operating Committee, and the Chief Executive Officer of its Chelsea Food Services Division and Corporate VP of the In-Flight and Food Services Divisions. Prior to joining Continental Airlines, he held Senior Executive positions in hospitality services and food industries, including Marriott International Corporation, and McCormick & Company, Incorporated.

3.4 Voting intentions and interests of Existing Directors

The Existing Directors of the Company and their interests in the Company are set out in the table below. As at the date of this Explanatory Statement, the Existing Directors intend to vote in favour of the Resolutions set out in the Notice of General Meeting.

Except as otherwise disclosed or referred to in this section 3.4, the Existing Directors have no interest in the outcome of the Resolutions except as Existing Shareholders of the Company. In this regard, the table below sets out the details of the Shares held (directly or indirectly) by the Existing Directors and their Associates and the percentage ownership in the Existing Shares of the Company.

Name of Existing Director	Number of Existing Shares held (directly or indirectly)	Percentage interest in Existing Shares¹
Mr David Scoggins	10,450,000	1.7%
Mr Stephen Hewitt-Dutton	2,000,000	0.3%
Mr KC Dennis Ong	Nil	0.0%
TOTAL	12,450,000	2.0%

1 Based on the total number of 626,699,469 Existing Shares of the Company.

2 David Scoggins is a principal trader for Evolution Global Opportunities Fund. The fund's shareholding is held by HSBC Custody nominees Australia Limited.

3 Stephen Hewitt-Dutton holds these Existing Shares indirectly through SHD Nominees Pty Ltd <Hewitt-Dutton S/F A/C> of which he is a beneficiary.

3.5 Taxation

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

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

3.6 Interest of the Proposed Directors

The Proposed Directors are Mr Robert Day, Mr Anthony Dixon, Mr Graham Steer, Dr Kate Cornick and Mr Ron Howard. Details of the Proposed Directors of the Company are set out in section 3.3.

Except as otherwise disclosed or referred to in this section 3.6, the Proposed Directors have no interest in the outcome of the Resolutions except as Existing Shareholders of the Company. In this regard, the table below sets out the details of the Shares held (directly or indirectly) by the Proposed Directors and their Associates and the percentage ownership in the Existing Shares of the Company.

Name of Proposed Director	Number of Existing Shares held (directly or indirectly)	Percentage interest in Existing Shares¹
Mr Robert Day	Nil	0%
Mr Anthony Dixon	Nil	0%
Mr Graham Steer	Nil	0%
Dr Kate Cornick	420,000	0.1%
Mr Ron Howard	Nil	0%
TOTAL	420,000	0.1%

3.7 Indicative value of New Shares

The quantum of benefit to be received by the holders of the New Shares proposed to be issued pursuant to Resolutions 3(a), 3(b), 4, 6 and 7 (inclusive) will depend on the price at which the New Shares may trade on ASX.

3.8 Existing Director's recommendations in respect of the Resolutions

The Existing Directors recommend that Shareholders vote in favour of the Resolutions for the reasons outlined in section 2.

4. REGULATORY REQUIREMENTS

4.1 Listing Rule 11.1

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

ASX has informed the Company that the acquisition of Rision constitutes a significant change in the nature and scale of activities of the Company and it requires the Company to:

- (a) obtain Shareholder approval for the proposed change of activities; and
- (b) re-comply with the requirements set out in Chapters 1 and 2 of the Listing Rules.

Accordingly, the Company is seeking Shareholder approval under Listing Rule 11.1.2 in relation to Resolution 1.

The acquisition of Rision will result in a change to the nature and scale of the Company's activities from rubber recycling, to a SAAS business solution that allows an organisation the ability to multi-source their workforce through a patented three way system of connectivity between the employer, the employee and a human resource department. The Company will seek to relist on the ASX, and ASX has confirmed that it will require the Company to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules.

ASX may suspend quotation of the Shares until the Company has satisfied the requirements of Listing Rule 11.1. The Company will require a trading halt on the day of the General Meeting in respect of the approval of the Proposed Transaction. If

Shareholders approve the Proposed Transaction by passing Resolutions 1 to 13 (inclusive), trading in the Company's securities will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. It is anticipated that the re-quotations of the Company's securities will occur on or around 8 June 2015.

If all the Resolutions are approved and implemented, re-quotations of the Company on ASX will be subject to the Company meeting these requirements. The Company intends to meet these requirements as soon as practicable after the General Meeting. A copy of the Prospectus will be available to Existing Shareholders once lodged with ASIC.

If Shareholders reject the Resolutions or completion of the acquisition does not occur in accordance with the terms (including the approval of ASX for reinstatement of the Company's securities to quotation), the Company will not issue the securities contemplated in the Resolutions.

Accordingly, Shareholders should carefully consider all of the information contained in this Explanatory Statement before making a decision as to whether to vote in favour of the change in the nature and scale of the Company's activities. In particular, Shareholders should carefully consider the advantages, disadvantages and risks of the proposed acquisition of Rision set out in sections 1.6 and 1.7.

4.2 Listing Rule 10.11

Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and "persons in a position of influence". Listing Rule 10.11 provides that a company must not issue equity securities to a "related party" without the approval of holders of ordinary securities by ordinary resolution. The terms "related party" is defined in for these purposes to include a related party within the meaning of section 228 of the Corporations Act and a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

The Proposed Directors are "related parties" of the Company within the terms of the Listing Rules. As a result Resolution 4 must be approved by Shareholders under Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the information set out at section 2.7 is provided to Shareholders in respect of Resolution 5.

4.3 Section 208 of the Corporations Act

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

The Proposed Directors are "related parties" of the Company for the purposes of section 208 of the Corporations Act. Accordingly, approval is sought for the issue of New Shares as contemplated by Resolution 5 under section 208 of the Corporations Act.

For the purposes of ASIC Regulatory Guide 76, the information set out at section 2.7 is provided to Shareholders in respect of Resolution 5.

4.4 Section 611 of the Corporations Act

Resolutions 3(a) and 3(b) seek Shareholder approval under Item 7 of section 611 of the Corporations Act to the acquisition by the Vendors of a Relevant Interest in up to 400,000,000 New Shares upon the issue of those securities.

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

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

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

As set out in the Voting Exclusion Statements in the Notice of Meeting and in accordance with the Listing Rules, the Related Vendors and their Associates, and the Unrelated Vendors and their Associates are precluded from voting on Resolutions 3(a) and 3(b).

4.5 ASIC Regulatory Guide 74

The information set out in section 1.11 is included in accordance with the requirements of item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74.

4.6 ASIC Regulatory Guide 76

The information set out in section 2.7 is included in accordance with the requirements of section 219 of the Corporations Act and ASIC Regulatory Guide 76.

4.7 ASX Listing Rule 7.1

Shareholder approval is being sought pursuant to Resolutions 4, 6 and 7 for the issue of up to 400,000,000 New Shares for the purposes of Listing Rule 7.1. The New Shares proposed to be issued pursuant to Resolutions 4, 6 and 7 will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. The limitation is to 15% of a company's capital in any 12 month period.

Listing Rule 7.1 provides that a company must not, without shareholder approval, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the information set out at sections 2.6, 2.8 and 2.9 is provided in relation to Resolutions 4, 6 and 7 respectively.

4.8 ASIC and ASX's Role

For the purposes of Resolutions 3(a) and 3(b), in accordance with Regulatory Guide 74, the Company must lodge the Notice of General Meeting and the Explanatory Statement with ASIC before the Notice of General Meeting can be dispatched.

Approval under Listing Rule 7.1 for the issue of the New Shares under Resolutions 3(a) and 3(b) are not required by virtue of Exception 16 of Listing Rule 7.2, because approval is being sought under item 7 of section 611 of the Corporations Act.

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

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Amabowl	Amabowl Pty Ltd (ACN 003 119 542) as trustee for the Amabowl Family Trust.
Annexure	annexure to this Explanatory Statement.
Associate	has the meaning set out in sections 11 to 17 of the Corporations Act, and where applicable as applied in accordance with the Note to Listing Rule 14.11.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the Australian Securities Exchange, as the context requires.
Board	board of Directors.
Business Day	a day (not being a Saturday, Sunday or public holiday) in Perth, Western Australia.
Capital Raising	the proposed issue of New Shares under the Prospectus, as contemplated by Resolution 4.
Chairman	Stephen Hewitt-Dutton.
Class A Performance Shares	the 10,000 Class A performance shares to be issued to Vendors on the terms set out in Annexure C.
Class B Performance Shares	the 10,000 Class B performance shares to be issued to Vendors on the terms set out in Annexure C.
Company	Reclaim Industries Limited (ACN 090 671 819).
Consideration Securities	the Consideration Shares, Class A Performance Shares and Class B Performance Shares together.
Consideration Shares	up to 400,000,000 fully paid ordinary shares, in the Company to be issued to the Vendors for Rision.
Constitution	constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	director of the Company.
Existing Directors	Stephen Hewitt-Dutton, KC Dennis Ong and David Scoggin.
Existing Shareholders	the holder of an Existing Share.
Existing Shares	the issued Shares in the Company as at the date of this Notice of Meeting being 626,699,469 fully paid ordinary shares.
Explanatory Statement	the explanatory statement incorporating the Independent Experts Report accompanying and forming part of the Notice.
General Meeting	the general meeting of the Company to be held on 30 June 2015, at 10.00am.
Independent Expert's Report	the independent expert's report set out at Annexure B to this Explanatory Statement.

Listing Rules	the official Listing Rules of ASX, as amended from time to time.
New Shares	new fully paid ordinary shares in the Company to be issued pursuant to the Resolutions and the Prospectus.
Notice	the notice of General Meeting.
Pebtilly	Pebtilly Pty Ltd (ACN 148 826 957).
Performance Shares	the Class A Performance Shares and/or the Class B Performance Shares , as applicable.
Proposed Directors	Robert John Day, Anthony Francis Dixon, Graham Steer, Kate Cornick and Myron Howard.
Proposed Transaction	the proposal for the acquisition of all the issued shares in Rision pursuant to the Share Sale Agreement as described in section 1.3.
Prospectus	the prospectus to be issued by the Company as contemplated by Resolution 4.
Related Party	has the meaning given to that term in the Corporations Act.
Related Vendors	Anthony Francis Dixon, Pebtilly Pty Ltd (ACN 148 826 957) and Amabowl Pty Ltd (ACN 003 119 542) as trustee for the Amabowl Family Trust.
Relevant Interest	has the meanings given in sections 608 and 609 of the Corporations Act.
Resolution	a resolution to be considered at the General Meeting.
Rision	Rision Pty Ltd (formerly Employment Management Systems Pty Ltd) (ACN 076 549 945).
SAAS	Software-as-a-Service.
SCM Equities	SCM Equities Pty Ltd (ACN 124 553 224).
Share and Shares	fully paid ordinary share in the capital of the Company.
Shareholder	shareholder of the Company.
Skills Connect	Skills Connect Pty Ltd (ACN 140 523 579).
Vendors	Apex Private Wealth Pty Ltd (ACN 138 571 383), Pebtilly Pty Ltd (ACN 148 826 957) T & H Corby Pty Ltd (ACN 055 692 209), Anthony Francis Dixon and Amabowl Pty Ltd (ACN 003 119 542) as trustee for the Amabowl Family Trust.
Voting Power	has the meaning given in Part 6.1 of the Corporations Act.
Unrelated Vendors	Apex Private Wealth Pty Ltd (ACN 138 571 383) and T & H Corby Pty Ltd (ACN 055 692 209).
Trident Capital	Trident Capital Pty Ltd (ACN 100 561 733).
WST	Western Standard Time in Australia.

ANNEXURE A – PRO FORMA STATEMENT OF FINANCIAL POSITION

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

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

References to notes in the table presented below refer to the notes to pro forma adjustments set out in this section.

Basis of preparation

The Pro Forma Statement of Financial Position is provided for illustrative purposes and is prepared in accordance with the recognition and measurement requirements of applicable Australian Accounting Standards on the assumption that the proposed transaction occurred on 31 December 2014.

The Pro Forma Statement of Financial Position is presented in an abbreviated form insofar as it does not contain all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports usually provided in an annual report prepared in accordance with the Corporations Act.

The Company is the legal acquirer (i.e. the parent company) and will be the reporting entity of the Merged Group. The accounting policies of the Merged Group used in the compilation of the Pro Forma Financial Information are based on those of the Company. A summary of the significant accounting policies of the Company is disclosed in the audited financial statements of the Company for the year ended 30 June 2014, available on ASX's website at www.asx.com.au or on the "Investor Centre" section of the Company's website at www.reclaimindustries.com.au.

Upon completion of the Proposed Transaction, the business purpose of the Company will have changed to that of the Merged Group resulting in the need to consider and/or adopt new accounting policies. Significant new accounting policies to be adopted by the Merged Group are outlined below.

No adjustments have been made in the Pro Forma Statement of Financial Position for any expected synergies or integration costs following the completion of the Proposed Transaction. Nor have any adjustments been made in the Pro Forma Statement of Financial Position for any one-off or non-recurring costs, other than those set out in the pro forma adjustments.

The functional and presentation currency of the Company (the reporting entity) is Australian dollars.

New accounting policies of the Merged Group

1. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

2. Intangible assets

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Pro Forma Balance Sheet

	Reclaim Reviewed 31 December 2014 \$	Pro Forma Consolidated (\$4m capital raising) \$	Pro Forma Consolidated (\$8m capital raising) \$
Current Assets			
Cash and cash equivalents	87,828	4,202,481	7,962,481
Trade and other receivables	55,268	107,305	107,305
Loan receivable	1,400,000	57,963	57,963
Total Current Assets	1,543,096	4,367,749	8,127,749
Non-Current Assets			
Property, plant and equipment	-	1,570	1,570
Other receivables	-	81,946	81,946
Intangible Assets	-	1,476,250	1,476,250
Total Non-Current Assets	-	1,559,766	1,559,766
Total Assets	1,543,096	5,927,515	9,687,515
Current Liabilities			
Trade and other payables	54,666	381,510	381,510
Financial liabilities	-	100,000	100,000
Total Current Liabilities	54,666	481,510	481,510
Total Liabilities	54,666	481,510	481,510
Net Assets	1,488,430	5,446,005	9,206,005
Equity			
Issued Capital	4,451,333	8,877,489	12,637,489
Accumulated Losses	(2,962,903)	(3,431,484)	(3,431,484)
Total Equity	1,488,430	5,446,005	9,206,005

Notes:

- A. The Company completed a capital raising by way of a share placement on 27 January 2015.
- B. The Company loaned at total of \$2,400k to Rision between June 2014 and January 2015 to fund the working capital requirements of Rision. This loan was made pursuant to the Loan Agreement.
- C. Elimination of the working capital loan from the Company to Rision upon consolidation of the Merged Group.
- D. The issue of 400,000,000 Shares to acquire 100% of the share capital of Rision. Note that this transaction has been accounted for under reverse acquisition accounting.
- E. The Pro Forma Statement of Financial Position assumes that the Capital Raising will be fully subscribed.
 - i. A Capital Raising of 200,000,000 shares at \$0.02, net of transaction costs of \$0.44m for the minimum amount of \$4m and 400,000,000 shares at \$0.02, net of transaction costs of \$0.72m for the maximum amount of \$8m.
 - ii. 20,000,000 Shares issued to advisors as remuneration for facilitating the Proposed Transaction capital raising services under this Prospectus.



