



Magnolia Resources Limited

ACN 158 307 549

To be renamed Whole New Home Limited

PROSPECTUS

For the offer of up to 35,000,000 Shares at a price of \$0.20 each to raise up to \$7,000,000 (before costs) (**Public Offer**). The Public Offer is subject to a minimum subscription requirement of \$5,000,000.

The Prospectus also contains:

- (a) an offer of up to 58,824,842 Shares and 37,463,826 Performance Shares to the PDT Subscribers to satisfy various offers required for completion of the transaction where the Company will acquire all of the shares in PDT Technologies (**Acquisition Offer**). Refer to Section 6.2 of this Prospectus for more information in respect of the Acquisition Offer; and
- (b) an offer of up to 12,000,000 Options, each at an issue price of \$0.005 per Option, to raise up to \$60,000 (**Option Offer**). Refer to Section 6.3 of this Prospectus for more information in respect of the Option Offer.

(together, the **Offers**)

Conditional Public Offer

The Public Offer is conditional upon the Conditions of the Offer outlined in Section 6.4 being satisfied. In the event that the Conditions of the Offer are not satisfied, the Company will not proceed with the Public Offer and the Company will repay all application monies received. In the event that the Public Offer does not proceed the Acquisition Offer and the Option Offer will not proceed.

The Offers are not underwritten.

Re-compliance with Chapters 1 and 2

In addition to the purpose of raising funds under the Public Offer and issuing Securities under the other Offers, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

Important Offer

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

Joint Lead Managers to the Public Offer and Option Offer



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1. Important Information

1.1 Important Notice

This Prospectus is dated 9 July 2015 and was lodged with the ASIC on that date. The ASX, ASIC and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is that date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No Securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares and Options the subject of this Prospectus.

Persons wishing to apply for Securities pursuant to the Offers must do so using the Application Form as provided with a copy of this Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary before deciding whether to invest. The Securities the subject of this Prospectus should be considered speculative. Please refer to Sections 4 and 11 for details relating to risk factors that could affect the financial performance and assets of the Company.

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offers.

1.2 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.magnoliaresources.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Forms. If you have not, please contact the Company on +61 8 9212 0105 and the Company will send you, at no cost, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.magnoliaresources.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

1.3 Overseas Applicants

The offer of Securities made pursuant to this Prospectus is not made to persons to whom, or places in which, it would be unlawful to make such an offer. No action has been taken to register or qualify the

Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek legal advice on, and observe, any of those restrictions. Failure to comply with these restrictions may violate securities laws.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

2. Corporate Directory

Directors

Mr Tony King
Mr Cameron Pearce
Mr Travis Schwertfeger (*resigning on completion of the Acquisition*)

Company Secretary

Mr Aaron Bertolatti

Proposed Directors

Mr Neil Patel
Mr Nathan Sellyn
Mr Nik Ajagu

Registered Office

Level 1, 35 Richardson Street
West Perth WA 6005

Telephone: +61 8 9212 0105

E-mail: admin@magnoliaresources.com.au

Investigating Accountant

Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue
West Perth WA 6005

Auditor to the Company

Stantons International Audit and
Consulting Pty Ltd
Level 2, 1 Walker Avenue
West Perth WA 6005

Solicitors to the Company

Occam Legal
PO Box 50
Cottesloe WA 6911

Joint Lead Managers

Alto Capital
(AFSL No. 279099)
Ground Level, 16 Ord Street
West Perth WA 6005
Telephone: +61 8 9223 9888

CPS Capital Group Pty Ltd
(AFSL No. 294848)
Level 45, 108 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9223 2252

Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Telephone: +61 8 9315 2333

Facsimile: +61 8 9315 2233

Website

www.magnoliaresources.com.au

ASX Code

Current: **MGB**

Proposed: **WNH**

* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

3. Key Information and Indicative Timetable

Description	Minimum Subscription \$5,000,000	Maximum Subscription \$7,000,000
Price per Share under the Public Offer	\$0.20	\$0.20
Shares offered under the Public Offer	25,000,000	35,000,000
Cash proceeds of the Public Offer (before costs)	\$5,000,000	\$7,000,000
Shares to be issued under the Acquisition Offer	58,824,842	58,824,842
Cash proceeds of the Acquisition Offer	Nil	Nil
Shares on issue before completion of the Offers	36,001,000	36,001,000
Total Shares on issue upon completion of the Offers	119,825,842	129,825,842

Options offered under the Option Offer	12,000,000	12,000,000
Amount to be raised under the Option Offer (before costs)	\$60,000	\$60,000

Note: Please refer to Section 6.10 for further details relating to the proposed capital structure of the Company.

Indicative timetable	
Lodgement of this Prospectus with ASIC	9 July 2015
Opening Date for the Public Offer	9 July 2015
General Meeting of the Company	20 July 2015
Closing Date for the Public Offer	31 July 2015
Completion of Acquisition and issue of Securities to Vendors	7 August 2015
Issue of Securities under the Public Offer	7 August 2015
Dispatch of holding statements	7 August 2015
Expected date for Shares to be reinstated to trading on ASX	On or before 31 August 2015

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.

