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## **Magnolia Resources Limited**

ACN 158 307 549

to be renamed Whole New Home Limited

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### **NOTICE OF GENERAL MEETING**

The General Meeting of the Company will be held at Level 1, 35 Richardson Street,  
West Perth, Western Australia on 20 July 2015 at 9.30am (WST).

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*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9212 0105.***

# MAGNOLIA RESOURCES LIMITED

ACN 158 307 549

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## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Magnolia Resources Limited (**Company**) will be held at Level 1, 35 Richardson Street, West Perth, Western Australia on 20 July 2015 at 9.30am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 17 July 2015 at 9.30am (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 14.

## AGENDA

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### 1. Resolution 1 – Change to scale and nature of activities

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, the Company be authorised to make a significant change to the scale and nature of its activities on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

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### 2. Resolution 2 – Approval of Acquisition of PDT Technologies Inc

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 38,576,819 Shares (**Consideration Shares**) to the Vendors (or their nominees) as consideration for the Acquisition on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Vendors, and their

nominees, and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company will 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 directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

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### 3. Resolution 3 – Approval to issue New Class of Securities

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of section 246B(1) of the Corporations Act and clause 5.6 of the Constitution of the Company and for all other purposes, the Company be authorised to create a new class of share on the terms and conditions in Schedule 2 and in the Explanatory Memorandum accompanying this Notice (Performance Shares)."*

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### 4. Resolution 4 – Authority to issue Performance Shares

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 33,609,760 Performance Shares, on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company will 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 directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

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### 5. Resolution 5 – Authority to issue Capital Raising Securities

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 35,000,000 Shares and 12,000,000 New Options (Capital Raising Securities) on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who may participate

in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company will 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 directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

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## 6. Resolution 6 – Authority to issue Converting Loan Shares

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 15,523,810 Shares (**Converting Loan Shares**) to the Lenders on the terms and conditions, set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Lenders and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

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## 7. Resolution 7 – Appointment of Mr Neil Patel as a Director

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

*"That, subject to each of the other Acquisition Resolutions being passed, in accordance with clause 18.9 of the Constitution, and with effect from completion of the Acquisition, Mr Nimish (Neil) Patel be appointed as a Director."*

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## 8. Resolution 8 – Appointment of Mr Nathan Sellyn as a Director

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

*"That, subject to each of the other Acquisition Resolutions being passed, in accordance with clause 18.9 of the Constitution, and with effect from completion of the Acquisition, Mr Nathan Sellyn be appointed as a Director."*

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## 9. Resolution 9 – Appointment of Mr Nik Ajagu as a Director

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

*"That, subject to each of the other Acquisition Resolutions being passed, in accordance with clause 18.9 of the Constitution, and with effect from completion of the Acquisition, Mr Nik Ajagu be appointed as a Director."*

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## **10. Resolution 10 – 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 each of the other Acquisition Resolutions being passed, with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Whole New Home Limited."*

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## **11. Resolution 11 – Authority to issue Advisor Securities**

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 4,057,547 Shares and 2,520,732 Performance Shares (together the **Advisor Securities**) to the Advisors (or their nominees) on the terms and conditions, set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue of the Advisor Securities and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
  - (b) it is cast by the Chairman 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.
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## **12. Resolution 12 – Authority to issue Incentive Securities – Mr Nathan Sellyn**

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 333,333 Shares and 666,667 Performance Shares to Mr Sellyn (or his nominee) on the terms and conditions, set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Sellyn (or his nominee) and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

However, the Company will not disregard a vote if:

- (c) it is cast by the person as proxy for a person who is entitled to vote, in accordance

- with directions on the Proxy Form; or
- (d) it is cast by the Chairman 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.

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### **13. Resolution 13 – Authority to issue Incentive Securities – Mr Nik Ajagu**

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 333,333 Shares and 666,667 Performance Shares to Mr Ajagu (or his nominee) on the terms and conditions, set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Ajagu (or his nominee) and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

However, the Company will not disregard a vote if:

- (e) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (f) it is cast by the Chairman 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.

Dated 18 June 2015

**BY ORDER OF THE BOARD**



Tony King  
Executive Chairman  
**Magnolia Resources Limited**

**MAGNOLIA RESOURCES LIMITED**  
**ACN 158 307 549**  
**EXPLANATORY MEMORANDUM**

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**1. Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 1, 35 Richardson Street, West Perth, Western Australia on 20 July 2015 at 9.30am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

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**2. Action to be taken by Shareholders**

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

**2.1 Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company 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; and
- (c) a member of the Company 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.

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**3. Summary of the Acquisition**

**3.1 Background**

The Company is an Australian based public company that is listed on ASX (ASX code: MGB) established with the purpose of acquiring, exploring and developing mineral deposits in Australia and overseas. The Company's principal activities previously focused on mineral exploration on the Oldham Range Project located in central Western Australia, approximately

320km northeast from Wiluna. In light of difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the resources industry to take advantage of global market trends and to maximize Shareholder value.

The key assets of the Company comprise its cash holding of approximately \$1,603,000 as at 31 March 2015 and its exploration assets.

The Company made announcements on 16 March 2015 and 18 March 2015 that it had entered into a non-binding heads of agreement relating to the acquisition of PDT Technologies Inc. (**PDT Technologies or PDT) (Acquisition)**).

PDT Technologies is the operating entity which operates Whole New Home. Whole New Home is a North American focused Software-as-a-Service (SaaS) platform connecting interior designers with homeowners, creating a true omni-channel retail experience. The goal of the business is to create a trusted brand that inspires homeowners to add beauty and value to their homes. By enabling homeowners to consult with home design experts for free and purchase quality home products and services, coupled with a passionate commitment to supporting local shelter charities, Whole New Home is seeking to deliver 'better homes for everyone.'

On 28 May 2015, the Company announced that it had executed a binding share sale agreement with the major shareholders of PDT Technologies for the purchase of their equity interests in Whole New Home.

### 3.2 Capital Raising

The Company will seek to raise a minimum of \$5,000,000 and a maximum \$7,000,000 by way of a Share placement to the general public via a prospectus, at an issue price of \$0.20 per Share (**Capital Raising Shares**). The Company also proposes to make an offer, via the prospectus, of 12,000,000 New Options (exercisable at \$0.30 within 3 years of issue), at an issue price of \$0.005 per New Option, to raise \$60,000. Resolution 5 seeks Shareholder approval for the Capital Raising.

### 3.3 Whole New Home – Business Overview

Whole New Home's head office is in Vancouver in British Columbia, Canada. Designers create Inspiration Boards that bring homeowners' design vision to life based on products Whole New Home sells via its e-commerce platform. The service is free to the homeowner. Whole New Home profit shares with their subscription based design industry professionals (such as interior designers, decorators and home stylists) (**Home Designers**) on each transaction making the Home Designers their "sales force".

Through the "Better Homes for Everyone" Foundation, a portion of profits on each sale is intended to be given to local charities fighting homelessness, connecting Whole New Home to millions of socially responsible consumers.

The Whole New Home online platform serves as a marketplace for connecting buyers (homeowners in the process of a renovation or updating their home decor) with design industry professionals (such as interior designers, decorators and home stylists). Registering with the platform is free for both the buyers and the Home Designers. However, those professionals who wish to access the platform's enhanced features are required to pay a monthly registration fee, creating a subscription-based, and recurring revenue stream.



Those professionals who subscribe to the platform's advanced features gain the ability to promote specific products from within Whole New Home's product catalogue. This catalogue is populated with products offered by artists, artisans and home décor manufacturers and suppliers. Whole New Home has secured and will continue to establish formal supply relationships with these companies. Whole New Home pays wholesale prices for these products, but gains the ability to set their retail price within the online platform. Upon purchase, the difference between the retail and wholesale price of these products will be divided between Whole New Home and the promoting designer according to a pre-determined formula. Products will ship directly from the supplier to the buyer. These no inventory, high margin E-commerce transactions will form the primary source of revenue for the business.

Whole New Home's management team believes that its unique marketing plan will serve as a key to the business's success. Further details of Whole New Home's Marketing Plan are outlined in Section 3.5(d).

### **3.4 Industry overview**

Whole New Home operates within the large and fast-growing home improvement and e-commerce market.

#### **(a) Home Improvement**

Home purchases, renovations and repairs are a major expense category in North America. In Canada, it is estimated that 6% to 7% of the population will buy or sell a house over the course of the year, while 37% to 40% of the population will spend money improving or renovating their home. In fact, approximately \$45,000 is spent with every home sale in ancillary purchases including renovation and home décor.

Over the last ten years, a number of economic factors have contributed to the strength in home renovation spending. These factors include a robust labor market, strong income gains and an aging housing stock. Home renovation is also a key driver for home décor and furnishing purchases. The home decor and furnishings sector is worth over US\$180 billion in North America alone, and US\$700 billion, globally (statistica.com) Real spending on homeowner improvements is expected to grow at a 3.5% average per year in North America (Harvard University)

Average spend per household in North America, per year on home décor and design products about \$3,000 (Decorators Field Guide by Jackie Hernandez). Online purchases of Home Furnishings forecasted to grow at 7.9% per year over 5 years in North America (Ibis World) 21.6% of consumers in the United States have made a furniture purchase online to date and 52% would be willing to purchase furniture online (Franklin Furniture Institute of Mississippi State University).