RECLAIM INDUSTRIES LIMITED
Independent Expert's Report

26 May 2015



Financial Services Guide

26 May 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Reclaim Industries Limited ('Reclaim') to provide an independent expert's report on the proposal to acquire 100% of Rision Pty Ltd ('Rision') through the issue of Reclaim shares. You will be provided with a copy of our report as a retail client because you are a shareholder of Reclaim.

Financial Services Guide

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

This FSG includes information about:

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

Information about us

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

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

Financial services we are licensed to provide

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

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

General Financial Product Advice

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

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$35,000.

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

Other Assignments

BDO Audit (WA) Pty Ltd is the appointed Auditor of Reclaim. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

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

Referrals

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

Complaints resolution

Internal complaints resolution process

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

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

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

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

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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

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26 May 2015

The Directors
Reclaim Industries Limited
Level 24, 44 St Georges Terrace
Perth WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 16 May 2014, Reclaim Industries Limited (**'Reclaim'** or **'the Company'**) announced that it had entered into a Heads of Agreement (**'HOA'**), to acquire the issued capital of Rision Pty Ltd (**'Rision'**) from its shareholders, Apex Private Wealth Pty Ltd, Anthony Francis Dixon, Pebtilly Pty Ltd, T&H Corby Pty Ltd and Amabowl Pty Ltd, collectively referred to as (**'the Vendors'**), subject to a number of conditions precedent (**'the Acquisition'**).

The consideration payable by the Company for the Acquisition comprises (**'the Consideration'**):

- 400,000,000 fully paid ordinary Consideration shares upon completion of the Acquisition;
- 20,000,000 fully paid ordinary Facilitation shares upon completion of the Acquisition; and
- 10,000 Class A Performance Shares, which convert to 350,000,000 fully paid ordinary shares upon the achievement of Milestone 1 and 10,000 Class B Performance Shares which convert to 300,000,000 fully paid ordinary shares upon the achievement of Milestone 2 (**'Contingent Consideration'**)

Section 4 of our report details the conditions precedent to the Acquisition.

Completion of the Acquisition requires the approval of Reclaim's shareholders. Shareholder approval pursuant to Section 611 Item 7 of the Corporations Act 2001(Cth) (the **'Act'**) is required for a person (including their associates) to acquire voting power in a company of greater than 20%. The Company is seeking shareholder approval for the Acquisition pursuant to Section 611 Item 7 of the Act as the Vendors are considered to be associates of one another for the purposes of completion of the Acquisition.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Reclaim have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the proposed acquisition of Rision through the issues of Reclaim shares is fair and reasonable to the non-associated shareholders of Reclaim ('Shareholders').

Our Report is prepared pursuant to Section 611 of the Corporations Act and is to be included in the Explanatory Memorandum for Reclaim in order to assist the Shareholders in their decision whether to approve the Acquisition.

2.2 Approach

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

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

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

2.3 Opinion

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

In our opinion, the Acquisition is fair because the value of a Reclaim share following the Acquisition is greater than the value of a Reclaim share prior to the Acquisition.

We consider the Acquisition to be reasonable because the advantages of the Acquisition to Shareholders are greater than the disadvantages. In particular, the Acquisition will provide the Company with the opportunity to enter a growth industry and to potentially capitalise on the development of Rision's software platform.

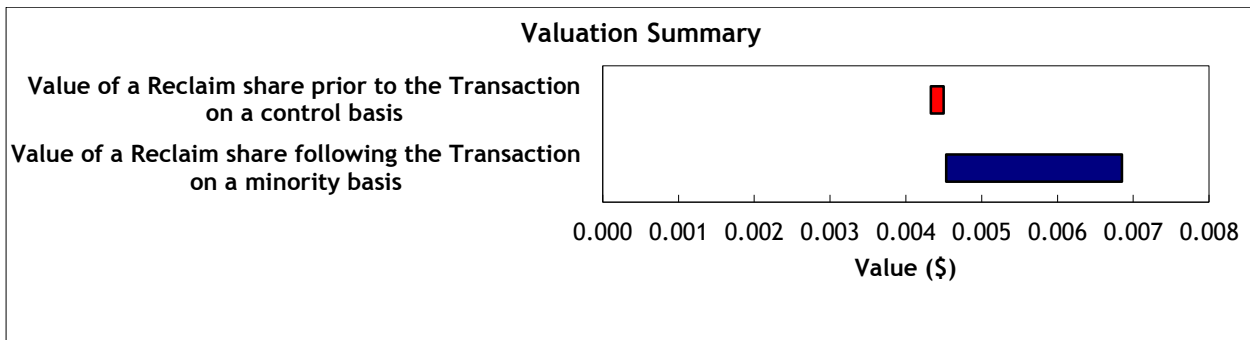
2.4 Fairness

In section 12, we determined that the value of a Reclaim share following the Acquisition was greater than the value of a Reclaim share prior to the Acquisition, as detailed below:

	Ref	Low \$	Preferred \$	High \$
Value of a Reclaim share prior to the Acquisition on a controlling interest basis	10.3	0.0041	0.0041	0.0041
Value of a Reclaim share following the Acquisition on a minority interest basis	11.6	0.0042	0.0047	0.0067

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Acquisition is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both

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

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

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	The Acquisition is fair	13.2.1	Change in business model
13.1.2	Greater commercial opportunities	13.2.2	Dilution of existing Shareholders' interests
13.1.3	Additional sources of financing	13.2.3	Potential lower liquidity of shares

13.1.4 Funds received on capital raising provides avenues for growth

13.2.4 Absence of significant revenues for Rision

13.1.5 Recoverability of loan provided to Rision

13.2.5 Competitive market

Other key matters we have considered include:

Section	Description
13.3.1	Alternative Proposals
13.3.2	Practical Level of Control
13.3.3	Potential decline in share price if the Acquisition is not completed

3. Scope of the Report

3.1 Purpose of the Report

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

As at the date of the report, the Vendors do not own any shares in Reclaim. However, if the Acquisition is completed, the Vendors will receive approximately 400 million shares giving them an interest of 32.7% (assuming a minimum capital raising of \$4 million) and 28.2% (assuming a maximum capital raising of \$8 million).

As per the terms of the Acquisition, the Vendors will acquire a relevant interest of greater than 20%. Although the Vendors are not individually acquiring a relevant interest in the Company of greater than 20% as a result of the Acquisition, the Vendors are considered associates of each other and therefore they will be acquiring voting power in the Company of greater than 20% at completion of the Acquisition. The Company is seeking shareholder approval for the Acquisition pursuant to Section 611 Item 7 of the Act as the Vendors are considered to be associates of one another for the purposes of the completion of the Acquisition.

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

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

- undertaking a detailed examination of the Acquisition themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert’s Report.

The directors of Reclaim have commissioned this Independent Expert’s Report to satisfy this obligation.

3.2 Regulatory guidance

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

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

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

3.3 Adopted basis of evaluation

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

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

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

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

A Valuation Engagement is defined by APES 225 as follows:

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

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

4. Outline of the Acquisition

4.1 The Proposal

On 16 May 2014, Reclaim announced that it had entered into a HOA, to acquire the issued capital of Rision, subject to a number of conditions precedent.

The consideration payable by the Company for the Acquisition comprises:

- 400,000,000 fully paid ordinary Consideration shares upon completion of the acquisition;
- 20,000,000 fully paid ordinary Facilitation shares upon completion of the acquisition; and
- 650,000,000 fully paid ordinary shares upon the achievement of certain milestones

The milestones to be achieved are as under:

Milestones	Number of shares to be issued
Milestone 1 means either:	350,000,000
<ul style="list-style-type: none"> A. Rision achieves \$2.75 million in revenue within the first 12 months of a loan of \$500,000 being advanced to it by Reclaim ; or B. Rision is sold for an amount not less than \$150 million within 18 months from completion of the Proposed Transaction 	
Milestone 2 means either:	300,000,000
<ul style="list-style-type: none"> A. Rision achieves \$20 million in revenue within the first 18 from completion of the Proposed Transaction; or B. Rision is sold for an amount not less than \$150 million within 18 months from completion of the Proposed Transaction 	
Potential Total Fully paid Ordinary shares to be issued	650,000,000

Reclaim and the Vendors entered into a Share Sale Agreement on 22 September 2014 (as amended on 11 February 2015), subject to a number of conditions as follows:

1. Reclaim successfully completing a capital raising of at least \$2,000,000;
2. Reclaim obtaining all required shareholder and regulatory approvals;
3. Reclaim re-complying with Chapters 1 and 2 of the ASX Listing Rules;
4. Reclaim being satisfied with its due diligence enquiries in respect of Rision and vice-versa; and
5. Termination of various Service Agreements in place with effect from Completion.

4.2 Shareholding in Reclaim following the Acquisition

The following table shows the maximum number of shares that may be issued to the Vendors if the Acquisition is approved. If the Acquisition is approved, the existing Shareholders' interests may be diluted to 50.27% based on a minimum capital raising of \$4 million and 43.32% based on a maximum capital raising of \$8 million.

Further, if Milestone 1 is achieved as referred to in section 4.1 above, the existing Shareholders' interests may be further diluted to 39.25% (under a minimum capital raising scenario) and 34.88% (under a maximum capital raising scenario), further declining to 33.04% and 29.89% under both capital raising scenarios upon achievement of Milestone 2.

Shares on issue following the Acquisition	Minimum Subscription	Maximum Subscription
Issued shares as at the date of our Report	626,699,469	626,699,469
Shares to be issued on completion of the Acquisition to the Vendors	400,000,000	400,000,000
Shares to be issued on capital raising	200,000,000	400,000,000
Facilitation shares to be issued	20,000,000	20,000,000
Number of shares on issue following the Acquisition	1,246,699,469	1,446,699,469
% holdings by existing shareholders following the Acquisition	50.27%	43.32%
Additional shares to be issued upon achievement of Milestone 1	350,000,000	350,000,000
Number of shares on issue upon achievement of Milestone 1	1,596,699,469	1,796,699,469
% holdings by existing shareholders following Milestone 1	39.25%	34.88%
Additional shares to be issued upon achievement of Milestone 2	300,000,000	300,000,000
Number of shares on issue upon achievement of Milestone 2	1,896,699,469	2,096,699,469
% holdings by existing shareholders following Milestone 2	33.04%	29.89%

Source: BDO Analysis; Management information

5. Profile of Reclaim

5.1 History

Reclaim was incorporated on 24 November 1999 and listed on the Australian Securities Exchange ('ASX') on 21 February 2002. The Company is based in Perth, Western Australia and the principal activities of the Company were rubber recycling and manufacturing to convert used rubber tyres into commercially attractive surfacing, moulded and granule products for a wide range of industries in both domestic and international markets.

On 17 February 2011, a creditor appointed M/s Hall Chadwick Chartered Accountants as Joint and Several Administrators of the Company under the provisions of section 436C of the Act. Pursuant thereto, the securities of the Company were suspended from official quotation on the ASX. During 2012, the Company issued a prospectus for raising funds and also allotted shares for the benefit of creditors.

Further to the above, the Company was reinstated to official quotation with the ASX on 30 November 2012 and since this date the Company has commenced a review of the assets it has retained, for the purposes of evaluating the commercial viability of each of the following:

- The business of tyre collection for use in production, export or for use by the Ag float business; and
- Exporting tyres and tyre products, focusing on developing those products that markets require whilst also attracting margins

The Company's current board members and senior management are shown below:

- Mr Stephen Hewitt-Dutton -Chairman;
- Mr David Scoggin -Director;
- Mr KC Ong - Non Executive Director; and
- Ms Deborah Ho - Company Secretary.

5.2 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-14 \$	Audited as at 30-Jun-14 \$	Reviewed as at 31-Dec-13 \$
CURRENT ASSETS			
Cash assets	87,828	437,085	573,600
Trade and other receivables	55,268	43,625	51,862
Other financial asset	1,400,000	500,000	-
TOTAL CURRENT ASSETS	1,543,096	980,710	625,462
TOTAL ASSETS	1,543,096	980,710	625,462
CURRENT LIABILITIES			
Trade and other payables	54,666	376,224	37,410
TOTAL CURRENT LIABILITIES	54,666	376,224	37,410
TOTAL LIABILITIES	54,666	376,224	37,410
NET ASSETS	1,488,430	604,486	588,052
EQUITY			
Issued capital	4,451,333	3,257,877	2,951,341
Accumulated losses	(2,962,903)	(2,653,391)	(2,363,289)
TOTAL EQUITY	1,488,430	604,486	588,052

Source: Reclaim's reviewed financial statements as at 31 December 2013 & 31 December 2014 and audited financial statements as at 30 June 2014

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

- Reclaim's auditor, BDO Audit (WA) Pty Audit included an emphasis of paragraph matter in their audit report for the half year ended 31 December 2014 with regard to the following:
 - the ability of the Company to continue as a going concern is dependent upon the future successful equity raising to be conducted under a Prospectus. These conditions along with other matters indicate the existence of *"a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business."*
 - The ability of the Company to recover the loan receivable from SCL is dependent upon the proposed transaction proceeding and the future cash generating abilities of SCL. If the proposed transaction does not proceed, SCL may need to source additional funding to repay the loan. These conditions, along with other matters, indicate the existence of a *"material uncertainty that may cast significant doubt about the Company's ability to recover the loan receivable from SCL."*

- The increase in current assets from \$625k as at 31 December 2013 to \$980k as at 30 June 2014 is primarily attributable to the unsecured loan of \$500k advanced to Rision for meeting its working capital requirements, pursuant to the Loan agreement entered into on 28 May 2014. On 5 August 2014, the Loan Agreement was amended to facilitate a further loan of \$900,000, which has been reflected in the increase in 'Other financial assets' to \$1.4 million as at 31 December 2014.
- Additionally, the increase in trade payables by \$339k during FY14 is primarily attributable to share subscription money of \$246k received, pending allotment of shares. Accordingly, the increase in current assets has been offset by a corresponding increase in current liabilities, resulting in a marginal increase in the Net assets position by \$16k between 31 December 2013 and 30 June 2014.
- The increase in issued capital for the year ended 30 June 2014 represented an amount of \$336k raised under a placement by the issue of 56 million shares (with the corresponding issue costs of \$30k).

During the six month period ended 31 December 2014, Reclaim completed the second tranche of its private placement, with the issue of a further 41 million shares, in addition to a sophisticated placement for approximately 68 million shares during August 2014. This has resulted in an increase in the share capital by \$1.2 million between 30 June 2014 and 31 December 2014.