4. Investment Summary

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

Topic	Summary	More information
Introduction		
Who is the issuer of the Prospectus?	Magnolia Resources Limited ACN 158 307 549 (Company) (to be renamed "Whole New Home Limited").	Section 8.1
Who is the Company and what does it do?	The Company is a public company that was admitted to the Official List of the ASX since 30 October 2012. The Company's principal activities previously involved mineral exploration in Western Australia. In light of difficult market conditions for junior exploration companies, the Company has been evaluating high quality and value adding investment opportunities outside the commodities industry.	Section 8.1
What is the Company's strategy and who is Whole New Home?	The Company is proposing to acquire the share capital in PDT Technologies, the operating company of the Whole New Home business. Whole New Home is a North American focused Software-as-a-Service (SaaS) and e-commerce platform (the Platform) connecting Home Designers with homeowners, creating a true omni-channel retail experience. Whole New Home's head office is located in Vancouver in British Columbia, Canada. The business remains at an early stage of operations and has yet to earn material revenue. The Platform is currently in a "soft launch" period, during which it is being continuously developed and improved, in preparation for its official launch. Management anticipates that the Platform will be officially launched and made generally available to the public in the third quarter of 2015. The goal of the Platform is to provide Home Designers a tool to grow their business while inspiring homeowners to add beauty and value to their homes. Following reinstatement to quotation on the Official List of ASX, the Company's primary focus will be to develop the business of Whole New Home in line with its business model. The Company may also undertake further acquisitions that complement Whole New Home's business.	Sections 8.1 and 8.2
What are the Company's key assets?	The Company's primary assets are its cash holdings of approximately \$1,733,000 as at 31 March 2015 and its exploration licences on the Oldham Range Project located in central Western Australia, approximately 320km northeast from Wiluna.	Sections 8.1 and 8.7

Topic	Summary	More information
	Following completion of the Offers, the Company will seek either a strategic partner for, or divestment of, its interest in these licenses. Via the Acquisition, the Company intends to acquire Whole New Home and its assets.	
What is the Public Offer?	The Company is offering up to 35,000,000 Shares, each at an issue price of \$0.20, to raise up to \$7,000,000 (before costs of the Offers). The minimum subscription for the Public Offer is 25,000,000 shares, each at an issue price of \$0.20, to raise \$5,000,000. The Public Offer is not underwritten.	Sections 6.1 and 6.14(a)
What is the Acquisition Offer?	The Company is offering up to 58,824,842 Shares and 37,463,826 Performance Shares to the PDT Subscribers to satisfy various offers required for completion of the transaction where the Company will acquire all of the shares in PDT Technologies. Pursuant to the Acquisition Offer: • 42,634,366 Shares and 36,130,492 Performance Shares will be issued to the Vendors and their nominees as consideration pursuant to the terms of the Acquisition Agreement; • 666,666 Shares and 1,333,334 Performance Shares will be issued to Mr Nathan Sellyn and Mr Nik Ajagu (who are Proposed Directors); and • 15,523,810 Convertible Note Shares will be issued to the Convertible Note holders.	Sections 6.2 and 6.14(b)
What is the Option Offer?	The Company is offering up to 12,000,000 Options, each at an issue price of \$0.005 per Option, to raise up to \$60,000.	Sections 6.3 and 6.14(c)
What are the conditions of the Offers?	The Public Offer is conditional upon the following events occurring: • the Company raising a minimum amount of \$5,000,000 pursuant to the Public Offer; • Shareholders approving the resolutions at the General Meeting; • completion of the Acquisition; and • ASX approving the Company's re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules. If any of the Conditions of the Offer are not satisfied then the Company will not proceed with the Offers and the Company will repay all Application Monies received. If the Company does not proceed with the Public Offer it will not proceed with the Acquisition Offer and the Option Offer.	Section 6.4
Why are the Offers being conducted?	The purposes of the Offers are to: • acquire PDT Technologies;	Section 6.8

Topic	Summary	More information
	• meet the requirement that the Company re-complies with the ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules; • meet the requirements of the Acquisition Agreements to enable completion of the Acquisition; • provide funding for the continued development of the Whole New Home business; • meet the expenses of the Offers; and • provide administration expenditure and working capital for the Company.	
The Acquisition of Whole New Home		
What is the Acquisition?	The Acquisition involves the Company's proposed acquisition of 100% of the issued capital of PDT Technologies pursuant to the Acquisition Agreements.	Sections 8.1 and 12
What are the key terms of the Acquisition?	The key terms of the Acquisition are as follows: • as consideration for the acquisition of 100% of the issued capital of PDT Technologies, the Company will issue the Consideration Securities; • 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: ○ the Company raising a minimum of \$5,000,000 pursuant to the Public Offer; ○ issue of the Convertible Note Shares in satisfaction of the repayment obligations pursuant to the Convertible Notes; ○ 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 the Company achieving re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules; and ○ 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.	Section 12.2