When consumers hire an Interior Designer in North America they spend on average \$7,000 (homeadvisor.com) in home improvements.

#### **(b) E-Commerce**

It is anticipated a major source Whole New Home's revenue will be derived from e-commerce transactions performed via its online platform. Transactions of this nature continue to be a rapidly growing market.

The youngest demographic of shoppers is the most active, with 92% of consumers aged 18-34 having purchased online in 2014. These numbers remain strong amongst demographics that have traditionally relied on brick & mortar for retail purchasing. 82% of consumers aged 35-54 have purchased online in 2014, dropping to a 74% among

those aged 55 and older. The average amount of online spending per person increased to \$954 in 2014.

The household goods and personal products categories have seen the most growth in online purchasing during 2014. Cosmetic and beauty products, pet products, housewares, groceries, and eye-care products have all seen increases. Not only are consumers buying for the home but they are buying predominantly from the home. Despite the explosion of mobile devices over the past few years, nine in ten online purchases over the past 12 months have still been made from desktops or laptops.

While desktops and laptops may still be the leading medium for consumers shopping online, this may not be the case for long. Year over year growth for purchasing via mobile devices continues to grow, with nearly 20% of consumers having made purchases via smartphones or tablets within the past 12 months. Age plays the most significant role here, with 33% of the youngest demographic indicating that they have made purchases via their smartphone in the past year versus only 8% of those aged 55 and up.

### **3.5 Business Model and Strategy**

#### **(a) General Development of the Business**

For Whole New Home to grow its business it needs to focus on the following key areas:

- (i) grow the number of homeowners registered as users of the online platform;
- (ii) grow the number of design professionals registered on the online platform;
- (iii) convert an increasing number of designers into paying platform subscribers;
- (iv) develop an extensive catalogue of available products by continually expanding relationships with the suppliers of these products; and
- (v) continually refine and improve the online platform so that it delivers the best possible experience for all users.

#### **(b) Overview of Whole New Home's technology and products**

##### **Online Platform**

Whole New Home's principal product is the online platform that serves as an e-commerce marketplace for connecting buyers (homeowners) with Home Designers.

Whole New Home's proprietary technology platform is designed to create an engaging user experience for designers and homeowners, while collecting and verifying the integrity of the users' data and reviews, and assisting Whole New Home to connect homeowners with relevant design professionals. Whole New Home's team of interactive designers, developers, and engineering professionals are dedicated to enhancing its technology platform, developing new solutions for homeowners and members and conducting product and quality assurance testing.

The core offerings presented through the online platform are "Inspiration Boards". Inspiration Boards enable customers to curate design ideas, home decor products, art and furnishings. One-click technology allows them to purchase. Designers can create Inspiration Boards to pitch design ideas to their clients and earn revenue through sales.

## Modules of Online Platform

Whole New Home's suite of products and services is a comprehensive set of SaaS software modules that provide an integrated solution. Each module comprising the suite is proprietary, and the modules, set out below, are seamlessly integrated into one platform. This integration allows a designer to choose specific modules that address their specific needs, yet provide a common user experience from module to module.

**Verification and Sign-In:** A comprehensive method to allow users to register with the platform through both email and social media is used. Whole New Home has developed proprietary tools for verification, gathering detailed user profiles, integrating Facebook, managing confidential data, and generating automatic communication and renewals for all users.

**Designer Search:** The online platform employs statistical models and algorithms to ensure the efficiency of the business's marketplace is managed and optimizing the experience for both homeowners and designers. These models are used to improve customer acquisition efforts as well as the online experience, and leverage Whole New Home's growing data set. For example, the order in which services and products are presented to the homeowner are prioritised to give more prominence to those designers who have not only subscribed to the platform's advanced features, but also whose profiles best align with the homeowner's preferences.

**Designer Profiles:** Designers can easily create detailed profiles to market themselves to a large and qualified audience of homeowners searching for products or services. In addition, Whole New Home provides designers with access to services, educational resources, and content to help professionalize and manage their marketing within the platform.

**Designer Communication:** Whole New Home provides a variety of communication tools to enable easy and efficient communication between designer members and homeowners. These tools are built around a monitored messaging system that designers access via the online platform

Through the online platform:

- (i) homeowners are able to:
  - (A) visit a single online destination to plan, price, and execute home décor purchases
  - (B) browse home improvement ideas and designers' offerings by viewing Inspiration Boards; and
  - (C) make purchases and engage designers;
- (ii) designers are able to:
  - (A) provide site content via the creation of Inspiration Boards, which display home décor products and design ideas on a personalized page;
  - (B) access a simple dashboard that manages e-commerce, analytics, social media engagement, and commissions; and

- (C) generate income via the sale of products and services promoted on their Inspiration Boards.

(c) **Customers and Revenue Model**

The Whole New Home business has three core elements, as set out below.

**1. Designers**

Currently, to drive adoption, qualified design professionals can register on the platform for no cost. This initial free period is currently intended to continue to end of the year 2015. Following registration, Home Designers who wish to create Inspiration Boards, and thus qualify themselves for e-commerce transactions, will pay an annual subscription fee.

**2. e-commerce Transactions**

Management anticipates that e-commerce transactions will serve as the primary source of revenue for Whole New Home. These transactions will result from the following process:

A Home Designer selects an item from a list of available products.  
The product's supplier sets the wholesale price of the item. Whole  
New Home sets its sale price.



The Home Designer promotes the item to homeowners via their  
Inspiration Board.



A homeowner purchases the item.

The difference between a product's wholesale price and sale price is split between the Home Designer and Whole New Home. The Home Designer receives 10% to 20% of the gross sale value, dependent upon the volume of sales they have generated. Whole New Home receives the balance as revenue.

**3. Suppliers and Product Shipping**

In order to grow e-commerce revenues, Whole New Home will need to provide Home Designers with an extensive list of products from which to populate their Inspiration Boards. Growing the selection of products is a major area of current focus for the business. Currently, Whole New Home has relationships with several key product suppliers, who provide Whole New Home's designers with a growing range of products. The business currently has 60,000 products in its product catalogue.

Management of Whole New Home consider that it is vital to the success of the business that homeowners are provided with a simple and cost-efficient shipping process for items they purchase via the online platform, and that even those transactions that involve the shipping of items from multiple vendors require only a single shipping price.

(d) **Marketing Plan**

Whole New Home's marketing plan revolves around several independent strategies designed to grow awareness of the online platform among both homeowners and the design community.

(i) **Social Sharing**

All members are encouraged to use the simple social sharing tools built into the online platform. By sharing their content on popular social media platforms such as Facebook, Instagram, and Twitter, members benefit from attracting a wide audience who can also share content that interests them, resulting in exponential 'viral sharing' of the brand and content across social media networks.

(ii) **Social Causes**

Once the business begins to generate positive cash flows, Whole New Home intends to donate a percentage of its e-commerce profits directly to the Better Homes for Everyone Foundation. This foundation, created in February 2015, provides a platform through which companies in the home space can support local charitable organizations that are focused on providing shelter to the needy or unfortunate. These programs will initially be selected via Whole New Home's management team, and later via crowdsourcing.

The crowd sourcing strategy is simple: At the conclusion of each sales transaction, consumers will 'vote' for a shelter-focused charity program of their choice. This charity will then receive a percentage of Whole New Home's profit generated from that transaction through the Foundation.

Sharing of this activity is intended to serve as Whole New Home's primary means of marketing, generating greater awareness than relatively expensive online advertising spending.

(iii) **Design Studios**

Design Studios serve as locations where homeowners connect in person with not only designers, but also home décor products and furnishings.

Design Studios feature a rotating roster of local designers who design individual spaces within the locations.

Design Studios will drive transactions, increase awareness, and satisfy supplier requirements for a brick and mortar showroom.

(iv) **Home Design Events**

Whole New Home will continue to participate in major home design events and conferences across North America in order to increase awareness of the business among design professionals. Examples include 'The Interior Design Show' and 'The Home Show' held in Vancouver and Toronto, each year.

At these events, Whole New Home conducts a 'Three-Minute Home Designer Challenge,' a promotion that encourages participants to win prizes via sharing their 'Whole New Home Style' across social media platforms.

(v) **Competition**

Management believes Whole New Home's online platform represents an original and unique entrant into the home improvement market, particularly within the online environment. The most similar business currently within the market is likely "Houzz," a web site and online community dedicated to architecture, interior design and decorating, landscape design, and home improvement. The Houzz platform and mobile apps feature interior and exterior home photos, articles written by architects, interior designers and home design experts, product recommendations, an e-commerce system, and a user forum. Houzz was founded in 2009 and is based in Palo Alto, California.