5.3 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed 31-Dec-14 \$	Audited 30-Jun-14 \$	Audited 30-Jun-13 \$
Revenue	-	-	-
Other income	2,158	19,786	12,326
Expenses			
Director fees	(60,000)	(119,903)	(70,000)
Share based payment	-	-	(245,610)
Deed of Company Arrangement costs	-	-	(550,000)
Administration expenses	(239,304)	(407,397)	(560,019)
Rent	(12,000)	(24,000)	(24,000)
Finance costs	(366)	(599)	(545)
Loss from continuing operations before income tax	(309,512)	(532,113)	(1,437,848)
Income tax expense	-	-	-
Loss from continuing operations after income tax	(309,512)	(532,113)	(1,437,848)
Total comprehensive loss for the year	(309,512)	(532,113)	(1,437,848)

Source: Reclaim's reviewed financial statements as at 31 December 2014 and audited financial statements as at 30 June 2013 and 30 June 2014

We note the following with regard to Reclaim's operating performance:

- At present, Reclaim has not recommenced operations since being reinstated on 30 November 2012 to official quotation with the ASX. However, it has since commenced a review of its options, and to date, the review of the opportunities in the tyre collection and recycling industry has not resulted in the directors believing that re-entry into that industry is warranted. Accordingly, Reclaim does not have any significant sources of revenue.
- The decline in administration fees reflected during FY14 was attributable to the audits and half yearly reviews for FY11 and FY12 being completed during FY13, while the Company was under administration, which led to an increase in audit fees.
- Pursuant to the Deed of Company Arrangement ('DOCA') coming into effect, 12.3 million shares were issued to the Deed Administrators for no consideration for the year ended 30 June 2013. These shares were issued on 15 November 2012 and valued at the share price on grant date of \$0.02 which was deemed to be the value of services rendered amounting to \$245,610 which has been accounted as a share based payment.
- During the year ended 30 June 2013, the Company also paid the Administrators an amount of \$550k under the terms of the DOCA.

5.4 Capital Structure

The share structure of Reclaim as at 25 February 2015 is outlined below:

Share structure	Number
Total ordinary shares on issue	626,699,469
Top 20 shareholders	254,765,816
Top 20 shareholders - % of shares on issue	40.65%

Source: Share registry information

The range of shares held in Reclaim as at 25 February 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	1,088	174,736	0.03%
1,001 - 5,000	333	831,429	0.13%
5,001 - 10,000	56	424,754	0.07%
10,001 - 100,000	141	6,880,290	1.10%
100,001 - and over	356	618,388,260	98.67%
TOTAL	1,974	626,699,469	100.00%

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 25 February 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Trident Cap PL	40,500,000	6.46%
CitiCorp Nom PL	27,453,590	4.38%
HSBC Custody Nom Aust Ltd	20,574,219	3.28%
Jameson Nom PL	18,500,000	2.95%
Arlington Cap PL	16,666,667	2.66%
Tranquilo Inv Ltd	15,944,779	2.54%
Ross David & Albarran R	12,280,509	1.96%
Euroclear Bank SA	10,473,489	1.67%
Subtotal	162,393,253	25.91%
Others	464,306,216	74.09%
Total ordinary shares on Issue	626,699,469	100.00%

Source: Share registry information

6. Profile of Rision

6.1 History

Rision is an unlisted privately owned company incorporated on 27 November 1996 as Employment Management Solutions Pty Ltd ('EMS'). Rision has 2 wholly owned subsidiaries:

- Skills Connect Pty Limited ('SCL') is the wholly owned subsidiary of Rision, and will be the company through which commercialisation of Rision's products will be undertaken in the Asia Pacific region; and
- Rision Inc, which has been incorporated in the State of Delaware in the USA, with a view to commercialise Rision's products in North America.

The current directors and senior management of Rision are:

- Ms Kate Cornick - Managing Director;
- Mr Robert John Day - Director and Company Secretary;
- Mr Graham Steer - Director;
- Mr Ron Howard - Director; and
- Mr Anthony Francis Dixon - Director.

6.2 Operations

Rision is focused on providing a platform dedicated to supporting contingent workers and addresses the changing employment landscape that is witnessing a move towards contingent workers, and the subsequent rise in the number of people working multiple part-time jobs.

Rision has patented the technology behind the platform in Australia and New Zealand and has a patent application pending in the United States (Refer the Valuation Report of Valutech Pty Ltd ('Valutech') in Appendix 3 for further details).

As referred to in the Valutech report, based on the nature of the patents, Rision operates in the market space collectively called Vendor Management Systems ('VMS'), Human Capital Management Systems or Talent Management Systems.

The technology owned by Rision is at an early stage of being commercialised, with no significant revenues yet generated. Rision seeks to commercialise its products by engaging strategic channel partners such as staffing & recruitment companies, accounting firms and mobility channel integrators & value added resellers. Rision is initially seeking to target the Australian and North American market with a focus on large scale employment industries, including fast food, retail, hospitality, commercial property services, event management and healthcare.

Further, Rision's mobile and HTML 5 products are currently under development, and are expected to be available for use during the second quarter of 2015.

6.3 Historical Balance Sheet

Statement of financial position	Unaudited	Audited	Unaudited
	31-Dec-14	30-Jun-14	30-Jun-13
	\$	\$	\$
CURRENT ASSETS			
Cash assets	23,329	101,769	64
Refundable R&D tax offsets	212,963	212,963	67,271
Other debtors	52,037	1,971	1,072
Other current assets	25,824	-	-
GST receivables	2,730	-	-
TOTAL CURRENT ASSETS	316,883	316,703	68,407
NON-CURRENT ASSETS			
Intangible assets	1,476,250	1,476,250	1,095,801
Patents	1,000,000	1,000,000	1,000,000
Receivables	81,846	-	22,144
PP&E	1,570	-	-
TOTAL NON-CURRENT ASSETS	2,559,666	2,476,250	2,117,945
NON-CURRENT INVESTMENTS			
Skills Connect Pty Limited	100	-	-
TOTAL NON-CURRENT INVESTMENTS	100	-	-
TOTAL ASSETS	2,876,650	2,792,953	2,186,352
CURRENT LIABILITIES			
Creditors	29,306	2,640	-
Payroll liabilities	120,268	-	-
TOTAL CURRENT LIABILITIES	149,574	2,640	-
NON-CURRENT LIABILITIES			
Loans from directors	100,000	-	633,373
Unsecured loans	1,400,000	500,000	701,146
TOTAL NON-CURRENT LIABILITIES	1,500,000	500,000	1,334,519
TOTAL LIABILITIES	1,649,574	502,640	1,334,519
NET ASSETS	1,227,075	2,290,313	851,833
EQUITY			
Issued capital	1,336,000	1,336,000	1,000
Asset revaluation reserve	1,000,000	1,000,000	1,000,000
Accumulated losses	(1,108,925)	(45,687)	(149,167)
TOTAL UNIT HOLDERS EQUITY	1,227,075	2,290,313	851,833

Source: Audited financial statements of Rision for the year ended 30 June 2014 and unaudited accounts for the year ended 30 June 2013 and the six month period ended 31 December 2014

The directors of Rision have prepared the financial statements for the year ended 30 June 2013 on the basis that the Company is a non reporting entity because there are no users dependent on general purpose financial statements. Therefore, the financial statements are in the nature of special purpose financial statements. Further, M/s Hill Rogers Spencer Steer, Chartered Accountants have compiled the special purpose financial statements in accordance with the significant accounting policies adopted by the directors and 'APES 315: Compilation of Financial Information'.

Management provided us with the audited financial statements for the year ended 30 June 2014. The auditors, M/s Trood Pratt Audit & Assurance Services, Chartered Accountants have provided a qualified opinion on the basis that the 2013 financial statements were not audited and they are unable to accordingly determine whether any adjustments to the amounts were necessary. There is an emphasis of matter paragraph drawing attention to the director's valuation of the patents and trademarks and the R&D tax offset balance of \$212,963.

Further, the financial statements for the six month period ended 31 December 2014 have been provided by management and are unaudited in nature and have also not been compiled as special purpose financial statements or been reviewed.

We have not undertaken a review of Rision's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the compiled special purpose financial statements has not been prepared on a reasonable basis.

We note the following with regard to Rision's latest financial position:

- We have reviewed the bank reconciliation statement as at 31 December 2014 and note that there are no long outstanding items.
- Rision has obtained an income tax benefit of approximately \$213k (reflected above as at 30 June 2014 and 31 December 2014) which pertained to the Refundable R&D offset claimed on the value of notional R&D deductions claimed during FY14.
- Other Debtors pertains to the Export Market Development Grants (EMDG) grant pending to be received by Rision, in respect of which income has been recognised during the six month period ended 31 December 2014.
- The intangible assets of approximately \$1.5 million as at 31 December 2014 includes expenditure of \$2.1 million incurred towards development of the software platform and \$169k incurred for the Web App statement of work. The accumulated amortisation as at 31 December 2014 amounted to \$793k. The market value of this has been considered by Valutech in section 11.1 of our Report and in Appendix 3.
- The patents of \$1 million represent the director's valuation of the Patents and Trademarks held by Rision in relation to the software platform. The corresponding credit has been reflected in the Asset Revaluation Reserve forming a part of Shareholder's Equity
- Non-current receivables include the loan granted to SCL of \$23,073 which has been outstanding since 30 June 2014 and the loan provided to Rision Inc of \$58,773.

- Unsecured loan of \$1.4 million received from Reclaim is repayable within 2 years of the loan agreement (subject to the Proposed Transaction as described in Section 1 not proceeding). An interest of 7% per annum is payable if the Proposed Transaction does not proceed.
- In addition to the above, we have reviewed subsequent events between 1 January 2015 and the date of our report, and note that there were no material liabilities/contingent liabilities unrecorded/unreported due to errors of omission/commission. To this effect, the Management of Rision has also represented that they have disclosed all material information to us.

6.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Unaudited 31-Dec-14 \$	Audited 30-Jun-14 \$	Unaudited 30-Jun-13 \$
Revenue			
Other income	55,687	15,032	7,700
Expenses			
Software development	(235,368)	-	-
Amortisation	-	(92,803)	(179,569)
Consulting fees	(441,713)	-	-
Payroll expenses	(329,018)	-	-
Accounting fees	(30,510)	-	(10,250)
Other expenses	(105,291)	(9,265)	(4,642)
Loss from continuing operations before income tax	(1,086,212)	(87,036)	(186,761)
Income tax benefit/(expense)	-	212,964	67,271
Loss from continuing operations after income tax	(1,086,212)	125,928	(119,490)
Total comprehensive gain/(loss) for the year	(1,086,212)	125,928	(119,490)

Source: Audited financial statements of Rision for the year ended 30 June 2014 and unaudited accounts for the year ended 30 June 2013 and the six month period ended 31 December 2014

We note the following with regard to the operating performance of Rision:

- Rision has not yet commercialised its software platform and hence, there are no significant sources of revenue during the historical period.
- The consulting expenses of approximately \$442k incurred during the six month period ended 31 December 2014 primarily pertained to marketing expenses of \$229k towards branding related activities and consultant fees with regard to the proposed entry to the US markets. The non-marketing related consulting expenses of \$213k included payments made to the Chief Technological Officer ('CTO') of Rision, who was under a consulting agreement and the fees towards 2 directors of Rision.
- The significant payroll expenses incurred for the period ended 31 December 2014 was due to the growth in the team at Rision between July and December 2014, which included a Chief Operating Officer ('COO'), staff towards the US operations, accounting personnel etc.

- As discussed earlier, Rision obtained a tax benefit of 45% of the total R&D deductions claimed, which amounted to \$67k and \$213k during FY13 and FY14 respectively.

7. Economic analysis

Growth in the global economy continued at a moderate pace in 2014. A similar performance is expected by most observers in 2015, with the US economy continuing to strengthen, even as China's growth slows a little from last year's outcome.

Commodity prices have declined over the past year, in some cases sharply. The price of oil in particular has fallen significantly. These trends appear to reflect a combination of lower growth in demand and, more importantly, significant increases in supply. The much lower levels of energy prices will act to strengthen global output and temporarily to lower CPI inflation rates.

Financial conditions are very accommodative globally, with long-term borrowing rates for several major sovereigns at all-time lows over recent months. Some risk spreads have widened a little but overall financing costs for creditworthy borrowers remain remarkably low.

In Australia the available information suggests that growth is continuing at a below-trend pace, with domestic demand growth overall quite weak. As a result, the unemployment rate has gradually moved higher over the past year. The economy is likely to be operating with a degree of spare capacity for some time yet. With growth in labour costs subdued, it appears likely that inflation will remain consistent with the target over the next one to two years, even with a lower exchange rate.

Credit is recording moderate growth overall, with stronger growth in lending to investors in housing assets. Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities over recent months. The Bank is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for equities and commercial property have risen, in part as a result of declining long-term interest rates.

The Australian dollar has declined noticeably against a rising US dollar, though less so against a basket of currencies. It remains above most estimates of its fundamental value, particularly given the significant declines in key commodity prices. A lower exchange rate is likely to be needed to achieve balanced growth in the economy.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 March 2015

8. Industry analysis

8.1 Employment Placement and Recruitment Services in Australia

8.1.1 Overview

The placement and recruitment services industry in Australia provides services to the prospective employer or the potential employee. The services provided to the former comprise the complete recruitment cycle including creation of the job description, short listing candidates, investigating professional references etc. With regard to candidates, the services include providing job assistance and training.

The Australian Employment Placement and Recruitment Services industry was minimally impacted by the global financial crisis as compared to similar industries in other countries. Though the unemployment rates witnessed an upward trend in 2008/09 and 2009/10, the trend reversed in subsequent years with an increase in demand for placement services in 2010/11 sustaining itself through 2011/12.

The decline in industry revenues during 2013/14 will be primarily attributable to Australia's rising unemployment rate coupled with a decline in demand in the United States and Europe.

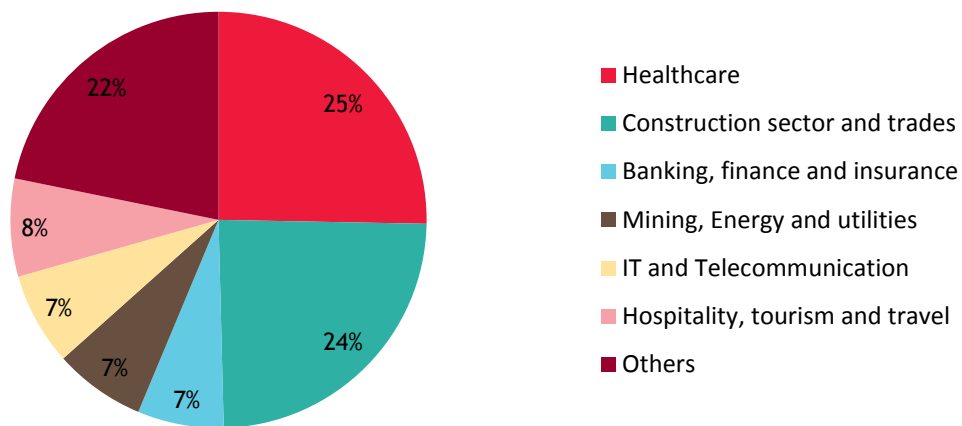
The primary drivers of the industry are as under:

- **National unemployment rate:** The growth of the industry is inversely related to the unemployment rate, with a decrease in demand for placement services as the national unemployment rate increases;
- **Growth in the labour force:** There is a positive relationship between the growth in the number of people seeking work and the demand for employment placement services;
- **Mix of part time employees in the labour force:** An increase in the total number of part-time and casual employees in the labour force has a negative impact on the industry, given that clients typically engage employment agencies for filling in full time positions; and
- **Increased adoption of IT:** A shift in use of technology for processing resumes, screening candidates etc are enabling providers to increase their efficiencies.

8.1.2 Major markets

The mix of markets and industries which utilise the industry’s services varies with a few sectors having stable staffing requirements throughout the year and other sectors whose staffing levels are closely linked to the economic cycle. The graph below displays the major market segmentation for the industry during 2014.

Major market segmentation - 2014



Source: IBISWorld

8.1.3 Current performance

In the five years to 2013/14, revenues are expected to decline by c.1.7% to \$11.2 billion. This follows a significant growth during 2010/11 and 2011/12 when employment rates and wages increased across the board, following a decline noted in earlier years. The Federal Government’s employment services program, Job Services Australia has given a fillip to the industry. Further, demand for certain specialist services such as networking and CV assistance, outplacement services etc tend to be cyclical and move in line with the economic environment.

The industry revenue has declined in the past five years owing to an increase in unemployment rates, decreased demand for workers and pricing pressures from increasing competition. This has also contributed to declining industry profitability, which has decreased from c.4% in 2008/09 to c. 3.4% in 2013/14. Additionally, higher industry wages have also contributed to lower industry profitability.

8.1.4 Industry outlook

Given that the industry is closely aligned to the external environment, an improvement in the economy with a decline in unemployment levels is expected to result in revenue growth in 2014/15. Additionally, revenue growth is expected to strengthen by c.1.9% during 2015/16 on the back of an increase in the workforce.

Over the five years to 2018/19, industry revenue is expected to aggregate \$11.5 billion with the overall economic environment expected to remain positive for a greater part, thereby resulting in an increase in

hiring and availability of jobs. Further, the outsourcing of recruitment by businesses and governments will result in continued growth for the industry going forward.

8.2 Cloud Computing

8.2.1 Overview

Cloud Computing allows access of data and programs through external services rather than the traditional method where hardware and software is purchased installed and managed within a computer or server.

With Cloud Computing, consumers are essentially renting capacity from a cloud service provider through an internet connection.

Demand for Cloud Computing is dependent on the availability and ease of access to an internet connection. Faster internet speeds enables users to benefit from the improved systems and data processing which Cloud Computing offers.

Computer software also influences demand as many firms seek to outsource their data storage due to the remote access that Cloud Computing provides to users.

8.2.2 Current and Historical Performance

Whilst the global Cloud Computing industry is still in its infancy, Australia has been ranked the second largest user of Cloud Computing services. Over the past five years, industry revenue has increased at an annualised rate of 6.2%. The industry is forecast to generate revenues of \$475.4 million in 2013/14. This forecast represents a 5% increase from 2012/13.

Over the period from 2007 to 2009, industry revenue growth has contracted due to increased international competition as a result of the global financial crisis. Since 2012, the industry has grown due to increasing demand for Cloud Computing services as businesses realise the potential to achieve economies of scale, efficiencies gained from enhanced sharing of information and reduction in IT related costs.

8.2.3 Industry Outlook

The potential of the industry is still unknown because there are so many different markets available. As the industry grows, players are expected to become more efficient with their operations and as a result revenues are forecasted to grow at an annualised rate of 4.5% over the next five years, reaching \$593.7 million in 2018/19. Furthermore, the rollout of Telstra's 4G network and the NBN is expected to add value to the industry, increasing the ease of access to Cloud Computing for both corporations and individuals across Australia.

9. Valuation approach adopted

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

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

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

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

9.1. Value of a Reclaim share prior to the Acquisition

In our assessment of the value of a Reclaim share prior to the Acquisition, we have chosen to employ the following methodologies:

- NAV as our primary methodology; and
- QMP as a secondary methodology

We have chosen these methodologies for the following reasons:

- The FME approach is not considered appropriate as the Company has been operating at a loss from continuing operations in the last three financial years, meaning that we do not have reasonable grounds on which to base a forecast future maintainable earnings figure.
- The QMP basis is a relevant methodology to consider as Reclaim's shares are listed on the ASX. This means there is a regulated and observable market share where Reclaim's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company's shares should be liquid and the market should be fully informed as to Reclaim's activities. We have considered these factors in section 10.2 of our Report.
- We also consider the NAV methodology to be an appropriate valuation approach to undertake.
- It should be noted that asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. This is particularly significant if the growth potential of a company is substantial.
- Alternatively, if the company is making losses and earnings are deteriorating, asset based methods ignore the deteriorating financial performance of a company, which may result in the entity's value trading below the realisable value of its assets.

9.2. Value of a Reclaim share following the Acquisition

In our assessment of the value of a Reclaim share following the Acquisition, we have chosen to employ the following methodology:

- Sum-of-parts as our primary methodology.

The value of Reclaim shares following the Acquisition involves the sum of the following items:

- The value of Reclaim prior to the Acquisition;
- The value of Rision;
 - In our valuation of Rision, we have considered the NAV methodology. We have disregarded the FME, QMP and DCF methodologies as a result of the following:
 - The FME approach is not considered appropriate as Rision is currently loss making, meaning that we do not have reasonable grounds on which to base a forecast future maintainable earnings figure;
 - Rision is a privately owned company which means there is no regulated and observable market where Rision's shares can be traded;
 - The DCF approach is the most appropriate methodology to use in valuing technology companies such as Rision. However, under RG111 and RG170, certain requirements must be met in relation to the inclusion of prospective financial information, and therefore we are unable to value Rision using this methodology as we do not have reasonable grounds for the forecast; and
 - Being a technology company, the core value of Rision is in the intellectual property that it holds. We have instructed Valutech to act as an independent specialist to value the intangible assets of Rision.
- The number of shares on issue following the Acquisition will include the issue of shares to the Vendors as consideration for the Acquisition, the facilitation shares to be issued to the Advisors and the issue of shares pursuant to the capital raising.
- A minority discount is applied to the NAV to arrive at the value of a Reclaim share following the Acquisition on a minority interest basis.

10. Valuation of Reclaim prior to the Acquisition

10.1 Net Asset Valuation of Reclaim

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

Net Asset Value	Note	Reviewed as at			
		31-Dec-14	Low value	Preferred value	High value
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	1	87,828	153,000	153,000	153,000
Trade and other receivables		55,268	55,268	55,268	55,268
Other financial assets	2	1,400,000	2,400,000	2,400,000	2,400,000
TOTAL CURRENT ASSETS		1,543,096	2,608,268	2,608,268	2,608,268
TOTAL ASSETS		1,543,096	2,608,268	2,608,268	2,608,268
CURRENT LIABILITIES					
Trade and other payables		54,666	54,666	54,666	54,666
TOTAL CURRENT LIABILITIES		54,666	54,666	54,666	54,666
TOTAL LIABILITIES		54,666	54,666	54,666	54,666
NET ASSETS		1,488,430	2,533,602	2,533,602	2,533,602
Shares on issue (number)			626,699,469	626,699,469	626,699,469
Value per share (\$)			\$0.0041	\$0.0041	\$0.0041

We note that Reclaim's financial statements for the half year ended 31 December 2014 are reviewed and form a part of Appendix 4D. Based on discussions with management, there have not been significant changes in the net assets of Reclaim since 31 December 2014, other than those noted below.

Note 1: Cash and cash equivalents

We have adjusted the cash balance on the basis of Appendix 4C for the quarter ended 31 March 2015. The significant change since 31 December 2014 has been the cash inflows arising on the issue of shares under a Sophisticated Investor Placement and the subsequent working capital loan provided to Rision.

Note 2: Other financial assets

As discussed in Note 1 above, an amount of \$1 million has been advanced to Rision as an unsecured loan towards meeting its working capital requirements and the adjusted balance is shown below:

Other financial assets		\$
Balance at 31 December 2014		1,400,000
Add: Loan granted to Rision		1,000,000
Adjusted balance		<u>2,400,000</u>

We have not discounted the value of the loan, as we do not consider its impact as being material.

10.2 Quoted Market Prices for Reclaim Securities

To provide a comparison to the valuation of Reclaim in Section 10.1, we have also assessed the quoted market price for a Reclaim share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst the Vendors will not be obtaining 100% of Reclaim, RG 111 states that the expert should calculate the value as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

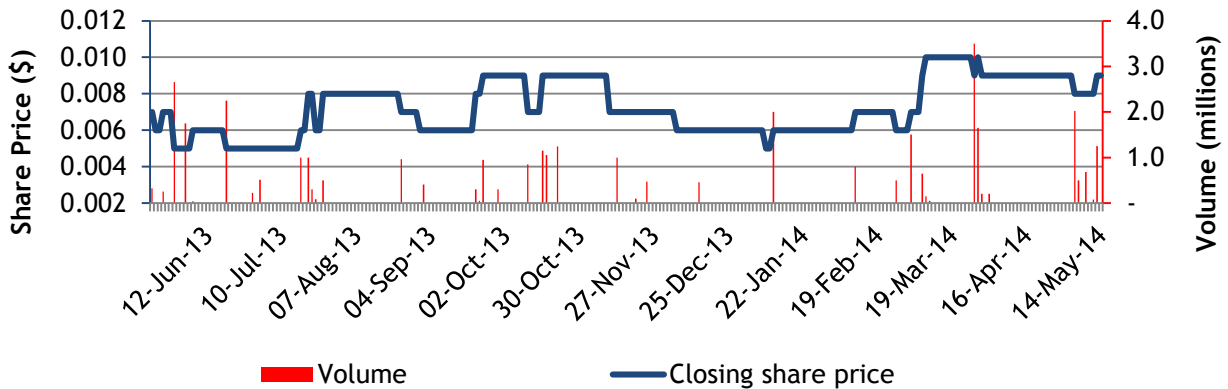
Therefore, our calculation of the quoted market price of a Reclaim share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Reclaim share is based on the pricing prior to the announcement of the Acquisition. This is because the value of a Reclaim share after the announcement may include the effects of any change in value as a result of the Acquisition. However, we have considered the value of a Reclaim share following the announcement when we have considered reasonableness in Section 13.

Information on the Acquisition was announced to the market on 19 May 2014; however the Company's shares were placed into a trading halt on 15 May 2014 pending this initial announcement. Therefore, the following chart provides a summary of the share price movement over the 12 months to 14 May 2014 which was the last trading day prior to the announcement.

Reclaim share price and trading volume history



Source: Bloomberg & BDO Analysis

The daily price of Reclaim shares from 15 May 2013 to 14 May 2014 has ranged from a low of \$0.005 on 30 May 2013 to a high of \$0.01 on 10 March 2014.

There was a spike in trading volume on 27 March 2014, with approximately 3.5 million shares traded, representing 0.64% of the Company’s current issued capital. The share price around this period remained stable at \$0.01 and declined to \$0.009 thereafter. There were no Company announcements made over this period, therefore we consider this an unexplained spike in trading volume.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)	% (movement)	\$ (movement)	% (movement)
17/04/2014	Appendix 4C - quarterly 31 March 2014	0.009	▸ 0.0%	0.009	▸ 0.0%
7/03/2014	Director Appointment and Resignation	0.009	▲ 28.6%	0.010	▲ 11.1%
3/03/2014	Half Yearly Report and Accounts 31 December 2013	0.006	▸ 0.0%	0.007	▲ 16.7%
24/01/2014	Appendix 4C - quarterly	0.006	▸ 0.0%	0.006	▸ 0.0%
26/11/2013	Results of Annual General Meeting	0.007	▸ 0.0%	0.007	▸ 0.0%
31/10/2013	Appendix 4C - quarterly	0.009	▸ 0.0%	0.009	▸ 0.0%
25/10/2013	Notice of Annual General Meeting/Proxy Form	0.009	▸ 0.0%	0.009	▸ 0.0%
31/07/2013	Appendix 4C - quarterly	0.008	▸ 0.0%	0.008	▸ 0.0%
24/05/2013	Results of Annual General Meeting	0.006	▸ 0.0%	0.007	▲ 16.7%

Source: Bloomberg, BDO Analysis

The significant movement in the share price on 7 March 2014 was on account of a change in directors, with the appointment of Mr David Scoggin on 5 March 2014 and the resignation of Mr Bruce Franzen.

To provide further analysis of the market prices for a Reclaim share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 14 May 2014.

	14-May-14	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.009				
Weighted average		\$0.008	\$0.008	\$0.008	\$0.008

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Acquisition, to avoid the influence of any increase in price of Reclaim shares that has occurred since the Acquisition was announced.

An analysis of the volume of trading in Reclaim shares for the twelve months to 14 May 2014 is set out below:

Trading days	Share price		Cumulative volume traded	As a % of Issued capital
	low	high		
1 Day	\$0.009	\$0.009	-	0.00%
10 Days	\$0.008	\$0.009	4,525,006	0.83%
30 Days	\$0.008	\$0.009	4,525,006	0.83%
60 Days	\$0.006	\$0.010	12,913,806	2.37%
90 Days	\$0.005	\$0.010	15,713,806	2.88%
180 Days	\$0.005	\$0.010	23,641,159	4.34%
1 Year	\$0.005	\$0.010	35,945,950	6.60%

Source: Bloomberg, BDO analysis

This table indicates that Reclaim shares display a low level of liquidity, with 6.60% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Reclaim, we do not consider there to be a deep market for the Company's shares, with only 6.60% of the current issued capital being traded in a twelve month period. This assessment is also based on the significant and unexplained volume movements that occurred on 27 March 2014, wherein the volume of shares traded spiked to 3.5 million shares.

Our assessment is that a range of values for Reclaim shares based on market pricing, after disregarding post announcement pricing, is between \$0.008 and \$0.009.

Control Premium

We have reviewed the control premiums paid by acquirers of companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2014	34	493.91	31.40
2013	39	194.10	47.97
2012	55	329.89	36.46
2011	70	733.44	49.91
2010	70	730.89	37.93
2009	65	317.39	44.63
2008	43	753.31	39.47
2007	84	1008.24	21.79
2006	96	647.74	22.95
	Mean	578.77	36.95
	Median	647.74	37.93

Source: Bloomberg and BDO Analysis

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

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

The table above indicates that the long term average control premium paid for ASX-listed companies is in the order of 30% to 50%. However, given that Reclaim has been historically loss making and given the lack of liquidity for the Company's shares, we consider an appropriate control premium to be in the range of 25% to 35%.

Quoted market price including control premium

Applying a control premium to Reclaim’s quoted market share price results in the following quoted market price value including a premium for control:

	Low	Preferred	High
	\$	\$	\$
Quoted market price	0.0080	0.0085	0.0090
Control premium	25%	30%	35%
Quoted market price including a premium for control	0.0100	0.0111	0.0122

Source: BDO analysis

Therefore, our valuation of a Reclaim share based on the quoted market price method and including a premium for control is between \$0.0100 and \$0.0122, with a preferred value of \$0.0111.

10.3 Assessment of Reclaim Value

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

	Ref	Low	Preferred	High
		\$	\$	\$
Net assets value	10.1	0.0041	0.0041	0.0041
ASX market price	10.2	0.0100	0.0111	0.0122

Source: BDO analysis

We note that the value obtained under the NAV methodology is lower than the values obtained under the QMP methodology in our low, preferred and high scenarios. The difference between the valuations obtained under the NAV and QMP approaches can be explained by the following:

- The QMP value reflects investors’ perception/view taken by the market of the future prospects of Reclaim and may have taken into consideration that the directors were actively seeking investment opportunities to grow shareholder value.
- Our share price analysis in section 10.2 indicates that there is not a deep market for the Company’s shares with only 6.60% of the Company’s share capital traded in the 12 months prior to the announcement of the Acquisition. As a result of the lack of liquidity, we have not relied on the QMP value in assessing the value of a Reclaim share prior to the Acquisition.