(e) **Strategic Objectives**

The strategic objectives for Whole New Home over the next 12 months are as follows:

- (i) Launch the mobile version of the Whole New Home online platform through the development of an iOS and Android compatible application.
- (ii) Through the continued execution of the marketing strategy, register a minimum of 2,500 design professionals on the online platform.
- (iii) Increase the size of the home improvement and design product catalogue to approximately 100,000 products.
- (iv) Open the first Design Studio in Vancouver, British Columbia.
- (v) Expand the Whole New Home business in Canada. If sufficient progress is made within the Vancouver market, Whole New Home intends to target key Canadian cities for further expansion of the business. Over the next 24 months, Whole New Home anticipates devoting resources to expansion within Calgary, Winnipeg, Ottawa, and the Greater Toronto Area. The development of a French-language version of the online platform to gain entrance into the Quebec market is also being considered.

If success is achieved in the Canadian market, Whole New Home intends to start targeting cities in the United States for expansion, with a long-term business objective to create a trusted brand within markets in Australia, New Zealand, Europe and South Africa.

### **3.6 Management of PDT**

(a) **Neil Patel - Founder & CEO**

On completion of the Acquisition, Mr Neil Patel will be appointed Managing Director of the Company. Mr Patel is the founder of Whole New Home and has been instrumental in its creation.

Mr. Patel is an experienced entrepreneur with a track record of creating innovative technology solutions for the property sector. Prior to PDT Technologies, Mr Patel founded Madisons, a successful real estate brokerage in the UK. He went on to create OneMove Technologies in 2006, developing one of the world's first Apps in partnership with Blackberry. In 2009 he founded a leading Internet marketing company in central Canada. Mr Patel is also a founder and Chairman of the Better Homes for Everyone Foundation.

The execution of an executive service agreement between the Company and Mr Patel is a condition precedent to completion of the Acquisition.

(b) **Adriana Villasenor - Chief Operations Officer**

Ms. Villasenor is the strategic Global Sourcing, Purchasing / Buying, and Product Development leader. She has developed and directed global sourcing strategies for \$400+ million in retail value for leading international retailers such as Ikea and Wal-mart.

(c) **Creston Froats - Chief Technical Officer**

Mr Froats has worked for over 20 years designing, developing and deploying software solutions. As CTO at Bardel Entertainment he worked on leading edge entertainment experiences for Nickelodeon, Disney and DreamWorks.

(d) **Emily Ratchford - Product Director**

Ms. Ratchford is an established senior merchant with a strategic vision and proven design aesthetic. As Team Lead for Indigo Online and Marketing, Emily's understanding of Indigo's target demographic transformed the book seller into a multi-commodity retailer. Previously Emily was a Senior Buyer for Hudson's Bay Canada.

### 3.7 Budget

Following completion of the Acquisition and the Capital Raising, the Company intends to apply funds as follows:

<b>PROPOSED BUDGET</b>	
Cash on completion of the Acquisition <sup>1</sup>	\$853,000
Proceeds from Capital Raising <sup>2</sup>	\$5,000,000
<b>Total Cash on completion of re-compliance</b>	<b>\$5,853,000</b>
<b>USE OF FUNDS</b>	
Corporate overheads <sup>3</sup>	\$1,220,000
Business development and expansion of sales and marketing team	\$890,000
Software and technology development	\$1,550,000
Working Capital	\$1,683,000
Costs of the offer	\$510,000
<b>Total</b>	<b>\$5,853,000</b>

<sup>1</sup> This figure assumes that the Company's existing cash at 31 March 2015 of \$1,603,000 is reduced by the entire amount of the \$750,000 working capital facility that the Company will make available to PDT prior to completion of the Acquisition. Refer to Section 3.9 for further details.

<sup>2</sup> Assumes the raising of the minimum amount under the Capital Raising of \$5,000,000. If the Company raises an additional \$2,060,000 under the Capital Raising, an additional 10,000,000 Shares and 12,000,000 New Options will be issued. If the Company raises an additional \$2,060,000, those monies will be applied towards additional costs of the offer, general working capital and business development and marketing for the Whole New Home business.

<sup>3</sup> This figures includes salaries of the proposed management team set out in Section 3.6 of CAD\$475,000.

**Note:**

The above table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 3.8 Management and Board Changes

Following the completion of the Acquisition, the Company will seek changes to its Board of Directors as follows.

Mr Schwertfeger will be replaced on the Board by Mr Neil Patel as Managing Director and Chief Executive Officer. Mr Nathan Sellyn and Mr Nik Ajagu will join as additional non-executive Directors. Mr King will continue the role of Executive Chairman. Shareholder approval for the appointment of Messrs Patel, Sellyn and Ajagu is being sought pursuant to Resolutions 7, 8 and 9. Refer to Sections 3.6(a), 10.3 and 10.4 for more information on the qualifications of Messrs Patel, Sellyn and Ajagu.

### 3.9 Terms of the Acquisition

The Company has entered into binding share sale agreements with the Vendors (**Acquisition Agreements**) pursuant to which the Company has agreed to purchase 100% of the issued capital of PDT Technologies.

The principal terms of the Acquisition Agreements are as follows:

- (a) As consideration for the Acquisition, the Company has agreed to issue:
  - (i) 38,576,819 Shares (the Consideration Shares);
  - (ii) a total of 33,609,760 Performance Shares, consisting of:
    - (A) 8,402,440 Class A Performance Shares;
    - (B) 8,402,440 Class B Performance Shares;
    - (C) 8,402,440 Class C Performance Shares;
    - (D) 8,402,440 Class D Performance Shares); and
  - (iii) the Advisor Securities.
- (b) Completion of the Acquisition is conditional upon, and subject to, a number of conditions. The following material conditions remain outstanding at the date of this Notice:
  - (i) the Company completing the Capital Raising;
  - (ii) issue of the Converting Loan Shares in satisfaction of amounts due to the Lenders pursuant to the PDT Convertible Notes;
  - (iii) the Company and PDT Technologies obtaining all necessary regulatory and shareholder approvals on terms acceptable to the parties as are required to



give effect to the Acquisition, including re-compliance with Chapters 1 and 2 of the Listing Rules (if required); and

- (iv) PDT Technologies obtaining any third party consents or approvals required, including from counterparties to any material contracts related to the Whole New Home business, for the proposed transaction;
  - (v) the execution of an executive services agreement between the Company and Neil Patel on terms satisfactory to the Company (acting reasonably);
  - (vi) the Company completing due diligence on PDT Technologies and the Whole New Home business and being satisfied with the results of the due diligence; and
  - (vii) there being no material adverse change (other than a change requested by or consented to by the Company) that occurs to the business, financial condition, prospects or current or future credit standing of PDT Technologies prior to completion of the Acquisition.
- (c) The Vendors have acknowledged that some or all of the Consideration Shares and other Securities received as part of the Acquisition may be escrowed in accordance with the requirements of ASX and will execute such form of escrow agreement as required by ASX. PDT Technologies and the Vendors will also procure that the other parties who may receive Securities in connection with the Acquisition will execute such form of escrow agreement as required by ASX.
- (d) There are standard commercial warranties regarding PDT Technologies and the Whole New Home business provided by the Vendors associated with the Acquisition.

To enable PDT Technologies to meet its working capital requirements in the period prior to completion of the Acquisition, subject to Shareholders approving the Acquisition Resolutions, the Company has agreed to provide PDT Technologies a working capital facility of \$750,000 to be drawn down following the Meeting. This loan will be secured over the assets of PDT Technologies and become repayable on the earlier of 30 June 2016 or in the event the Acquisition Agreements are terminated, within 120 days of such termination date.

### 3.10 Capital Structure

The proposed pro forma capital structure of the Company following completion of the Capital Raising and the Acquisition is as follows:

<b>Current Shares on Issue</b>	<b>28,001,000</b>
Consideration Shares <sup>1</sup>	38,576,819
Capital Raising Shares <sup>2</sup>	25,000,000
Converting Loan Shares <sup>3</sup>	15,523,810
Advisor Shares <sup>4</sup>	4,057,547
Proposed Director Shares <sup>5</sup>	666,666
<b>Total Shares</b>	<b>111,825,842<sup>2</sup></b>
Performance Shares <sup>6</sup>	37,463,826
<b>Total Shares on conversion of all Performance Shares</b>	<b>149,289,668<sup>2</sup></b>
Options <sup>7</sup>	8,000,000
New Options <sup>8</sup>	12,000,000
<b>Fully Diluted Share Capital</b>	<b>169,289,668<sup>2</sup></b>

Notes:

1. These Shares will be issued to the Vendors (and their nominees) as part consideration for the acquisition of all of the issued share capital in PDT Technologies. The Consideration Shares will be issued pursuant to Resolution 2.
2. Assumes the raising of the minimum amount under the Capital Raising of \$5,000,000. If the Company raises an additional \$2,000,000 under the Capital Raising, an additional 10,000,000 Shares will be issued.
3. The Converting Loan Shares will be issued to the Lenders pursuant to Resolution 6.
4. The Advisors made the introduction of PDT Technologies to the Company. The Advisor Securities (being these Shares and 2,520,732 Performance Shares) will be issued pursuant to the terms of the Acquisition Agreements in consideration for such introduction. These Securities will be issued pursuant to Resolution 11.
5. These Shares will be issued to Mr Sellyn and Mr Ajagu, who are Proposed Directors, pursuant to Resolutions 12 and 13.
6. These Performance Shares will consist of 9,699,289 Class A Performance Shares, 9,699,291 Class B Performance Shares, 9,032,623 Class C Performance Shares and 9,032,623 Class D Performance Shares. The Performance Shares will be issued pursuant to Resolutions 4, 11, 12 and 13.
7. Exercisable at \$0.20, on or before 30 June 2015
8. Exercisable at \$0.30, on or before 3 years from issue. The New Options will be issued pursuant to Resolution 5.