For the reasons described above, we conclude that the value obtained under the NAV approach is more reflective of the value of a Reclaim share prior to the Acquisition. Therefore, we consider the value of a Reclaim share to be \$ 0.0041 per share.

11. Valuation of Reclaim following the Acquisition

11.1. Net asset valuation of Rision

The value of Rision's net assets on a going concern basis is reflected in our valuation below:

Net Asset Value	Note	As at			
		31-Dec-14	Low value	Preferred value	High value
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	1	23,329	637,898	637,898	637,898
R&D tax offsets	2	212,963	-	-	-
Other debtors		52,037	52,037	52,037	52,037
Other current assets		25,824	25,824	25,824	25,824
GST receivables		2,730	2,730	2,730	2,730
TOTAL CURRENT ASSETS		316,883	718,490	718,490	718,490
NON-CURRENT ASSETS					
Intangible assets	3	1,476,250	2,400,000	2,900,000	3,400,000
Patents	4	1,000,000	100,000	100,000	100,000
Receivables		81,846	81,846	81,846	81,846
PP&E		1,570	1,570	1,570	1,570
TOTAL NON-CURRENT ASSETS		2,559,666	2,583,416	3,083,416	3,583,416
NON-CURRENT INVESTMENTS					
Skills Connect Pty Limited		100	100	100	100
TOTAL NON-CURRENT INVESTMENTS		100	100	100	100
TOTAL ASSETS		2,876,650	3,302,006	3,802,006	4,302,006
CURRENT LIABILITIES					
Creditors	5	29,306	165,223	165,223	165,223
Payroll liabilities		120,268	120,268	120,268	120,268
TOTAL CURRENT LIABILITIES		149,574	285,491	285,491	285,491
NON-CURRENT LIABILITIES					
Loans from directors		100,000	100,000	100,000	100,000
Unsecured loans	6	1,400,000	2,400,000	2,400,000	2,400,000
TOTAL NON-CURRENT LIABILITIES		1,500,000	2,500,000	2,500,000	2,500,000
TOTAL LIABILITIES		1,649,574	2,785,491	2,785,491	2,785,491
NET ASSETS		1,227,075	516,515	1,016,515	1,516,515

Source: BDO Analysis; Management information

We have been advised that there has not been a significant change in the net assets of Rision since 31 December 2014, with the exception of the adjustments outlined below.

Note 1 - Cash assets

Pursuant to the capital raise of \$1,225,500 under a Sophisticated Investor Placement by Reclaim (as discussed in Section 10.1), an additional amount of \$1 million was advanced to Rision towards meeting its working capital requirements. There were certain additional transactions and the table below sets out the adjusted cash balance:

Cash assets		\$
Cash balance at 31 December 2014		23,329
Add: Proceeds from unsecured loan advanced by Reclaim		1,000,000
Add: R&D tax offsets partially received from the ATO		56,884
Less: Payment made for software development services		(442,315)
Adjusted Cash balance		637,898

Note 2- R&D tax offsets

As discussed in Note 1 above, Rision received \$56,884 from the Australian Tax Office towards their claim of R&D tax offsets. Additionally, management has informed us that the remaining amount is not recoverable. The adjusted balance is below:

R&D tax offsets		\$
Balance at 31 December 2014		212,963
Less: R&D tax offsets partially received from the ATO		(56,884)
Less: Non recoverable amount		(156,079)
Adjusted balance		-

Note 3 - Valuation of Rision's software

We instructed Valutech to provide a value of Rision's intangible assets which comprise the following:

- Patents taken out by Rision or patent applications made; and
- Software in the form of copyright material or material subject to copyright in the software products of Rision and supported by patents taken out as referred to above.

Valutech has stated that as no revenues have yet been generated and as the likely target market in the United States is likely to have a number of companies providing competitive services, it would be premature to consider an income based approach. Accordingly, the value of the patents and associated software using a cost approach for indicative purposes only would be appropriate. An income based approach would be premature until such time that the company can demonstrate significant market penetration in its first year of operations.

The cost based valuation, after incorporating a minor premium for the current market differentiation of Rision’s platform would provide the following indicative value:

Cost based approach	Low	Preferred	High
	\$	\$	\$
Intangible assets	2,400,000	2,900,000	3,400,000
Patents	100,000	100,000	100,000

For further details, refer the valuation report in Appendix 3.

Note 4: Patents

The patents taken out by Rision or patent applications made have been valued by the Directors at \$1 million. However, as per the Valutech report, there has been no significant value specifically ascribed to the patents, until such time that the patents are traded or legally challenged. However, an amount of \$100,000 has been considered by Valutech as the costs incurred towards filing of patent applications and developing it to its current stage, which has been factored in our net assets computation above.

Note 5: Creditors

During the period January to March 2015, the Company incurred \$578,232 towards software development expenses, of which an amount of \$442,315 has been paid as of date. The table below sets out the balance amount pending to be paid as of date.

Creditors	\$
Balance at 31 December 2014	29,306
Add: Software development services received	135,917
Adjusted Cash balance	<u>165,223</u>

Note 6: Unsecured loans obtained from Reclaim

As discussed in Note 1 above, an additional amount of \$1 million was provided by Reclaim, thereby increasing the outstanding unsecured loan balance to \$2.4 million.

11.2. Facilitation shares to be issued

The terms of the HOA provide for an issue of 20 million fully paid Facilitation shares in the manner of 10 million shares each to Trident Capital Pty Ltd and SCM Equities Pty Ltd respectively.

11.3. Issue of new shares pursuant to the Capital Raising

The Company seeks to issue up to 200 million New Shares at an issue price of \$0.02 per New Share to raise a minimum of \$4 million under a Prospectus, with a provision to accept oversubscriptions of a further 200 million New Shares to raise up to a total of \$8 million.

11.4. Discount for minority interest

The net asset value of a Reclaim share following the Acquisition is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual

influence in the operations and value of that Company. Therefore, if the Acquisition is completed, Shareholders may become minority shareholders in Reclaim as the Vendors will hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

Therefore, we have adjusted our valuation of a Reclaim share following the Acquisition, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - (1/1 + \text{control premium})$. As discussed in section 10.2, we consider an appropriate control premium for Reclaim to be in the range of 25% to 35%, giving rise to a minority interest discount in the range of 20% to 26%.

11.5. Number of shares on issue

Our adjustment to the number of shares on issue following the completion of the Acquisition is set out in the table below:

Shares on issue following the Acquisition	Minimum Subscription	Maximum Subscription
Number of shares on issue prior to the Acquisition	626,699,469	626,699,469
Shares to be issued on completion of the Acquisition to the Vendors	400,000,000	400,000,000
Facilitation shares to be issued	20,000,000	20,000,000
Shares to be issued on capital raising	200,000,000	400,000,000
Number of shares on issue following the Acquisition	1,246,699,469	1,446,699,469

As discussed in Section 4, an additional Contingent Consideration would be payable on achievement of certain milestones. At present, due to a lack of information, the success of these milestones cannot be reliably predicted. Therefore, we have only considered the dilutionary impact of shares to be potentially issued in Section 4 for indicative purposes.

11.6. Valuation of Reclaim following the Acquisition

The value of a Reclaim share following the Acquisition is set out below:

Value of Reclaim following the Acquisition	Ref	Low	Preferred	High
		\$	\$	\$
Net assets of Reclaim prior to the Acquisition	10.1	2,553,602	2,553,602	2,553,602
Value of Rision shares	11.1	516,515	1,016,515	1,516,515
Cash raised from Capital Raising	11.3	4,000,000	4,000,000	8,000,000
Value of Reclaim following the Acquisition		7,070,117	7,570,117	12,070,117
Discount for minority interest	11.4	26%	23%	20%
Value of Reclaim following the Acquisition (minority interest basis)		5,231,887	5,828,990	9,656,094
Number of shares on issue	11.5	1,246,699,469	1,246,699,469	1,446,699,469
Value per share (\$)		0.0042	0.0047	0.0067

The table above shows our assessed value of a Reclaim share is between \$0.0042 and \$0.0067, with a preferred value of \$0.0047.

12. Is the Acquisition fair?

We have compared the value of a Reclaim share prior to the Acquisition and post the Acquisition as detailed below:

	Ref	Low \$	Preferred \$	High \$
Value of a Reclaim share prior to the Acquisition on a controlling interest basis	10.3	0.0041	0.0041	0.0041
Value of a Reclaim share following the Acquisition on a minority interest basis	11.6	0.0042	0.0047	0.0067

We note from the table above that the value of a share in Reclaim following the Acquisition is greater than the value of a share prior to the Acquisition. Therefore, we consider that the Acquisition is fair for Shareholders.

13. Is the Acquisition reasonable?

13.1. Advantages of approving the Acquisition

We have considered the following advantages when assessing whether the Acquisition is reasonable:

13.1.1 The Acquisition is Fair

As set out in section 12, the Acquisition is fair. RG 111 states that an offer is reasonable if it is fair.

13.1.2 Greater commercial opportunities

Given that Reclaim has yet to commence its operations pursuant to being reinstated to official quotation with the ASX, the proposed shift towards a technology platform would provide the Company greater opportunities, given that the commercialisation of Rision's software platform is imminent.

13.1.3 Additional sources of financing

The change in nature of activities could enable Reclaim to attract new investors and raise additional working capital to enable commercialisation of the Rision platform.

13.1.4 Capital raise provides additional growth opportunities

The proposed capital raising provides the necessary funding to enable Reclaim to pursue further opportunities for growth.

13.1.5 Recoverability of loans advanced from Reclaim to Rision

As discussed in Section 6.3, Reclaim has advanced a loan of \$2.4 million to Rision towards its software development activities and working capital requirements. However, should the Proposed Transaction not proceed, the loan is repayable within 2 years of the loan agreement.

In this regard, any value that accrues to the existing shareholders of Reclaim would be via the commercialisation of the Rision software. Should the Proposed Transaction not proceed, the shareholders of Reclaim cannot participate in the potential upside on successful commercialisation of the software. Additionally, the ultimate recoverability of the loan would also be doubtful, as the capital raise (which is

dependent on the approval of the Proposed Transaction) would assist in expediting the rollout of the Rision software platform in the North American market, thereby improving the operational prospects of the Company.

13.2. Disadvantages of approving the Acquisition

We have considered the following disadvantages when assessing whether the Acquisition is reasonable:

13.2.1 Change in business model

The change in the Company's core operation from being a rubber recycler and manufacturer to a cloud based Software as a Service provider may be inconsistent with the objectives of Shareholders, who might not obtain the necessary diversification benefit which they had originally envisaged.

13.2.2 Dilution of existing Shareholder interests

If the Acquisition is completed, then existing Shareholder interests will be diluted from holding 100% of the Company to an interest of 50.27%, assuming a minimum capital raising of \$4 million and 43.32% based on Reclaim achieving the maximum capital raising of \$8 million.

13.2.3 Potential lower liquidity of shares

If the Acquisition is completed, trading in Reclaim shares may be negatively affected by the presence of the Vendors holding a potential 32.7% ownership interest (based on a minimum capital raising of \$4 million) and 28.2 % (based on a maximum capital raising of \$8 million). The existing shares will therefore have a materially lower float on a proportional basis which may reduce liquidity. We note that if the Acquisition is completed, given the potential growth of the Company, absolute liquidity may increase. However, as noted in section 10.2, the Company's shares already demonstrate a low level of liquidity.

13.2.4 Absence of significant revenues

In the case of Rision, though there are no significant technical risks associated with further development of the platform, there are no significant revenues as yet generated. Therefore, there is a higher degree of uncertainty in relation to the future prospects of Rision. Additionally, there is no guarantee that Rision will be able to successfully commercialise its products and realise significant revenues going forward.

13.2.5 Competitive market

The major risk that Rision faces is the fact that by entering the North American market, it will face a number of cloud based VMS systems which are already addressing the demands of a contingent workforce.

13.3. Other considerations

13.3.1 Alternative Proposals

We are unaware of any alternative proposal that might offer the Shareholders of Reclaim a premium over the value ascribed to, resulting from the Acquisition.

13.3.2 Practical Level of Control

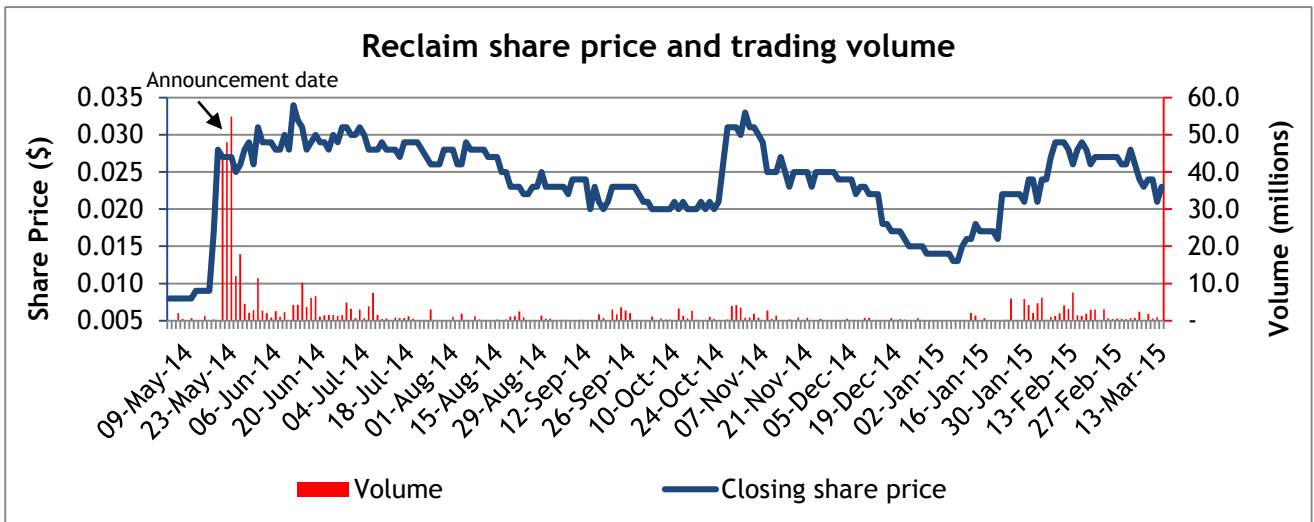
If the Acquisition is approved then the Vendors will hold an interest of approximately 32.7% (based on a minimum capital raising of \$4 million) and 28.2 % (based on a maximum capital raising of \$8 million). Additionally, Rision is entitled to nominate 5 persons to the Board of Reclaim.

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

Reclaim’s Board currently comprises three directors, who will not continue if the Acquisition is approved. Therefore, the five directors nominated by Rision will constitute the Board of directors.

13.3.3 Consequences of not approving the Acquisition

We have analysed movements in Reclaim’s share price since the Acquisition was announced. A graph of Reclaim’s share price since the announcement is set below.



Source: Bloomberg & BDO Analysis

The Acquisition was announced to the market on 19 May 2014. On that date, approximately 44 million shares were traded and Reclaim’s shares closed 89% higher to \$0.017. Since the announcement, Reclaim’s shares have traded between \$0.020 and \$0.025.

Given the above analysis, it is possible that if the Acquisition is not completed then Reclaim’s share price may decline to its pre-announcement level.

14. Conclusion

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

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Reclaim for the year ended 30 June 2013 & 30 June 2014 and reviewed financial statements for the half year ended 31 December 2013 and 31 December 2014;
- Unaudited accounts of Rision for the year ended 30 June 2013 and the six months ended 31 December 2014;
- Audited financial statements of Rision for 30 June 2014 respectively;
- Independent Valuation Report of Rision's intangible assets dated 12 March 2015 performed by Valutech (Refer Appendix 3);
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Reclaim.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$ 35,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

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

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Rision Pty Ltd/Skills Connect Pty Ltd and Reclaim Industries Limited and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion, it is independent of Rision Pty Ltd/Skills Connect Pty Ltd and Reclaim Industries Limited and any of their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Reclaim Industries Limited.

A draft of this report was provided to Reclaim Industries Limited and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

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

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

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

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a Member of the Institute of Chartered Accountants in Australia. Adam's career spans 16 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Reclaim for inclusion in the Notice of Meeting which will be sent to all Reclaim Shareholders. Reclaim engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed acquisition of Rision Pty Limited through the issue of greater than 20% of the issued capital of Reclaim.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

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

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

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

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Reclaim, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon an independent valuation for intellectual property held by Rision.

The valuer engaged for the intellectual property valuation, Valutech Pty Ltd, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

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

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes

Director



Adam Myers

Director

Appendix 1 - Glossary of Terms

Reference	Definition
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Tax Office
BDO	BDO Corporate Finance (WA) Pty Ltd
Contingent Consideration	The proposed issue of 650 million shares in Reclaim on achievement of Milestone 1 and Milestone 2 respectively
CTO	Chief Technological Officer
DCF	Discounted Future Cash Flows
DOCA	Deed of Company Arrangement
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMS	Employment Management Systems Pty Ltd
Facilitation shares	20 million shares to be issued to Trident Capital and SCM Equities Pty Ltd
FME	Future Maintainable Earnings
FYXX	Financial year ended 30 June 20XX
HOA	Heads of Agreement
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
QMP	Quoted Market Price
R&D	Research & Development
RG 74	Acquisitions approved by Members (December 2011)

RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Rision	Rision Pty Ltd
SCL	Skills Connect Pty Ltd
Shareholders	Shareholders of Reclaim not associated with Rision
Share Consideration	The proposal to issue 420 million shares (plus a potential additional 650 million shares) in Reclaim as consideration for the acquisition of Rision.
The Act	The Corporations Act
The Acquisition	The proposed acquisition of the rights and title in the issued capital of Rision.
The Company	Reclaim Industries Limited
Valutech	Valutech Pty Ltd
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
Vendors	Apex Private Wealth Pty Ltd, Anthony Francis Dixon, Pebtilly Pty Ltd and T & H Corby Pty Ltd
VWAP	Volume Weighted Average Price

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The Directors

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

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Australia

Appendix 2 - Valuation Methodologies

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

1 *Net asset value ('NAV')*

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

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

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

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

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

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

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

2 *Quoted Market Price Basis ('QMP')*

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

3 *Capitalisation of future maintainable earnings ('FME')*

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

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

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

4 Discounted future cash flows ('DCF')

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

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

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

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

5 Market Based Assessment

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



Appendix 3 - Independent Valuation Report prepared by Valutech

Sent under a separate cover



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12 March 2015

The Directors,
Reclaim Industries Limited
Level 24, 44 St Georges Terrace
PERTH WA 6000

Mr A. Myers
Director
BDO Corporate Finance (WA) Pty Ltd
267 George's Terrace
PERTH WA 6000

Dear Sirs,

**INDEPENDENT SPECIALIST REPORT:
VALUATION OF INTANGIBLE ASSETS OF RISION PTY LTD**

1. INTRODUCTION

Reclaim Industries Limited ('RIL') has entered into a Heads of Agreement with Rision Pty Ltd ('Rision'), Skills Connect Pty Ltd ('SCL') and Rision Pty Ltd shareholders ('Vendors') to acquire 100% of all rights and title in all the issued capital of Rision, with Rision being the legal owner and beneficial owner of SCL.

SCL is a privately owned cloud-based business that provides a business intelligence solution for multi-sourced human capital. It has patented a three way connectivity system between a candidate, HR/ Recruitment firms and businesses. This is a fully integrated, secure, searchable, multi-site enterprise cloud solution with mass personalised individual candidate account management. By utilising a customised Google search application, SCL is able to deliver rapid search and filtration of candidates in order to streamline the recruitment process. The company claims that this solution provides transparency, accountability and significant cost savings that ensure margins are maintained.

In order to provide an impartial report to shareholders to accompany a Notice of Meeting to consider the acquisition, the Board is undertaking to determine whether the proposed acquisition is fair and reasonable to holders of the Company's ordinary securities. To this end, RIL has engaged BDO Corporate Finance (WA) Pty. Ltd. ('BDO') to prepare an Independent Expert's Report as required by Australian Securities Exchange Listing Rule 7.1 and Section 611 of the Corporations Act in relation to the proposed transaction. To assist in the preparation of this report, BDO has requested Valutech Pty Ltd to prepare a valuation of Rision's intangible assets in March 2015 in the form of a report that could be attached to the Independent Expert's Report assessing the fairness and reasonableness of the proposed acquisition.

This report is provided by us in our capacity as a specialist in the assessment and valuation of intangible assets including intellectual property. The information and comments it contains are to be used by BDO, the independent expert, as part of its assessment as to whether the proposed acquisition is fair and reasonable to RIL shareholders.

For the purposes of our assessment, fair market value is defined as being a price within a range of prices available in an open and unrestricted market which might be negotiated between informed, prudent parties acting at arm's length and under no compulsion to act, expressed in terms of money or money's worth. We have taken into account the current plans of Rision and SCL for utilising and developing its assets and associated products as well as the financial history and current financial projections of Rision and SCL.

2. RESTRICTIONS

This report will be included as an Appendix to BDO's Independent Expert's Report and is not to be used by RIL, Rision or SCL for any other purpose or in another context without our prior written approval. In the event that we provide written approval to the issue of the report in another context, we will need to approve the form in which it is released and be satisfied as to the context of its release. We may also require the report to be issued under a suitable covering letter from our firm.

3. BACKGROUND: RISION PTY LTD, ITS TECHNOLOGY AND ITS MARKET

Skills Connect (SCL) is reliant for its business on an operating platform developed by its parent Rision. This platform is patented and provides three way connectivity between the employee, employer and recruitment professionals. This enables multi sourced human capital to be managed in a dynamic manner by the business with the following advantages:

- For the employer, it provides a simple process that reduces costs and provides information on costs and margins before invoicing the client.
- For the employee, it provides a better candidate experience with only one application required and downstream benefits from active and passive recruitment opportunities.
- For recruitment or human resources areas, it provides transparency and control through an e-tender gateway on the Internet.

The platform allows a business to:

- (1) Maintain existing structures;
- (2) Maintain existing multiple human resources relationships;
- (3) Consolidate all information into a single repository
- (4) Deliver significant cost savings and address the issue of control, transparency, compliance while reducing unnecessary spending.

Rision has patented the technology behind the platform in Australia and New Zealand and has a patent application pending in the United States. Key details of the patent are: WIPO Publication Number WO/2006/089374, International Application Number PCT/AU2006/000250, Publication Date 31 August 2006, International Filing Date: 27 February 2006, Australian Patent Number 2006218253 published 20 September 2007, New Zealand Patent Number 560974 published 24 December 2009, US Patent Application Number 11817024 published 4 February 2010.

The set of patents covers a transactional engine linking businesses to multiple recruitment companies for engagement and management of labour and the invention provides methods and business methods for processing and publishing business information, and for networked procurement and tracking of data such as cost, charge and budget analysis, from a secure hub, based on the use of time sheets as the single source, for collection to a single location, for processing to produce reports which are then distributable to buyers and suppliers of casual and permanent labour in a secure environment. The invention allows multiple buyers (e.g. companies), suppliers (e.g. agents) and workers to transact with multiple discrete levels or customised secure access levels, from only one database and requires no proprietary software at the user end apart from a web browser.

A review of patents indicates that there are a number of other patented systems operating in the same market space which are collectively called Vendor Management Systems (VMS), Human Capital Management Systems (HCM systems) or Talent Management Systems (TM systems).

3.1 Vendor Management Systems (VMS)

A vendor management system is a web-based application that allows an organisation to secure and manage staffing services on a temporary, permanent or contract basis. It helps centralise the complex issues associated with staffing including

- job requisition and staff ordering
- automatic consolidated billing
- business intelligence (BI) functionality
- management reporting
- workflow engines
- amenity tracking
- service catalogue, linking standardised positions and skills.

The intention of a VMS is to provide seamless access to cost-effective, qualified human resources, while facilitating efficient recruitment and long term growth. It is meant to manage all staffing operations and management procedures and eliminates typical issues and inefficiencies of workforce management. Benefits to hiring businesses expected of VMS are:

- Smoother and faster processing of staff;
- Ensuring only accredited personnel are recruited;
- All vendors may participate in a bid process, leading to competitive bidding;
- A buyer may create standardised job descriptions;
- Details about job candidates are accessible from a single location and different systems have the ability to rank each application as required by the buyer;
- There is a central end-to-end work flow engine to manage the process;
- questions, interview processes and rejections are noted and monitored;
- Job rates are competitive.

For vendors or recruitment companies, the advantages are speedy approval for new hires, accurate invoicing that is uniformly delivered, reduced reporting errors and improved access to starting requirements.

VMS comes in a number of forms but is often applied to management of a contingent workforce, i.e. workers who are employed on a non-permanent basis who make up nearly 26% of the average organisation's total workforce¹. They may be freelancers, independent professionals, temporary contract workers or independent contractors or consultants. Instead of a vendor, there may be a Managed Service Provider (MSP) that manages vendors and measures their effectiveness in recruiting according to the client's standards and requirements. There may also be a Contractor Management System (CMS) which interfaces with the access control systems of large refineries and plants and enterprise resource planning systems to capture the real-time hours between contracts and the client to simplify the timekeeping process and improve project cost visibility.

VMS is seen as an evolution of systems existing in larger enterprises in the 1990s when they began looking for ways of reducing outsourcing costs. These were combined with the development of the Internet at that time to provide electronic payment services. Aberdeen Group has found that VMS solutions have now become a vital solution in the contingent workforce space with VMS solutions in use in 58% more Best-in-Class organisation than all others². Aberdeen Group also found that mobile applications, in place in 64% more Best-in-Class organisations than all others, are an emerging form of contingent workforce management technology.

¹ Contingent Workforce Management: The Next-Generation Guidebook to Managing the Modern Contingent Workforce Umbrella, May 2012, C.J. Dwyer, Aberdeen Group

² Ibid.

Other research by the Aberdeen Group has also found that VMS users have achieved a 70% increase in total organisational efficiency as a direct result of improving contingent workforce program attributes than other companies and 31% higher cost savings on contingent workforce spending³.

A review of the current literature on VMS systems and comparison with the Rision platform indicates that the Rision platform appears to be an evolution of Vendor Management Systems because it can incorporate individual employees as well as recruitment or HR companies as vendors of labour and is focussed more on contingent employees in the lower income and lower skill range of the fast food, retail and manufacturing industries whereas most other VMS systems concentrate on the executive, medical, finance and specialist markets where returns are perceived as higher. By concentrating on individual employees in the former markets, Rision is expecting to gain benefits by dealing with a section of the market not considered by other companies and by developing new applications such as mobile wallets which are becoming more prevalent as technology advances.

The Rision platform has a number of other advantages not found in other VMS systems. By incorporating a candidate database for hiring, the Rision platform provides business employment information for the business, for human resource suppliers and for individual employees or employee candidates. This also enables single work candidates such as freelancers to quote for jobs separate from human resource agents. It also provides business intelligence for companies operating across multiple locations through a single interface. The Rision platform also provides added features for Managed Service Providers to manage multiple businesses through a single interface with on-costs management, managed quotes, orders, candidates, time sheets and reports included. For individual work candidates, that are normally cut out of existing VMS solutions and required to go through managed service providers, the Rision platform provides an interface for mobile devices providing information on previous and current jobs, opportunities for last minute hiring, payslips and credit score information ideally suited for the casual workforce. It provides a passive recruitment solution for job candidates notifying them of a job profile should their profile match a business requirement. This direct link to job candidates is not provided by any other VMS solutions and by cutting out human resource agents can reduce overall costs, particularly in the lower paid employment sector. In addition, Rision is moving to implement a mobile payment solution for employees which is currently not being offered by other platforms.

3.1 The Market

VMS systems began entering the market in late 2000 at which time some 45 systems were being offered⁴. Since that time, there has been some consolidation in the market with the following companies gaining a high profile:

- IQNavigator (one of several VMS providers which exited related consulting and outsourcing services by selling its Managed Services Provider (MSP) division to MSX international)
- Beeline (purchased leading VMS provider, Chimes, in 2007, is owned by Adecco, the worldwide leader in human resources services, and like IQNavigator moved its MSP business into a separate company of Adecco, Pontoon, in 2013)
- Fieldglass (owned by SAP and regarded as the largest VMS company)
- Peoplefluent (rebranded from Peopleclick in 2011 after Peopleclick was acquired by Bedford Funding in 2010 for US\$100 million and merged with Authoria)
- Provade (in partnership with Oracle)
- WorkforceLogic (acquired by ZeroChaos in 2012)
- Ariba (acquired in 2012 by SAP for \$4.3 billion)

Despite this consolidation, market analysts like Staffing Industry Analysts draw information from up to 32 MSP providers and 30 VMS providers in North America and Europe for their surveys⁵.

³ Analyst Insight, VMS Technology and the Next Generation of Contingent Workforce Management, September 2012, Aberdeen Group

⁴ Mr Doug Leebby, President of Beeline, <http://www.slideshare.net/BeelineVMS/VMS-101>

⁵ World - Key trends in VMS and MSP highlighted in new report. 24 October 2011, Staffing Industry Analysts

These surveys indicate that Software as a Service (SaaS) or solutions provided through the Cloud are going to grow in prominence as shown by the recent acquisitions of Ariba and SuccessFactors by SAP for large multiples of their earnings⁶. In addition, further restructuring in the services procurement market will occur as VMS tools providers and service providers who use them (MSP companies) seek partnerships with those who are likely to survive the consolidations in progress⁷.

Staffing Industry Analysts estimated in 2012 that spend under management through a VMS, an MSP, or both, is greater than \$100 billion globally and growing annually at 16% with a spread in business from predominantly very large corporations towards the mid-market⁸. This compares to the total market estimate for global temporary agency staffing labour of \$327 billion (and as much as \$3.3 trillion in some estimates⁹). This is expected to continue increasing as there are recent predictions that contingent labour could rise to as much as 30-50% of the entire US workforce¹⁰. The largest VMS company in terms of spend under management is Fieldglass with US\$27.4 billion and the largest MSP company in terms of spend under management is Allegis Group Services with \$8.3 billion¹¹.