### 3.11 Pro-forma Balance Sheet

A pro-forma balance sheet of the Company on completion of the Acquisition and the Capital Raising is set out in Schedule 3. The pro-forma balance sheet is based on accounts for the Company and Whole New Home as at 31 March 2015.

### 3.12 Advantages of the Acquisition

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 Acquisition Resolutions:

- (a) The Company will be exposed to a growth industry, and Shareholders can share in the future prospects of PDT's business.
- (b) The Company's ability to raise funds and attract expertise will be improved.
- (c) The Acquisition and Capital Raising will result in a larger market capitalisation and enhanced Shareholder base and may encourage new investors in the Company because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than currently experienced by Shareholders.
- (d) Shareholders may be exposed to further debt and equity opportunities that they did not have prior to the Acquisition.
- (e) The appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company.

### **3.13 Disadvantages of the Acquisition**

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 Acquisition Resolutions:

- (a) The PDT business has a different risk and reward profile to that historically attributed to the Company. The new risk profile may not suit all Shareholders.
- (b) Should the Acquisition be completed, the Company's Shareholders will have their voting power reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly.
- (c) The Company will be exposed to the risks associated with PDT Technologies and the Whole New Home business (refer to Section 3.15 for further information).

### **3.14 Timetable**

An indicative timetable for the completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules is in the table below.

<b>Event</b>	<b>Date*</b>
Lodgement of Prospectus	1 July 2015
Shareholder Meeting	20 July 2015
Closing of the offer under the Prospectus	23 July 2015
Completion of Acquisition and Capital Raising	27 July 2015
Re-instatement to Trading	On or before 31 August 2015

\*Dates in the above table other than the Shareholder Meeting are indicative only.

### **3.15 Risk Factors**

The Company has undertaken a due diligence process (including commercial, financial, legal, technical and other risks) prior to the date of this Notice and will conduct further due diligence on PDT Technologies and the Whole New Home business pending completion of the Acquisition. While this process is undertaken to identify any material risks specific to PDT Technologies and its business, it should be noted that the usual risks associated with companies with a small market capitalisation undertaking business in a start-up business in the e-commerce sector are expected to remain after the completion of due diligence.

Shareholders and investors should also be aware that the Acquisition to acquire PDT Technologies is conditional on a number of events (refer to Section 3.9 above). Accordingly there is a risk that the Acquisition may not be completed.

Investing in a company involves risks of various kinds, some of which are within the realms of influence of the Company and some, arising from external factors, which may be beyond the control of the Company. A summary of the risks associated with the Acquisition and the ongoing operation of the Whole New Home business are outlined in Schedule 1.

### **3.16 Current Business**

The Existing Directors and Proposed Directors have not made a decision as to how the Company's current mineral exploration assets will be treated, in the event that the Acquisition Resolutions are approved and the Acquisition is completed (which may or may not occur).

The Company may seek to sell or otherwise dispose of the Company's current mineral exploration assets, but no decision has yet been made to that effect and no prospective buyer or terms of sale or other disposal have been ascertained.

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## **4. Resolution 1 – Change to scale and nature of activities**

### **4.1 Background**

Resolution 1 seeks approval from Shareholders under Listing Rule 11.1.2 for the significant change to the scale and nature of the activities of the Company as a result of the Acquisition.

Resolution 1 is an ordinary resolution. Resolution 1 is subject to the approval of each of the other Acquisition Resolutions.

### **4.2 Listing Rule 11.1 Requirements**

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change in the nature or scale of a company's activities. The acquisition of PDT Technologies by the Company will have the effect of increasing the scale and changing the nature of the Company's activities.

Resolution 1 seeks Shareholder approval to allow the Company to complete the Acquisition thereby increasing the scale and nature of its activities. The Company has historically operated as a mineral exploration company. Therefore the proposed Acquisition will change the scale and nature of the Company's activities. Accordingly the Company must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing

Rules as if the Company was applying for admission to the official list of ASX, if required by ASX. ASX has confirmed that the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake the Capital Raising pursuant to Resolution 3 to meet the requirements of re-compliance.

See Section 3 of this Explanatory Memorandum for further information on the Acquisition and the likely affect that the Acquisition will have on the Company.

A voting exclusion statement is included in the notice.

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## **5. Resolution 2 – Approval of Acquisition of PDT Technologies Inc**

### **5.1 General**

As outlined in Section 3 of this Explanatory Memorandum, the Company is proposing to acquire all of the shares in PDT Technologies from the Vendors.

The Acquisition is subject to the conditions set out in Section 3.9 above, including the requirement to obtain Shareholder approval.

A detailed description of the proposed Acquisition and the Whole New Home business is outlined in Section 3 above.

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

Given the Consideration Shares to be issued under Resolution 2 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Consideration Shares as consideration for the Acquisition.

Resolution 2 is an ordinary resolution. Resolution 2 is subject to the approval of each of the other Acquisition Resolutions.

### **5.2 Specific Information required by Listing Rule 7.3**

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of shares the Company will issue under Resolution 2 is 38,576,819 Shares.
- (b) The Consideration Shares will be issued to the Vendors (and/or their nominees). None of these parties are related parties of the Company other than pursuant to the Acquisition. The Consideration Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Consideration Shares will be issued on one date.
- (c) The Consideration Shares will be issued for nil cash consideration as they are being

issued as part of the consideration for the Acquisition. Accordingly, no funds will be raised from the issue of the Consideration Shares.

- (d) The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) A voting exclusion statement is included in the Notice.

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## 6. Resolution 3 – Approval to Issue New Class of Securities

The Company seeks Shareholder approval to create the Performance Shares as a new class of Shares on the terms and conditions in Schedule 2.

Resolution 3 is a special resolution. Resolution 3 is subject to the passing of the other Acquisition Resolutions.

Under clause 5.1 of the Constitution and subject to the Corporations Act, the Listing Rules and the Constitution, the Directors may at any time issue such number of shares either as ordinary shares or shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors shall, in their absolute discretion, determine.

Section 246C(5) of the Corporations Act provides that if a company has one class of share and seeks to issue a new class of share, such issue is taken to vary the rights attached to the 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 clause 5.6 of the Constitution, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up:

- (a) with the consent in writing of the holders of three quarters of the issued shares of that class; or
- (b) authorised by a special resolution passed at a separate meeting of the holders of the shares of the class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 2 of this Explanatory Memorandum.

The Company is also seeking approval in Resolutions 4 and 11 to issue Performance Shares to certain WNH Employees and the Advisors pursuant to the terms of the Acquisition.

The Company has requested ASX to consider whether the terms are appropriate and equitable for the purposes of Listing Rule 6.1, and to approve the issue of the Performance Shares pursuant to Listing Rule 6.2. Following a response from ASX on the terms and conditions of the Performance Shares, the Company will advise the market accordingly.

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## 7. Resolution 4 – Authority to issue Performance Shares

### 7.1 General

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Performance Shares.

Resolution 4 is an ordinary resolution and is subject to the passing of the other Acquisition Resolutions.

### 7.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Performance Shares the Company intends to issue is 33,609,760.  
  
The 33,609,760 Performance Shares will consist of 8,402,440 Class A Performance Shares, 8,402,440 Class B Performance Shares, 8,402,440 Class C Performance Shares and 8,402,440 Class D Performance Shares.
- (b) The Company will issue the Performance Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Performance Shares will be issued on one date.
- (c) The Performance Shares will be issued for nil cash consideration. Accordingly no funds will be raised from the issue of Performance Shares.
- (d) 24,605,000 of the Performance Shares will be issued to Neil Patel (or his nominee). Mr Patel is a Proposed Director as a term of the proposed transaction.
- (e) 9,004,760 of the Performance Shares will be issued to the WNH Employees, none of whom are related parties of the Company.
- (f) The Performance Shares have the terms and conditions as set out in Schedule 2.
- (g) A voting exclusion statement is included in the Notice.

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## 8. Resolution 5 – Authority to issue Capital Raising Securities

### 8.1 General

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 35,000,000 Shares each at an issue price of \$0.20 and up to 12,000,000 New Options (**Capital Raising Securities**) to raise up to \$7,060,000 (before costs).

The funds raised from the Capital Raising will be used to provide capital for the expansion and development of the Whole New Home business, to pay the costs of the Acquisition and Capital Raising and for general working capital. A proposed use of funds table is set out in Section 3.6.

A summary of Listing Rule 7.1 is provided in section 5.1.

Given the Capital Raising Securities to be issued under Resolution 3 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 5 is an ordinary resolution and is subject to the passing of each of the other Acquisition Resolutions.

## 8.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue under the Capital Raising is 35,000,000 Shares (**Capital Raising Shares**) and 12,000,000 New Options.
- (b) The Company will issue the Capital Raising Securities no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Capital Raising Securities will be issued on one date.
- (c) The Capital Raising Shares will be issued at an issue price of \$0.20 per Share and the New Options will be issued at an issue price of \$0.005 per New Option.
- (d) The Capital Raising Securities will be issued to the general public which will exclude related parties of the Company.
- (e) The Capital Raising Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The New Options will each be exercisable at \$0.30 on or before the date which is 3 years after the date of issue, and will otherwise have the terms and conditions set out in Schedule 4.
- (g) The funds raised from the issue of the Capital Raising Securities will be used to provide capital for the expansion and development of the Whole New Home business, to pay the costs of the Acquisition and the Capital Raising and for general working capital. Refer to the use of funds table in Section 3.7 for further details.
- (h) A voting exclusion statement is included in the Notice.

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## 9. Resolution 6 – Authority to issue Converting Loan Shares

### 9.1 General

To provide PDT Technologies with much needed working capital to enhance the growth of its business, from March 2015, the Lenders agreed to provide a \$1,420,000 working capital to PDT Technologies pursuant to the PDT Convertible Notes.

As part of completion of the Acquisition, the Company will satisfy the repayment terms of the PDT Convertible Notes by issuing 15,523,810 Shares to the Lenders (**Converting Loan Shares**). Issue of the Converting Loan Shares to satisfy repayment of the PDT Convertible Notes is a condition precedent to completion of the Acquisition.

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 15,523,810 Shares to the Lenders in satisfaction of the Convertible Notes.

A summary of Listing Rule 7.1 is provided in Section 5.1



Given the Converting Loan Shares to be issued under Resolution 6 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 6 is an ordinary resolution and is subject to the passing of each of the other Acquisition Resolutions.

## **9.2 Specific information required by Listing Rule 7.3**

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue is 15,523,810 Shares.
- (b) The Company will issue the Converting Loan Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is expected that the Converting Loan Shares will be issued on one date.
- (c) The Converting Loan Shares will be issued to the Lenders. None of the Lenders are related parties of the Company.
- (d) The Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (e) No funds will be raised from the issue of the Converting Loan Shares as they will be issued to repay all amounts owing under the PDT Convertible Notes. Repayment of \$620,000 of the PDT Convertible Notes will be satisfied by the issue of 8,857,143 Converting Loan Shares (at a conversion price of \$0.07 per Share) and \$800,000 of the PDT Convertible Notes will be satisfied by the issue of 6,666,667 Converting Loan Shares (at a conversion price of \$0.12 per Share).
- (f) The funds raised from the Convertible Notes were used by PDT Technologies for general operating expenses and working capital purposes.
- (g) A voting exclusion statement is included in the Notice.

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## **10. Resolution 7 to 9 – Appointment of Directors**

### **10.1 General**

In connection with the Acquisition, Mr Neil Patel, Mr Sellyn and Mr Ajagu are proposed to be appointed as Directors. Resolutions 7, 8 and 9 are subject to the passing of each of the other Acquisition Resolutions.

Clause 18.9 of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as a Director.

Each of Messrs Patel, Sellyn and Ajagu, having consented to act, seek approval to be appointed as Directors with effect from completion of the Acquisition.

### **10.2 Candidate Director's Profile – Mr Neil Patel (Resolution 7)**

On completion of the Acquisition, Mr Neil Patel will be appointed Managing Director of the Company. Mr Patel is the founder of Whole New Home and has been instrumental in its creation.

For additional information on the qualifications of Mr Patel, refer to Section 3.6(a).

### **10.3 Candidate Director's Profile – Mr Nathan Sellyn (Resolution 8)**

Nathan Sellyn is a Partner at Assembly Stakeholder Relations, which he co-founded in 2011. Assembly is a boutique investor relations firm that provides strategic capital markets counsel to a variety of clients, including some of Canada's largest publicly traded retail businesses. Mr. Sellyn is also a co-founder and Chief Creative Officer of Brothersport Games, a sports-gaming application development studio. From September 2004 to May 2011, Mr. Sellyn served in various capacities, including Director of Corporate Development and Investor Relations, at Great Canadian Gaming Corporation (TSX:GC), a leading Canadian operator of gaming, entertainment and hospitality facilities. Mr. Sellyn is the author of an award-winning collection of short fiction, and holds a B.A. from Princeton University.

### **10.4 Candidate Director's Profile – Mr Nik Ajagu (Resolution 9)**

Nik Ajagu is a New York-based entrepreneur and investor. Ajagu is currently the Head of Global Partnerships at Atlas, Facebook's Advertising Technology Suite as well as co-founder of Code & Canvas ([codeandcanvas.org](http://codeandcanvas.org)), a San Francisco-based center for art and innovation, and Bare Bottle ([barebottle.com](http://barebottle.com)) a creative platform for winemakers and graphic artists. Ajagu has been with Facebook since 2007, where he spun out and led the company's Media Solutions teams in North and South America, and led various operations and monetization teams responsible for designing and implementing the systems, tools, products, and processes that grew Facebook into a multibillion-dollar advertising business. Prior to Facebook, Ajagu co-founded Ecosystem Ventures, a Seed-Stage Venture Capital and Strategy Consulting Firm, and developed a number of successful technology companies including PlaySpan, a virtual commerce platform acquired by Visa, and Autonet Mobile, the network management layer behind connected cars for multiple automotive manufacturers. Ajagu is an active guest lecturer and his organizational leadership and design models have been highlighted in case studies by academic institutions including Harvard Business School. A California native, Ajagu is a proud alumnus of Palo Alto Senior High School, and holds a Bachelor's degree from Princeton University where he was also a varsity athlete.

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## **11. Resolution 10 – Change of Company Name**

As part of the Acquisition, the Directors have determined to change the Company name to Whole New Home Limited. Resolution 10 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 10 is a special resolution. Resolution 10 is subject to the passing of each of the other Acquisition Resolutions.

The change of name of the Company will only take effect from when the Company lodges the prescribed form for the change of name with ASIC and ASIC alters the details of the Company's registration. The Company has reserved the new ASX listing code of 'WNH' and will advise shareholders when the new ASX listing code will take effect.

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## **12. Resolution 11 – Authority to issue Advisor Securities**

### **12.1 General**

Resolution 11 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 4,057,547 Shares and 2,520,732 Performance Shares (**Advisor Securities**), in aggregate to the Advisors.

The Advisors have provided services as consultants to PDT Technologies, and have assisted in introducing and facilitating the acquisition of PDT Technologies by the Company. The Company has agreed (subject to Shareholder approval) to issue the Advisor Securities to the Advisors in consideration of these introduction and facilitation services.

A summary of Listing Rule 7.1 is provided in Section 5.1.

Resolution 11 is an ordinary resolution and is subject to the passing of each of the other Acquisition Resolutions.

## **12.2 Specific information required by Listing Rule 7.3**

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue is 4,057,547 Shares and 2,520,732 Performance Shares.  
  
The 2,520,732 Performance Shares will consist of 630,183 Class A Performance Shares, 630,183 Class B Performance Shares, 630,183 Class C Performance Shares and 630,183 Class D Performance Shares.
- (b) The Company will issue the Advisor Securities no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is expected that the Advisor Securities will be issued on one date.
- (c) The Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The Performance Shares have the terms and conditions as set out in Schedule 2.
- (d) The Advisor Securities will be issued for nil cash consideration as they will be issued in consideration of the introduction and facilitation services provided by the Advisors in connection with the Acquisition.
- (e) The Advisor Securities will be issued to the Advisors (and/or their nominees). None of the recipients are related parties of the Company.
- (f) A voting exclusion statement is included in the Notice.

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## **13. Resolutions 12 and 13 – Approval to issue Incentive Securities**

### **13.1 General**

As set out in Sections 3.10 above, as part of the Acquisition the Company intends to issue a number of Securities to various parties involved in the Whole New Home business and the Acquisition, including the Vendors, WNH Employees, the Advisors and Proposed Directors. Subject to Shareholder approval, Mr Neil Patel, Mr Nathan Sellyn and Mr Nik Ajagu (together the **Proposed Directors**) will be appointed as Directors with effect from completion of the Acquisition. Refer to Section 3.8 for further details.

In connection with their appointments, the Company proposes to issue 666,666 Shares, 666,666 Class A Performance Shares and 666,668 Class B Performance Shares (together, the **Incentive Securities**) to Mr Nathan Sellyn and Mr Nik Ajagu (and/or their nominees).

While Mr Sellyn and Mr Ajagu are Proposed Directors, they are only related parties of the

Company as a result of their proposed appointment as Directors. Accordingly, issue of the Incentive Securities to Mr Sellyn and Mr Ajagu will be issued under Listing Rule 7.1. A summary of Listing Rule 7.1 is provided in Section 5.1.

Resolutions 12 and 13 are ordinary Resolutions and are subject to each of the other Acquisition Resolutions being passed.