With the concentration of the three largest VMS providers, IQNavigator, Beeline and Fieldglass, on contingent workforce management, smaller companies are developing solutions that they believe are taking advantage of the limitations of the larger players. OnForce, a Boston-based work force management services provider launched its Converge platform in 2014 as a cloud-based freelancer management system. Other competitors in this space are WorkMarket which is focussed on managing onsite freelancers on an enterprise scale and Elance-oDesk, the merger in December 2013 of Elance and oDesk that have been developing VMS systems for freelancers for some time. These companies consider that there is a market of around US\$150 billion that they should be able to access with their products¹².

4. ASSETS OF RISION PTY LTD

Discussions with Rision and a subsequent review of company material indicates that the company has the following intangible assets which have relevant value:

- Patents taken out by Rision or patent applications made
- Software in the form of copyright material or material subject to copyright in the software products of Rision and supported by patents taken out as referred to above.

Rision has advised that it has the following patents and patent applications:

1. Australian patent 2006218253 entitled "Transactional engine linking businesses to multiple recruitment companies for engagement and management of labour" granted and effective from 27 February 2006

The patent covers a networked solution that is usable, securely, by companies (buyers of casual labour), agents (that supply labour) and the labourers or workers themselves. The information entered is secure and the system must manage quotes from different agents to avoid inadvertent publishing or viewing of

⁶ Supply Chain News: In surprise move, SAP to acquire procurement software vendor Ariba for \$4.3 billion, May 23, 2012, www.scdigest.com/ONTARGET/12-055-23.php?cid=5863&ctype=content

⁷ 2014 Market Prediction: The Great Procurement Services Market Mashup and Land Grab, 9 January 2014, <http://spendmatters.com/2014/01/09/2014-market-prediction-great-procurement-services-market-mashup-land-grab/>

⁸ Surging growth in use of vendor management systems and managed service providers to manage contingent labor takes global spend to \$100 billion, Ad Hoc News 7 Feb. 2012 <http://www.ad-hoc-news.de/de/Drucken/23755476>

⁹ SAP acquiring VMS provider Fieldglass: Fast facts and sector background, Spend Matters 26 March 2014.

¹⁰ Changing labor demands and the role of vendor management systems, Arun Srinivasan, Vice President of Marketing, Fieldglass, February 2010, Silicon India

¹¹ Vendor Management Systems (VMS) and Managed Service Providers (MSP) assume more dominant role in managing contingent labor, June 10, 2013, PRNewswire.

¹² Cloud-based Labor-on-demand Services expand beyond IT tasks, 26 March 2014, IT Business Edge

other agent's quotes by unauthorised users. In its preferred embodiment, the system manages the process of obtaining tenders and linking accepted contracts to job profiles. This information flows through the system and is visible at all times against the completed time sheets. It is claimed that no existing solution offers labour buyers visibility, in real time, to accurate, single views of accrued expenditure to all suppliers of casual staff, across the entire organisation.

2. New Zealand Patent 560974 entitled "Transactional engine linking businesses to multiple recruitment companies for engagement and management of labour" granted and effective from 27 February 2006
3. World Intellectual Property Organization Patent WO/2006/089374 entitled "Transactional engine linking businesses to multiple recruitment companies for engagement and management of labour" published 31 August 2006 and filed 27 February 2006
4. US Patent Application National Number 11817024 entered 17 July 2009, published 4 February 2010. Patent pending.

All of these patents are the same and are covered with the International Patent Application number PCT/AU2006/000250.

The software developed by Rision for its software platform is covered by the granted Australian patent and is held in a multiple repository system by Rision in a modularised form with restricted access and subject to audit and regulatory procedures.

5. COMMERCIALISATION APPROACH

Because the platform developed by Rision is cloud based and scalable, Skills Connect (SCL) is looking to develop an international focus as soon as possible while building its initial base in the Australian market. It is in the process of engaging an international consultancy company specialising in brand innovation and the introduction of disruptive business solutions to target initially the North American market, then Latin America and finally Asia. To this end, it has in program the conversion of the platform into Spanish, Portuguese, Indonesian and Chinese.

In the North American market, Skills Connect will be focussing on the hospitality, retail, franchise, cleaning, blue collar and local government markets as well as developing relationships with value added resellers that will be able to access new markets readily. As technical developments are made in the Rision platform, these will then be introduced to the market such as the increasing use of mobile wallets on mobile devices. Once credibility is gained in the North American market, SCL expects to introduce its platform into rapidly developing markets for low skilled employees notably in Latin America and Asia.

As indicated in Section 3 above, the North American market is currently competitive with a number of Vendor Management Systems active in servicing the contingency labour market. Thus if the Rision platform can differentiate itself in this market and gain notable market share, the opportunities for expansion into Latin America and Asia would increase significantly. The critical factors for the company will be effectiveness of targeting of business and government markets in North America and the development of relationships with value added resellers and telecommunications companies looking for cross-branding opportunities in that market.

The Rision platform is being promoted as a form of VMS which can incorporate individual employees as well as recruitment or HR companies as vendors of labour and is focussed more on contingent employees in the lower income and lower skill range of the fast food, retail and manufacturing industries whereas most other VMS systems concentrate on the executive, medical, finance and specialist markets where returns are perceived as higher. At this stage, it will only be clear once Skills Connect has undertaken promotions in the North American market whether these differentiations will be sufficient for the company to gain major traction against the multiplicity of systems and large players already present.

6. ADVANTAGES AND RISKS

Rision's software platform has a number of advantages sought by the market in the contingency and casual employment sector. It is cloud-based, secure, scalable and readily applicable to mobile users. It is in the process of incorporating a number of enhancements which make it particularly suitable to contingent labour with plans for incorporating a mobile wallet and a credit score system facilitating the arrangement of loan facilities. There are plans for the system to be multi language so that new developing markets in Latin America and Asia can be accessed once the system gains a profile in the North American market. Electronic forms are also incorporated into the mobile platform to provide cost savings covering tax information, deductions and employment records.

The major risk will be that the platform will be entering a competitive market where there are already over 20 VMS systems already targeting the contingent labour market and some of these systems already have a considerable spend under management. At this stage, it is expected that there will be no significant technical risks associated with further development of the platform to meet market needs. However, the commercial risks at this stage should be considered significant because of the established large competitors present in the market and the lack of sales of Rision services in any of its target markets.

7. VALUATION OF INTANGIBLE ASSETS INCLUDING INTELLECTUAL PROPERTY

The assets to be valued are the patents described in Section 4 of this report and the associated software in the Rision software platform which is to be deployed in the cloud for use in the US, Australian, Asia and Latin American markets.

For these assets to be valued, they must

- Be specifically identifiable and recognisable
- Be subject to legal existence and production
- Be subject to the right of private ownership, which is legally transferable
- Have tangible evidence of existence
- Be created at an identifiable time or as the result of an identifiable event
- Be subject to being destroyed or to a termination or existence
- Confer a commercial benefit to the owner of the asset.

Our review of the material referred to in Section 4 above indicates that the listed assets meet these requirements.

For the valuation of these assets, there are three general approaches that might be employed: the market approach, the cost approach and the income approach.

While some technology assets can be readily appraised by all three approaches, the indications of value resulting from each approach are often assigned different weights in arriving at a conclusion of value, based on the quantity and quality of data supporting each approach.

7.1 Market-Based Approaches

A reasonable approach to valuing intangible assets is to look for market comparisons, based on the widely held belief that the market (i.e. the economic environment where arm's length transactions between unrelated parties occur) is typically the best indicator of the value of an asset. This involves a search of the appropriate exchange market to obtain information on sale transactions, listings and offers to purchase or licence comparable assets that are similar to the subject in terms of characteristics such as technology type, technology use, industry in which the technology functions, date of sale and so forth. Allowance must then be made for the differences in the technology and the nature of the environment for any previous sale of technology.

In the case of the valuation of intellectual property in the VMS software market, there are some basic problems with the market approach to valuation in that the market for such technology is very diverse and there is little publicly available information on sales of similar technologies to that of Rision. Recent acquisitions resulting from consolidation in the VMS industry are indicative of the high values attributed to those companies which have gained significant market share in a growing market. Industry commentators

have estimated that SAP's acquisition of Fieldglass in March 2014 was in excess of ten times trailing revenue of a business that was considered to be highly profitable, commanded US\$27.4 billion in spend under management and was regarded as the market leader¹³. This acquisition followed but was linked to SAP's acquisition of the procurement software vendor Ariba in 2012 for US\$4.3 billion which represented a 106 multiple of Ariba's trailing EBITDA at the time or ten times sales¹⁴. It is clear from this coverage that a premium price was paid for the company based on its significant market share, its prospects and the operations of Fieldglass relevant to other companies in the SAP group. However these price indicators would have little relevance to assessment of the indicative value for Rision or its platform.

An alternative approach to market valuation would be to consider the market value of Rision based on recognised rules of thumb for the valuation of private companies. However, this company is on the threshold of entering new markets with new products and this approach may not be a reliable approach for the valuation of Rision or its technology considering that previous business operations have been restricted to initial offerings of services in the Australian market.

7.2 Cost-Based Approaches

With regard to cost based valuation approaches, the most common types of cost based valuations that are used for technology and other intangible asset valuation purposes are reproduction cost and replacement cost. Reproduction cost is the total cost, at current prices, to create an exact duplicate asset or technology using the same scientific research, design and development methods used to create the original technology.

The replacement cost is the total cost to create, at current prices, a technology having equal utility to the technology being valued. However, the replacement technology would be created with contemporary scientific research, design and development methods. Accordingly, the replacement technology may have greater utility in terms of commercial potential and technological accomplishment than the subject property.

Replacement cost of the technology as new technology typically establishes the maximum amount that a prudent investor would pay for a fungible, or replaceable, asset. However, in some cases, the technology may be so unique that it is not replaceable and in these circumstances, replacement cost as new may not establish the maximum amount that a buyer would pay for the subject asset.

To the extent that an asset is less than an ideal replacement for itself, the value of the subject technology may need to be adjusted for losses in economic value due to functional obsolescence, technological obsolescence and economic obsolescence.

In the case of Rision's platform, there are clear indications as to what has been spent to develop the technology and this can form the basis for a valuation approach. The technology is currently in a mature form and does not require any further development for commercialisation. As a result, all of the funds have been used to overcome limitations or risks that the technology might not meet expectations. Furthermore, even though the patent application for the United States has not yet been granted, the fact that the technology development has been completed (except for further technology enhancements) and the effectiveness of the technology demonstrated suggests that until demonstrated otherwise, the patents listed above can in effect be considered to be viable patents and have value equivalent to issued patents. Rision has indicated that by 31 March 2015, \$3.083 million will have been spent to develop its technology. In the absence of any indication that the technology is not viable in the market, and in view of the fact that the technology is being promoted to a number of high profile potential customers in competitive markets in the United States, the funds spent to develop the technology could be considered as a reasonable indicator of value of the technology. This approach to valuation can only be indicative without clearer market information to support a valuation of the technology.

¹³ SAP acquiring VMS provider Fieldglass: Fast facts and sector background, Spend Matters 26 March 2014, SAP/Ariba to buy Fieldglass/Initial analysis, Spend Matters 26 March 2014.

¹⁴ Supply Chain News: In surprise move, SAP to acquire procurement software vendor Ariba for \$4.3 billion. 23 May 2012, Supply Chain Digest.

7.3 Income-Based Approaches

In situations where there is a clear link between the subject intangible asset and economic returns or income, a valuation based on an income approach is usually preferred. There are a number of measures of economic income that may be relevant to the various income approach methods, including:

- Gross or net revenues
- Gross income or gross profit
- Net operating income,
- Net income after tax
- Operating cash flow
- Net cash flow
- Margins attributable to intellectual property such as licensing income or its equivalent.

Several categories of income approach methods are listed below:

1. Methods that quantify incremental levels of economic income (i.e. the owner of the intellectual property or asset will benefit from a greater level of economic income by owning the technology than by not owning it).
2. Methods that quantify decremental levels of economic cost (i.e. the owner will benefit from lower levels of costs as a result of ownership)
3. Methods that estimate a relief from a hypothetical royalty or rental payment (i.e. the amount of a royalty that the owner would be willing to pay to a third party in order to obtain the use of and rights to the intellectual property) (Note: this approach ignores benefits that can be gained by internalising costs or applying the intellectual property to other products).
4. Methods that quantify the difference in value of an overall business enterprise as the result of owning the subject technology or intellectual property
5. Methods that estimate the value of the intellectual property as a residual from the value of an overall business enterprise or as a residual from the value of an overall estimation of the total intangible value of a business enterprise.

Income approach methods of valuation are commonly used with regard to technology assets and intellectual property valuation if the assets are already providing or about to provide commercial returns and are at the very core of the commercial operation. In the case of Rision, the technology is at an early stage of being commercialised with no significant revenues yet generated. With this observation, valuation of the intellectual property on the basis of past income is likely to provide only a low value which does not take into account the proposed deployment of the Rision platform in the large US market.

In our review of the intangible assets of Rision and their valuation, we concluded the following:

1. The major asset held by Rision is the software in the Rision platform and the associated issued patents. While we would not associate much value with the patents until they are traded or legally challenged, we consider that much of the value is in the software developed because development of the final product is virtually complete. In our experience, with all patents not fully granted, we would assess that of the order of \$100,000 has been spent to reach the current situation.
2. The intellectual property in the software meets many of the features being sought by users of Vendor Management Systems in that it is a cloud based software as a service system that addresses the low end of the contingency labour market with features addressing that end of the market.
3. As the technology is predominantly software, value will form a significant percentage of revenues generated from sales of services of the platform. However as no revenues have yet been generated and as the likely target market in the first market, the United States, is likely to have a number of large companies providing competitive services, it would be premature to attempt an income-based valuation approach,

In view of the above, we could value the patents and associated software using a cost approach for indicative purposes only, but an income approach would be premature until the company can demonstrate significant market penetration in its first year of operation.

8. VALUATION OF RISION INTANGIBLE ASSETS

The following sets out our views on the valuation on the intangible assets of Rision as listed in Section 4 of this report.

A review of available material indicates that Rision will have spent around \$3.083 million to develop the software and associated intellectual property to the end of March 2015. The software platform has gained an award overseas, but in entering the North American market it will face a number of cloud-based vendor management systems already addressing the contingent workforce. The company's focus and differentiation in this competitive market will determine whether it can gain the traction that it is projecting. A cost-based valuation incorporating a minor premium for its current market differentiation would provide an indicative value for the intangible assets of between \$2.5 million and \$3.5 million. On the one hand, in the absence of information on likely market penetration, Rision might be prepared to sell its software to interested parties for a cost plus premium. Alternatively recreation of the intellectual property is likely to cost less than the sums which have been spent due to advances in technology and an improved knowledge of the software requirements.

The subject intangible assets are at the point of commercialisation so an alternative valuation approach based on an income-based approach was considered, making some assessment of sales into the future, allowing for a royalty rate equivalent on future sales and discounting future projected income based on the technical and commercial risks over a set period for commercialisation.

We have reviewed the sales pipelines of Rision/Skills Connect related to its entry in the North American, Latin American, Chinese, Asian and Australian markets. Discussions have indicated that the company will gain either significant or minor penetration depending on whether market interest in a new employment matching system is achieved. In North America, there is a contingency workforce market of around US\$150 billion that is being targeted by software companies in the VMS space and not already claimed by the larger players in the market. This market must be the focus of Skills Connect if it is to gain a share of the market before opening up similar markets in other geographical areas. There are significant risks as to whether Rision/Skills Connect is able to gain market share in the North American market, and any income-based valuation must allow for these risks.

In making our assessments, we have noted the following:

- The target markets are substantial and there is a strong demand by companies and the contingent workforce for flexible platforms that are secure, easy to access and providing features not available on other platforms
- The Rision Platform is technically complete, with additional features in train as new markets are targeted and new features become available on mobile devices specific for contingency workers
- The Rision Platform and Skills Connect will have to develop partnerships with work vendors, value added resellers and telecommunications companies to gain sufficient profiles in target markets
- There are few or no technical risks in developing the platform further to meet market needs, but there are very significant commercial risks associated with market penetration because of the number of large and small companies concentrating on the contingent workforce market.
- It is very likely that any sales projections developed by Rision or Skilled Connect will be delayed or significantly lowered, once experience is gained on penetrating the US contingency market.

We have concluded that because of the significant risks of commercialisation and because of the lack of a critical analysis by the company of forward revenue projections, it would be premature to use an income-based valuation approach until more information is available on the likelihood of success of the platform in

the target markets. Because of this, a cost-based approach is the most suitable approach to the valuation of the intangible assets.

On the basis of these assumptions, we have valued the intangible assets of Rision in the range of \$2.5–3.5 million with our preferred value at \$3.0 million.

9. DISCLOSURE OF BASES AND SOURCES

In forming our opinion of the value of the assets of Rision, we have reviewed and relied upon the following discussions and documents:

- Discussions with Ms K. Cornick, Managing Director, Rision, Mr Earle Harper, Chief Operating Officer, Skills Connect Pty Ltd and Mr R. Day, Chairman and Founder of Rision
- Business material provided by Rision Pty Ltd and Skills Connect Pty Ltd
- Publicly available material.

10. CONCLUSIONS

Two approaches to the valuation of the intangible assets of Rision were considered: cost and income-related approaches.

The cost-based approach based on cost to develop the software platform and associated patents provides an indicative value of between \$2.5 million and \$3.5 million. Of this, of the order of \$100,000 would have been spent to develop the patents to the current stage, so the major component of value resides with the software platform.

The income-based approach was an alternative approach considered. However, as commercialisation had barely started, and as there was no critical risk analysis of likely penetration of target markets, we considered that the commercial risks were sufficiently high that an income-based approach would not be appropriate. We have concluded that on the basis of available material, a cost-based approach to valuation was more acceptable. We have valued the intangible assets of Rision in the range of \$2.5-\$3.5 million with our preferred value at \$3.0 million.

11. QUALIFICATIONS AND DECLARATIONS

Valutech Pty Ltd is a company specialising in market research on high technology products and the valuation and assessment of identifiable intangible assets from a wide range of industries. It was established in 1992 by Dr Maurice Venning who has a background of over 25 years in technology assessment and advisory roles with the Federal Government, large companies, consulting companies and universities. Dr Venning has been undertaking intangible asset valuations on behalf of Valutech and other companies for over twenty five years.

Valutech has undertaken a number of valuations in the past related to intellectual property, copyright and other identifiable intangible assets of companies operating in the computer software and communications networks industries.

Valutech has not undertaken work for Rision, SCL or RIL in the past and has no interest in these or related companies.

12. DISCLAIMER

This assessment represents solely the expression by Valutech of its opinion as to a fair market valuation for assets of Rision Pty Ltd in March 2015. This assessment is based upon information submitted to us as well as external sources and we do not imply nor should it be construed that we have carried out any form of audit or verification of the information and records supplied to us.

We have no reason to believe that any material facts have been withheld or misstated and have no reason to doubt the reasonableness of estimates provided.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Maurice Venning". The signature is written in a cursive style with a long, sweeping tail.

Maurice Venning
Director

ANNEXURE C – TERMS OF PERFORMANCE SHARES

TERMS AND CONDITIONS OF CLASS A PERFORMANCE SHARES

1. Definitions

In these terms and conditions, the following terms have the following meaning unless the context otherwise requires:

- (a) **“Company”** means Reclaim Industries Limited (ABN 47 090 671 819).
- (b) **“Subsidiary”** means Skills Connect Pty Ltd (ABN 80 140 523 379) a wholly owned subsidiary of the Company as at the date the Company is re-admitted to the Official List of the ASX following its recompliance with Chapters 1 and 2 of the Listing Rules.
- (c) **“Milestone”** means the Subsidiary achieving \$2,750,000 in revenue within 12 months of the Purchaser advancing \$500,000 to the Subsidiary from the initial Capital Raising (the **“Loan”**) or the Subsidiary being sold for or valued at not less than \$150,000,000 within 18 months of the issue of the Class A Performance Shares.
- (d) **“Shareholders”** means the existing shareholders of the Company.
- (e) **“Shares”** means an ordinary fully paid share in the capital of the Company.

2. Rights attaching to Class A Performance Shares

- (a) Each Class A Performance Share shall be issued for nil consideration.
- (b) Each Class A Performance Share is a fixed share in the capital of the Company.
- (c) The Class A Performance Shares shall confer on a holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A holder has the right to attend general meetings of Shareholders.
- (d) A holder is not entitled to vote on any resolutions proposed at a general meeting of the Company other than in the circumstances specifically allowed for under the Corporations Act.
- (e) The Class A Performance Shares do not entitle a holder to any dividends.
- (f) The Class A Performance Shares do not confer on a holder any right to participate in the surplus profits or assets of the Company upon the winding up of the Company.
- (g) The Class A Performance Shares are not transferrable.
- (h) If at any time the issued capital of the Company is reconstructed, consolidated or divided, or a return of capital, rights issue or bonus issue is made by the Company, all rights attaching to the Class A Performance Shares will be adjusted to the extent necessary:
 - (i) to avoid any adverse effect on the relative values of the Class A Performance Shares and the Company's existing Shares; and
 - (ii) in any event, to comply with the Listing Rules, the Corporations Act and the Constitution.
- (i) Class A Performance Shares will not be quoted on ASX. However, upon conversion of the Class A Performance Shares into Shares pursuant to section 3, the Company must apply for the official quotation of the Shares arising from the conversion on ASX in accordance with the Listing Rules. ASX may require that the fully paid ordinary shares arising from the conversion be escrowed and, subject to the Company making submissions to ASX for the purposes of reducing the application of escrow, the holders are required to enter into any agreement necessary to effect the escrow prior to the issue of the converted shares.
- (j) The Class A Performance Shares do not confer on a holder any right other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

3. Conversion of Class A Performance Shares to Ordinary Shares

- (a) The Class A Performance Shares will automatically convert to Shares on the basis of 35,000 pre-Consolidation Shares per Performance Share being converted on the Company achieving the Milestone.
- (b) For the purposes of calculating the value of the Subsidiary for the determination of the Milestone, the value of \$150,000,000 is achieved if the market capitalisation of the Company is in excess of \$150,000,000 for ten consecutive business days. The daily market capitalisation is calculated by multiplying the number of Shares the Company has on issue on a given day by the volume weighted average price for shares traded on the ASX on that day.
- (c) If the Milestone has not occurred on or prior to 18 months of the issue of the Class A Performance Shares, every Class A Performance Share will convert into one (1) Share.
- (d) The Shares issued on conversion of the Class A Performance Shares will rank pari passu in all respects with existing Shares.

4. Compliance with Corporations Act, ASX Listing Rules and Constitution

- (a) Notwithstanding anything else contained in these terms and conditions, if the Listing Rules, the Corporations Act or the Constitution prohibits an act being done, that act shall not be done.
- (b) Nothing contained in these terms and conditions prevents an act being done that any of the Listing Rules, the Corporations Act or the Constitution requires to be done.
- (c) If any of the Listing Rules, the Corporations Act or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with any of the Listing Rules, the Corporations Act or the Constitution, the holders authorise the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to amending these terms and conditions.

TERMS AND CONDITIONS OF CLASS B PERFORMANCE SHARES

1. Definitions

In these terms and conditions, the following terms have the following meaning unless the context otherwise requires:

- (a) **“Company”** means Reclaim Industries Limited (ABN 47 090 671 819).
- (b) **“Subsidiary”** means Skills Connect Pty Ltd (ABN 80 140 523 379) a wholly owned subsidiary of the Company as at the date the Company is re-admitted to the Official List of the ASX following its recompliance with Chapters 1 and 2 of the Listing Rules.
- (c) **“Milestone”** means the Subsidiary achieving \$20,000,000 in revenue within 18 months of the Purchaser advancing \$500,000 to the Subsidiary from the initial Capital Raising (the **“Loan”**) or the Subsidiary being sold for or valued at not less than \$150,000,000 within 18 months of the issue of the Class B Performance Shares.
- (d) **“Shareholders”** means the existing shareholders of the Company.
- (e) **“Shares”** means an ordinary fully paid share in the capital of the Company.

2. Rights attaching to Class B Performance Shares

- (a) Each Class B Performance Share shall be issued for nil consideration.
- (b) Each Class B Performance Share is a fixed share in the capital of the Company.
- (c) The Class B Performance Shares shall confer on a holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A holder has the right to attend general meetings of Shareholders.
- (d) A holder is not entitled to vote on any resolutions proposed at a general meeting of the Company other than in the circumstances specifically allowed for under the Corporations Act.

- (e) The Class B Performance Shares do not entitle a holder to any dividends.
- (f) The Class B Performance Shares do not confer on a holder any right to participate in the surplus profits or assets of the Company upon the winding up of the Company.
- (g) The Class B Performance Shares are not transferrable.
- (h) If at any time the issued capital of the Company is reconstructed, consolidated or divided, or a return of capital, rights issue or bonus issue is made by the Company, all rights attaching to the Class B Performance Shares will be adjusted to the extent necessary:
 - (i) to avoid any adverse effect on the relative values of the Class B Performance Shares and the Company's existing Shares; and
 - (ii) in any event, to comply with the Listing Rules, the Corporations Act and the Constitution.
- (i) Class B Performance Shares will not be quoted on ASX. However, upon conversion of the Class B Performance Shares into Shares pursuant to section 3, the Company must apply for the official quotation of the Shares arising from the conversion on ASX in accordance with the Listing Rules. ASX may require that the fully paid ordinary shares arising from the conversion be escrowed and, subject to the Company making submissions to ASX for the purposes of reducing the application of escrow, the holders are required to enter into any agreement necessary to effect the escrow prior to the issue of the converted shares.
- (j) The Class B Performance Shares do not confer on a holder any right other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

3. Conversion of Class B Performance Shares to Ordinary Shares

- (a) The Class B Performance Shares will automatically convert to Shares on the basis of 30,000 pre-Consolidation Shares per Performance Share being converted on the Company achieving the Milestone.
- (b) For the purposes of calculating the value of the Subsidiary for the determination of the Milestone, the value of \$150,000,000 is achieved if the market capitalisation of the Company is in excess of \$150,000,000 for ten consecutive business days. The daily market capitalisation is calculated by multiplying the number of Shares the Company has on issue on a given day by the volume weighted average price for shares traded on the ASX on that day.
- (c) If the Milestone has not occurred on or prior to 18 months from the date of the issue of the Class B Performance Shares, every Class B Performance Share will convert into one (1) Share.
- (d) The Shares issued on conversion of the Class B Performance Shares will rank pari passu in all respects with existing Shares.

4. Compliance with Corporations Act, ASX Listing Rules and Constitution

- (a) Notwithstanding anything else contained in these terms and conditions, if the Listing Rules, the Corporations Act or the Constitution prohibits an act being done, that act shall not be done.
- (b) Nothing contained in these terms and conditions prevents an act being done that any of the Listing Rules, the Corporations Act or the Constitution requires to be done.
- (c) If any of the Listing Rules, the Corporations Act or the Constitution conflicts with these terms and conditions, or these terms and conditions do not comply with any of the Listing Rules, the Corporations Act or the Constitution, the holders authorise the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to amending these terms and conditions.

ANNEXURE D – RISION VENDORS

Name	Number of Consideration Shares	Number of A Class Performance Shares	Number of Shares if A Class Performance Shares Convert	Number of B Class Performance Shares	Number of Shares if B Class Performance Shares Convert
Pebtilly Pty Ltd	256,617,922	6,415	224,525,000	6,415	192,450,000
Anthony Dixon	17,097,863	427	14,945,000	427	12,810,000
Amabowl Pty Ltd atf the Amabowl Family Trust	19,947,507	499	17,465,000	499	14,970,000
Related Vendor Total	293,663,292	7,341	256,935,000	7,341	220,230,000
T & H Corby Pty Ltd	68,391,451	1,710	59,850,000	1,710	51,300,000
Apex Private Wealth Pty Ltd	37,945,257	949	33,215,000	949	28,470,000
Unrelated Vendor Total	106,336,708	2,659	93,065,000	2,659	79,770,000
TOTAL	400,000,000	10,000	350,000,000	10,000	300,000,000

PROXY FORM

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Reclaim Industries Limited and entitled to attend and vote hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the General Meeting of Reclaim Industries Limited to be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia on 30 June 2015 at 10.00am (WST) and at any adjournment of that meeting.

The Chairman
of the meeting

(mark with an 'X')

IMPORTANT:

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do **not** wish to direct him/her how to vote on any of these resolutions, you must mark this box with an "X". By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy on those resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of the resolution and that votes cast by him/her, 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 on any of these resolutions, the Chairman of the meeting will not cast your votes on the resolutions (for which you have not given a direction) on a show of hands or on a poll. The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

OR

If the person you are appointing as your proxy is someone other than the Chairman of the meeting: Write the name of that person in the box below.

 %

You must specify the % of your votes that you authorise your proxy to exercise if:

If you hold 2 or more Shares in Reclaim Industries Limited, you may appoint a second proxy:

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes; or
- (b) if you have appointed 2 proxies under this proxy form.

Write the name of your second proxy in the box below.

 %

If you do not name a proxy or your named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf and to vote in accordance with the following directions at the General Meeting of Reclaim Industries Limited to be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia on 30 June 2015 at 10.00am (WST) and at any adjournment of that meeting.

Voting directions to your proxy

Please mark only one of the boxes with an "X" for each resolution to indicate your directions.

Special Business

	For	Against	Abstain
Resolution 1. Change in nature and scale of activities of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2. Approval of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(a) and 3(b) Issue of Consideration Shares to Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4. Issue of New Shares pursuant to the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5. Directors' right to apply for Shares under Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6. Issue of Facilitation Shares to Trident Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7. Issue of Facilitation Shares to SCM Equities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8. Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9. Appointment of Robert Day as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10. Appointment of Anthony Dixon as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11. Appointment of Graham Steer as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12. Appointment of Kate Cornick as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13. Appointment of Ron Howard as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 If you mark the "Abstain" box with an "x" for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

PLEASE SIGN HERE

implemented

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

**Sole Director and
Sole Company Secretary**

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

1. Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

3. Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

6. Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting i.e. no later than 10.00am (WST) on 28 June 2015. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at c/- Trident Capital, Level 24, 44 St Georges Terrace, Perth, WA 6000 or sent by facsimile to the registered office on (08) 9218 8875.