### 13.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Securities to be issued to the Proposed Directors (and/or their nominees) pursuant to Resolutions 12 and 13 is as follows:
  - (i) Mr Nathan Sellyn:
    - (A) 333,333 Shares;
    - (B) 333,333 Class A Performance Shares; and
    - (C) 333,334 Class B Performance Shares;
  - (ii) Mr Nik Ajagu:
    - (A) 333,333 Shares;
    - (B) 333,333 Class A Performance Shares; and
    - (C) 333,334 Class B Performance Shares;
- (b) The Incentive Securities will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended that the Incentive Securities will be issued on one date.
- (c) The Shares issued will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company. The Performance Shares have the terms and conditions as set out in Schedule 2.
- (d) The Incentive Securities will be issued for nil cash consideration. Accordingly no funds will be raised from the issue of Incentive Securities.
- (e) A voting exclusion statement is included in the Notice.

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## 14. Definitions

In this Notice, Explanatory Memorandum and Proxy Form:

**\$** means Australian Dollars.

**Acquisition** has the meaning in Section 3.1.

**Acquisition Agreements** means the various share sale agreements between the Company and the Vendors pursuant to which the Company agreed to acquire 100% of the issued capital of PDT Technologies.

**Acquisition Resolutions** means Resolutions 1 to 13.

**Advisors** means CPS Capital Group, Diverse Capital and Alto Capital.

**Advisor Securities** has the meaning in Section 12.1.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Board** means the board of Directors.

**Capital Raising** has the meaning in Resolution 4.

**Capital Raising Securities** has the meaning in Resolution 4.

**Company** or **Magnolia** means Magnolia Resources Limited ACN 158 307 549.

**Consideration Shares** has the meaning in Resolution 2.

**Constitution** means the current constitution of the Company.

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

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Incentive Securities** has the meaning in Section 13.1.

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

**Lenders** means the lenders who subscribed for the PDT Convertible Notes.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**New Option** means an Option to be issued on the terms and conditions set out in Schedule 4.

**Notice** means this notice of meeting.

**Option** means an option to acquire a Share.

**PDT Technologies** or **PDT** means PDT Technologies Inc., a company incorporated under the laws of British Columbia, Canada, with registration number BC0978625.

**PDT Convertible Notes** means the convertible notes issued by PDT Technologies to the Lenders.

**Performance Share** means a performance share convertible into a Share upon achievement of the relevant milestone, issued on the terms and conditions set out in Schedule 2, and each of **Class A Performance Share**, **Class B Performance Share**, **Class C Performance Share** and **Class D Performance Share** have a corresponding meaning in relation to the relevant milestone applicable to each class.

**Prospectus** means the prospectus, to be issued by the Company, for the Capital Raising.

**Proposed Directors** means Mr Neil Patel, Mr Nathan Sellyn and Mr Nik Ajagu, who are the

proposed directors of the Company (or any one of them as the context requires).

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

**Securities** means Shares and/or Options.

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

**Shareholder** means a shareholder of the Company.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**Vendors** means the shareholders of PDT Technologies, none of whom are related parties of the Company other than as a result of the Acquisition.

**WNH Employees** means employees and consultants of PDT Technologies.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

## Schedule 1 - Risk Factors of the Acquisition

### Introduction

There are a number of risks associated with the Acquisition that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Shareholders are already exposed to a number of risks through their existing shareholding in the Company. A number of these risks are inherent in investing in securities generally.

The risk factors include, but are not limited to, those detailed below. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

The Directors believe that the advantages of the Acquisition outweigh the associated extent of the risks.

### Risks

#### *Risks relating to the proposed transaction*

##### **1. Conditional Acquisition**

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. A Prospectus will be issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the date of the Meeting. It is anticipated that the Shares will remain suspended until completion of the Acquisition, the Capital Raising, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.

#### *Risks relating to the Whole New Home business*

##### **2. Sufficiency of funding**

Whole New Home's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves, funds raised by the Capital Raising and funds generated over time by the Whole New Home business will be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of projects may be required by the Company to support ongoing activities and operations, including the need to develop new services or enhance its existing service, enhance its operating infrastructure and to acquire complementary businesses.

Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising the net proceeds of the Capital Raising and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

##### **3. Limited trading history**

Whole New Home is a start-up company, does not have an operating history and there is no assurance that future operations will result in revenues or profits. If sufficient revenues to operate profitably can not be generated, operations may be suspended or cease.

Whole New Home will be subject to all of the business risks and uncertainties associated with any new business enterprise. There can be no assurance that consumer demand for Whole New Home's product will be as anticipated, or that the business will become profitable. Consequently, there can be no forecast or confirmation as to the Company's future performance following completion of the Acquisition.

**4. Brand Reputation and customer service**

The Whole New Home business depends on the strength of its brand, which will be built on the trust of consumers, and the failure to maintain that trust may damage the brand and harm the ability to maintain or expand the base of homeowner memberships, paid designer memberships, and participating product and service suppliers.

Trust in the integrity, quality, and taste of the "Whole New Home" brand will play a significant role in the business' ability to attract new paid memberships and participating service providers. Maintaining consumer trust and enhancing the brand will depend largely on Whole New Home's ability to maintain commitment to and reputation for placing a priority on the interests and protection of homeowner members. If existing or potential members perceive the business is not focused primarily on helping them make more informed design decisions, or that the revenue received from paid memberships or e-commerce sales is influencing promotional efforts, the Whole New Home reputation and the strength of its brand will be adversely affected. Complaints or negative publicity about sales and business practices, services, personnel and customer service, irrespective of their validity, and data privacy and security issues could diminish consumers' confidence in the service provided by the business and adversely impact the brand.

Trust in the Whole New Home brand also will suffer if the quality and integrity of the design professional listings that appear on the online platform are not maintained. While certain standards and processes intended to validate the identity and background of design professionals who utilize the platform have been implemented, there may be an increase in unqualified membership subscriptions as the business expands. If these individuals are unable to be effectively identified and removed, the overall quality of Whole New Home's offering will decrease, reputation as a source of trusted design information may be harmed, and both homeowners and product and service suppliers may be deterred from using Whole New Home's products and services.

**5. Supplier relationships**

Whole New Home currently proposes to operate a significant amount of its operations through a series of contractual relationships with third party service and product providers and intends to continue to operate in this manner. Such arrangements carry a risk that the third parties do not adequately or fully comply with their respective contractual rights and obligations. Increasing and maintaining relationships with these suppliers will be critical to the success of the Whole New Home business.

Currently, Whole New Home does not have long-term arrangements with its suppliers to guarantee availability of merchandise, content, components, services, particular payment terms, or the extension of credit limits. If current suppliers were to stop selling or licensing merchandise, content, components, or providing services, the business may not be able to procure alternatives from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Furthermore, if Whole New Home is unable to continue to expand its network of suppliers, the resulting impact on the quality of the product and service offering could significantly impair results, forcing a change in business strategy.

**6. Protection of Intellectual Property Rights**

Whole New Home does not currently have any patent protection of its intellectual property and it is not yet known whether it will be in fact possible to obtain any patent protection of Whole



New Home intellectual property. Accordingly, Whole New Home relies on the copyright it has in its software code and its intellectual property being kept confidential within the organisation to protect its trade secrets. If Whole New Home fails to protect its intellectual property secrets, competitors may gain access to its technology which could harm the business.

Whole New Home's digital content is not protected by any registered copyrights or other registered intellectual property. Rather, digital content is protected by statutory and common law rights, user agreements that limit access to and use of business data and by technological measures. Compliance with use restrictions is difficult to monitor, and Whole New Home's proprietary rights in its digital content databases may be more difficult to enforce than other forms of intellectual property rights.

PDT Technologies currently holds the "Whole New Home" Internet domain name and various other related domain names. Domain names generally are regulated by Internet regulatory bodies. If the ability to use a domain name in Canada or any other country is lost, Whole New Home would be forced to incur significant additional expense to market its solutions, including the development of a new brand and the creation of new promotional materials, which could substantially harm the business and operating results. The regulation of domain names in Canada and in foreign countries is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, Whole New Home may not be able to acquire or maintain the domain names that utilize the "Whole New Home" name in all of the countries in which the Company wishes to conduct business in the future.

## **7. Intellectual Property Infringement**

Whole New Home uses a combination of open source and third party licensed software to develop its own software and network platform, and relies on its ability to protect its intellectual property rights adequately. Failure to do so may result in competitors gaining access to its technology, which would harm the business.

Whole New Home currently has no issued patents and may be unable to obtain patent protection in the future. If any patents are issued in the future, they may not provide Whole New Home with any competitive advantages, or may be challenged by third parties.

## **8. Regulatory environment**

Whole New Home'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 the Company's profitability. In addition, if regulators took the view that Whole New Home 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 and adversely impact upon the financial position and financial performance of the Company.

Whole New Home intends to offer its services initially in the North American market and then throughout the world and has users of those services in most countries and jurisdictions of the world. Regulatory changes could see Whole New Home being required to hold a licence in some of these jurisdictions or otherwise comply with local regulations. This could preclude Whole New Home from offering certain services in these jurisdictions until such a licence has been obtained, or may require Whole New Home 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 adversely impact upon the financial position and financial performance of the Company.

**9. Competition**

The industry in which the Company will be involved, post its acquisition of PDT Technologies, is highly competitive and is subject to increasing domestic and global competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, it 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 Whole New Home's projects and business.

Whole New Home will compete for both the attention of homeowners and the patronage of design industry professionals against with a range of established and emerging companies. These competitors will include established Internet companies who may have significantly greater resources and name recognition than Whole New Home. The business will compete on the basis of a number of factors, including the need for the online platform to showcase 'on trend' designs, the strength of content, the integrity of on-line infrastructure, and the ability to deliver the products sold in a timely and reliable fashion. Competition for a share of local design industry professionals' advertising budgets will include, return on investment, the size and engagement Whole New Home's homeowner database, and the scope of product and service selection.

To compete effectively for members, Whole New Home must continue to invest significant resources in both the marketing of the online platform and the development of available products and services to enhance value for members. To compete effectively for e-commerce revenue, significant resources in the expansion of product selection and supplier relationships must be invested. Failure to compete effectively against current or future competitors could result in loss of potential members, which would in turn result in an impairment of the ability to achieve or maintain profitability. The Company cannot provide any assurance that Whole New Home will be able to compete effectively for memberships against existing or new competitors, and the failure to do so could result in a failure to increase paid memberships, increased marketing expenses, or diminished brand strength, any of which could harm the business.

**10. Reliance on key personnel**

The recent developments of Whole New Home have been in large part due to the talent, effort and experience of its senior management team, in particular the leadership of Neil Patel, Chief Executive Officer.

Success of the business will depend on directors and officers of the company to develop the business and manage operations, and on the ability to attract and retain key quality assurance, sales, public relations and marketing staff or consultants. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the company will be able to attract or retain key personnel in the future.

**11. Dependence on the internet**

Expansion in the sales of Whole New Home's services depends on the continued acceptance of the internet as a communications and commerce platform for individuals and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of- use, accessibility and quality-of-service.

The performance of the internet and its acceptance as a business tool has been harmed by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a widespread communications medium and commercial platform, the demand for Whole New Home's services would be significantly

reduced, which would harm the Company.

In addition, many people utilize smartphones and other mobile devices to access information regarding home design. If Whole New Home is not successful in developing products that take advantage of these technologies, or Whole New Home's products are not widely adopted, the business could be adversely affected.

**12. Hackers**

Whole New Home will rely heavily on the availability of its web services to attract and retain its customers. Hackers could render the website unavailable through a disrupted denial of service or other disruptive attacks.

Whilst the Company will take reasonable precautions to minimise such attacks, these strategies may not be successful. Unavailability of the website could lead to a loss of revenues whilst Whole New Home is unable to provide its services. Further, it could hinder Whole New Home's abilities to retain existing customers or attract new customers, which would have a material adverse impact on growth of the business.

**13. Fraud**

Incidents of fraud reported in the e-commerce market can undermine trust in the efficacy of online services, which may have a negative impact on Whole New Home's business.

If Whole New Home fails to adequately control fraudulent credit card transactions, the business may face civil liability, diminished public perception of its security measures and significantly higher credit card-related costs, each of which could adversely affect the business, financial condition and results of operations.

**14. Privacy concerns**

Regulations in various jurisdictions limit tracking and collection of personal identification and information. If Whole New Home breaches such regulations, the Company's business, reputation, financial position and financial performance may be detrimentally affected. External events may also cause regulators to amend regulations in respect of the collection and use of user information. Any amended regulations may introduce controls which make the operation of certain types of tracking technologies unusable which could damage the Company's financial position and financial performance by adding costs to Whole New Home through the requirement to develop and implement new technologies.

**15. Litigation Risk**

Whole New Home is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company.

**16. Foreign exchange risks**

Whole New Home's revenues, costs and expenses will largely be denominated in US or Canadian dollars, whereas the Company reports in Australian dollars. As a result of the use of these different currencies, the merged group is subject to foreign currency fluctuations which may materially affect its financial position and operating results. For example, a depreciation of the US or Canadian dollar relative to the Australian dollar may result in lower than anticipated revenue, profit and earnings as a result of the translation of earnings into Australian dollars.

**17. Insurance coverage**

The Company faces various risks in connection with Whole New Home and may lack adequate insurance coverage or may not have the relevant insurance coverage. Whole New Home maintains insurance coverage for its employees, as well as professional indemnity, product

liability and third party liability insurance. The Company will need to review its insurance requirements periodically. If Whole New Home incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

### **General Risks**

#### **18. Management of growth**

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

#### **19. Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology related 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.

#### **20. Economic and government 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 technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

## Schedule 2 – Terms and Conditions of Performance Shares

*The terms and conditions of the Performance Shares are subject to ASX approval.*

Each Class A Performance Share, Class B Performance Share, Class C Performance Share or Class D Performance Share (together the **Performance Shares**) will have the following terms:

1. Subject to paragraph 2 below, each:

(a) Class A Performance Share will convert into one fully paid ordinary share in the capital of Magnolia (**Share**) upon:

- (i) a minimum of 1,000 Registered Home Designers each achieve the C\$ equivalent of at least A\$200 Revenue, each month for 3 consecutive months, on or before 30 August 2016; or
- (ii) a minimum of 1,000 Registered Home Designers each achieve the C\$ equivalent of at least A\$200 Revenue, each month for 3 consecutive months, and the Milestone D is also achieved,

**(Milestone A);**

(b) Class B Performance Share will convert into one Share upon:

- (i) a minimum of 1,000 Registered Home Designers each achieve the C\$ equivalent of at least A\$750 Revenue, each month for 3 consecutive months, on or before 31 December 2016; or
- (ii) a minimum of 1,000 Registered Home Designers each achieve the C\$ equivalent of at least A\$750 Revenue, each month for 3 consecutive months, and Milestone D is also achieved,

**(Milestone B);**

(c) Class C Performance Share will convert into one Share upon:

- (i) Magnolia achieving the C\$ equivalent of at least A\$20 million in revenue in any 12 month period and has a minimum of 20,000 Registered Home Designers, on or before 31 December 2017; or
- (ii) Magnolia achieving the C\$ equivalent of at least A\$20 million in Revenue in any 12 month period and a minimum of 20,000 Registered Home Designers, and Milestone D is also achieved,

**(Milestone C); and**

(d) Class D Performance Share will convert into one Share upon:

- (i) the Company achieving the C\$ equivalent of at least A\$50 million in revenue in any 12 month period; and
- (ii) a minimum of 35,000 Registered Home Designers,

**(Milestone D);**

2. A Performance Share is a share in the capital of Magnolia.
3. Upon the occurrence of a Change of Control Event in circumstances where any of Milestone A, Milestone B, Milestone C or Milestone D (together the **Milestones**) has not been met:
  - (a) that number of Performance Shares on issue that, after conversion, is up to a maximum number that is equal to 10% of Magnolia's issued Share capital (as at the date of the Change of Control Event ((defined below)) will automatically convert into Shares);
  - (b) Magnolia will ensure the allocation of Shares issued under paragraph 3(a) is on a pro rata basis to all holders of Performance Shares in respect of their respective holdings of Performance Shares; and
  - (c) all remaining Performance Shares held by each holder will automatically consolidate into one Performance Share and will then convert into one Share.

**Change of Control Event** means:

- (a) the occurrence of the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of more than 51% of Shares and that takeover bid has become unconditional; or
  - (b) the announcement by Magnolia that Shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Magnolia securities are to be either:
    - (i) cancelled; or
    - (ii) transferred to a third party; and
 the Court, by order, approves the proposed scheme of arrangement; or
  - (c) shareholders approving a transaction for the purposes of Listing Rule 11.2.
2. If any Milestone is not achieved as set out in paragraph 1 by 31 December 2018, then all Performance Shares in the class of Performance Shares attaching to that Milestone, held by each holder, will automatically consolidate into one Performance Share and will then convert into one Share.
3. Magnolia will issue the holder with a new holding statement for a Share issued upon conversion of a Performance Share as soon as practicable following the conversion of a Performance Share.
4. The Performance Shares are not transferrable or assignable. The Performance Shares will be unquoted.
5. All Shares issued upon conversion will rank equally in all respects with Magnolia's then issued fully paid ordinary shares Magnolia must, within the time period required by the Listing Rules apply to ASX for quotation of the Shares on ASX.
6. Takeover Provisions
  - (a) If the conversion of Performance Shares (or part thereof) would result in any person being in contravention of section 606(1) of the Corporations Act then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).

- (b) A holder shall give notification to Magnolia in writing if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of section 606(1) failing which Magnolia shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of section 606(1).
  - (c) Magnolia may (but is not obliged to) by written notice request a holder to give notification to Magnolia in writing within 7 days if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of section 606(1). If the holders do not give notification to Magnolia within 7 days that they consider the conversion of Performance Shares (or part thereof) may result in the contravention of section 606(1) then Magnolia shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of section 606(1).
- 7. A holder has the right to receive notices of general meetings and financial reports and accounts of Magnolia that are circulated to shareholders of Magnolia, and a right to attend a meeting of shareholders of Magnolia.
- 8. Other than as required by law, a Performance Share does not entitle the holder to vote on any resolutions proposed at a meeting of shareholders of Magnolia.
- 9. A Performance Share does not entitle the holder to any dividends.
- 10. There are no participating rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues (such as bonus issues) or pro-rata issues of capital to Magnolia's Shareholders.
- 11. In the event of any reorganisation (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of Magnolia, the basis for adjustment of the number of Magnolia's Shares to be issued on conversion of a Performance Share will be reconstructed in accordance with the Listing Rules which apply to the reorganisation of capital at the time of the reorganisation so that the holder will not receive a benefit that holders of ordinary securities do not receive (other than due to the rounding up of the number of Magnolia's Shares to be issued on conversion, subject to shareholder approval for the rounding up).
- 12. Each Performance Share entitles the holder to participate in the surplus profits or assets of Magnolia upon winding up, but on the basis that each holder's Performance Shares will consolidate into one Performance Share and will then convert into one Share.
- 13. A Performance Share does not give the holder any other rights other than those expressly provided by these terms and those provided at law where such rights cannot be excluded.
- 14. The terms of the Performance Shares may be amended by Magnolia as necessary, but only to the extent required, to comply with ASX Listing Rules or any specific directions of ASX regarding the terms.
- 15. In these terms:
  - (a) "Change of Control Event" is defined in paragraph 3;
  - (b) "Revenue" is defined as income generated from subscription income, sales, fees, commissions or services provided through Whole New Home's ecommerce site [www.wholenewhome.com](http://www.wholenewhome.com).
  - (c) "Registered Home Designer" means those design professionals with a registered Whole New Home 'Home Designer' or 'designer' profile.

### Schedule 3 – Pro-forma Balance Sheet

		PDT Technologies	Magnolia Resources	Proforma Adjustments	Consolidated
		Unaudited 31-Mar-15 A\$	Unaudited 31-Mar-15 A\$		
<b>Current Assets</b>					
Cash and cash equivalents	2	27,244	1,603,394	4,905,000	6,535,638
Trade and other receivables		21,264	4,329	-	25,593
Assets held for sale		-	-	5,000	5,000
Other assets		2,880	-	-	2,880
<b>Total Current Assets</b>		<b>51,388</b>	<b>1,607,723</b>	<b>4,910,000</b>	<b>6,569,111</b>
<b>Non-Current Assets</b>					
Exploration and evaluation expenditure		-	1,287,019	(1,287,019)	-
Plant and equipment		4,827	-	-	4,827
<b>Total Non-Current Assets</b>		<b>4,827</b>	<b>1,287,019</b>	<b>(1,287,019)</b>	<b>4,827</b>
<b>TOTAL ASSETS</b>		<b>56,215</b>	<b>2,894,742</b>	<b>3,622,981</b>	<b>6,573,938</b>
<b>Current Liabilities</b>					
Trade and other payables		1,259,832	4,202	-	1,264,034
Convertible notes		315,000	-	(315,000)	-
<b>Total Current Liabilities</b>		<b>1,574,832</b>	<b>4,202</b>	<b>(315,000)</b>	<b>1,264,034</b>
<b>TOTAL LIABILITIES</b>		<b>1,574,832</b>	<b>4,202</b>	<b>(315,000)</b>	<b>1,264,034</b>
<b>NET ASSETS</b>		<b>(1,518,617)</b>	<b>2,890,540</b>	<b>3,937,981</b>	<b>5,309,904</b>
<b>EQUITY</b>					
Issued capital	3	401,846	3,838,361	12,496,398	16,736,605
Reserves		-	275,755	348,530	624,285
Accumulated losses		(1,920,463)	(1,223,576)	(8,906,947)	(12,050,986)
<b>TOTAL EQUITY</b>		<b>(1,518,617)</b>	<b>2,890,540</b>	<b>3,937,981</b>	<b>5,309,904</b>

#### 1. Impact of the Acquisition of PDT Technologies:

Business Combinations occur when an entity, referred to as the acquirer, obtains control over one or more businesses (the acquiree). This is typically achieved through the acquisition of in excess of 50% of the voting rights of the acquiree. For the purpose of the pro-forma, the acquirer for accounting purposes is deemed to be PDT Technologies, and Magnolia Resources is the acquiree. As a Result, reverse acquisition principles have been applied.



## 2. Cash and cash equivalents

	PDT Technologies A\$	Magnolia Resources A\$	Combined
Cash and cash equivalents	27,244	1,603,394	1,630,638
Proceeds from the issue of 25,000,000 shares at \$0.20			5,000,000
Proceeds from the issue of 12,000,000 new options at \$0.005			60,000
Proceeds from Convertible Note monies received post 31 March 2015			1,105,000
Costs of the offer			(510,000)
Working capital facility made available to PDT			(750,000)
			<b>6,535,638</b>

## 3. Issued Capital

	PDT Technologies A\$	Magnolia Resources A\$	Combined
Issued capital	401,846	3,838,361	4,240,207
<b><i>Merger of Magnolia Resources and PDT Technologies</i></b>			
Issue of capital raising shares			5,000,000
Issue of advisor shares			811,509
Issue of director shares			133,333
Issue of convertible note shares			1,420,000
Issue of performance shares			3,879,716
Elimination of existing Magnolia Resources shares			(3,838,360)
Issue of Magnolia Shares on acquisition			5,600,200
Costs of the offer			(510,000)
			<b>16,736,605</b>

## 4. Performance Shares

Under the terms of the proposed acquisition agreement, Magnolia Resources will issue performance shares as noted in this Notice of Meeting. These have been valued taking into account the estimated probability that the performance conditions will be achieved, resulting in a value of \$3,879,716, which has been credited to issued capital.

## 5. Options

	Number	A\$
Options exercisable at \$0.30 on or before the date that is three years from the date of completion of the Acquisition	12,000,000	564,285

The fair value of the options issued is estimated as at the date of issue using the Black and Scholes model taking into account the terms and conditions upon which the options were issued. The resulting value of \$564,285 has been credited to reserves.

Expected volatility (%)	50%
Risk-free interest rate (%)	2.00%
Expected life of option (years)	3 years
Exercise price (cents)	\$0.30
Issue date share price	\$0.20

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options issued were incorporated into the measurement of fair value.

#### **Schedule 4 – Terms and Conditions of New Options**

The New Options entitle the holder (**New Optionholder**) to subscribe for Shares on the following terms and conditions:

1. Each New Option gives the New Optionholder the right to subscribe for one Share.
2. The New Options will expire at 5.00 pm (WST) on that date that is three years from the issue date (**Expiry Date**). Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon exercise of each New Option will be \$0.30 (**Exercise Price**).
4. The New Options held by each New Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An New Optionholder may exercise their New Options by lodging with the Company, before the Expiry Date:
  - (a) a written notice of exercise of New Options specifying the number of New Options being exercised; and
  - (b) a cheque or electronic funds transfer for the Exercise Price for the number of New Options being exercised;**(Exercise Notice)**.
6. An Exercise Notice is only effective when the Company has received the full amount on the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by payment of the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
8. The New Options are freely transferrable.
9. All Shares allotted upon the exercise of New Options will upon allotment rank pari passu in all respects with other Shares.
10. The Company will apply for official quotation of the New Options on ASX.
11. The Company will apply for official quotation by the ASX of all Shares allotted pursuant to the exercise of New Options on ASX within 10 Business Days after the date of allotment of those new Shares.
12. If at any time the issued capital of the Company is reconstructed, all rights of an New Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
13. There are no participating rights or entitlements inherent in the New Options and New Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 5 Business Days after the issue is announced. This will give New Optionholders the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.
14. Subject to paragraph 12, an New Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the New Option can be exercised.

# MAGNOLIA RESOURCES LTD - P R O X Y F O R M

ACN 158 307 549

**By post:**

Magnolia Resources Ltd  
PO Box 1440, West Perth, WA 6872

**By facsimile:**

(08) 9315 2233

**Step 1 – Appoint a Proxy to Vote on Your Behalf**

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint:

**The Chairman of the Meeting (mark box)**

☐

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting of the Company to be held at Level 1, 35 Richardson Street, West Perth, Western Australia on 20 July 2015 at 9.30am (WST) and at any adjournment or postponement of the Meeting and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit).

**Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an ☒.**

**Step 2 – Instructions as to Voting on Resolutions**

**INSTRUCTIONS AS TO VOTING ON RESOLUTIONS**

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Change to scale and nature of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Acquisition of PDT Technologies Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue New Class of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Authority to issue Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Authority to issue Capital Raising Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Authority to issue Converting Loan Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Appointment of Mr Neil Patel as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Appointment of Mr Nathan Sellyn as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Appointment of Mr Nik Ajagu as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Authority to issue Advisor Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Authority to issue Incentive Securities – Mr Nathan Sellyn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Authority to issue Incentive Securities – Mr Nik Ajagu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Authorised signature/s**

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.**

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

<sup>1</sup> Insert name and address of Shareholder

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding:                      where the holding is in more than one name all of the holders must sign.

Power of Attorney:              if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies:                      a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting (WST).

**Postal address:** PO Box 1440, West Perth, WA 6872

**Facsimile:** (08) 9315 2233 if faxed from within Australia or +61 89315 2233 if faxed from outside Australia.