Topic	Summary	More information
	- The Vendors have acknowledged that some or all of the Consideration Securities 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. - There are standard commercial warranties regarding PDT Technologies and the Whole New Home business provided by the Vendors associated with the Acquisition.	
What approvals will be sought at the General Meeting?	At the General Meeting to be held on 20 July 2015, the Company will seek Shareholder approval to: - the change in nature and scale of the activities of the Company; - issue the Consideration Securities (including issue of the new class of Performance Shares) to the Vendors and their nominees; - issue of the Convertible Note Shares; - issue the Incentive Securities to the Proposed Directors; - issue of the Securities pursuant to the Public Offer and the Option Offer; - the change of the Company's name to "Whole New Home Limited"; and - the appointment of Messrs Neil Patel, Nathan Sellyn and Nik Ajagu to the Board.	Section 6.5
Why is the Company required to re-comply with Chapters 1 and 2 of the Listing Rules	At the Company's General Meeting, the Company will seek Shareholder approval for, amongst other things, a change in the nature and scale of the Company's activities as a result of the Acquisition. To give effect to these changes, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company will be suspended from trading from the time of the General Meeting and will not be reinstated until the Company has satisfied the Conditions of the Offer, including re-compliance with Chapters 1 and 2 of the Listing Rules. There is a risk that the Company may not be able to meet the requirements for re-quotation on ASX. In the event the Conditions of the Offers are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest).	Section 6.6

Topic	Summary	More information
What is Whole New Home's business model?	Whole New Home's principal product is the online Software-as-a-Service (SaaS) and e-commerce platform that serves as a marketplace for connecting buyers (homeowners) with Home Designers (Platform). The Platform has several key features, including "Inspiration Boards", which enable Home Designers to curate design ideas, home decor products, art and furnishings. The e-commerce system will also allow customers to select a charity to which Whole New Home will donate a percentage of its profit generated from sales transactions. The Whole New Home business is expected to have two key revenue streams, as set out below. 1. Designers Currently, to drive adoption, Home Designers can register on the Platform for no cost. This initial fee-free period is currently intended to continue until the Company has determined that the business has built up sufficient base of registered users. Following this initial fee-free period, it is anticipated Home Designers who wish to register on the Platform 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. Investors should note, given Whole New Home's limited operating history, the ability to achieve its objectives is high risk.	Section 8.4
Key risks		
Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks and uncertainties. The risk factors set out in Section 11, and other general risks applicable to all investments in listed securities, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises only some of the risks which apply to an investment in the Company and investors should refer to Section 11 for a more detailed summary of the risks.		
Conditional Acquisition and Offers	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. This Prospectus is issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the General Meeting. It is anticipated that the Shares will remain suspended until completion of the Acquisition, the Offers, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on reinstatement to quotation. 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.	Section 11.1(a) and (b)

Topic	Summary	More information
	There is also a contractual risk that other conditions precedent to the Acquisition will not be achieved and that completion of the Acquisition does not occur. In the event that the Conditions of the Offer set out in Section 6.4 are not satisfied (including completion of the Acquisition) or the Company does not receive conditional approval for re-quotation on ASX, the Company will not proceed with the Offers and will repay all Application Monies received (as applicable). In the event that the Public Offer does not proceed the Acquisition Offer and the Option Offer will not proceed.	
Current Litigation Claims	Further to the general intellectual property protection, infringement and litigation risks set out above, Investors should note that the “Whole New Home” trademark is not registered and is currently the subject of a dispute. PDT has received a letter from legal counsel to Sears Canada Inc. (Sears), alleging that PDT’s use of the “Whole New Home” trademark infringes on certain Canadian registered trademarks owned by Sears. In any ensuing litigation, PDT may be subject to damages or injunctive relief and be required to incur significant legal costs. Concurrently, Whole New Home is in the process of rebranding the business in order to adopt a new brand that will better represent Whole New Home’s technology and offering.	Section 11.1(c) and Section 13.7
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 Public Offer and funds generated over time by the Whole New Home business will be sufficient to successfully achieve any or all of 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.	Section 11.1(d)
Limited Operating 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 cannot 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.	Section 11.1(e)

Topic	Summary	More information
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, including agreements with suppliers of home furnishing products and shipping service providers. 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. If current suppliers were to stop selling or licensing merchandise, 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 (including the ability of Whole New Home to increase the number of products offered) could significantly impair results, forcing a change in business strategy.	Section 11.1(g)
Intellectual Property, Trademark infringement and Litigation Risk	Whole New Home does not currently have any patent or trademark protection of its intellectual property and it is not yet known whether it will be in fact possible to obtain any patent or trademark protection of Whole New Home intellectual property. Whole New Home's digital content is not protected by any registered copyrights or other registered intellectual property. PDT Technologies currently holds and intends to acquire various domain names in order to establish its brand on the Internet. 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 could 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 Company may be required to spend significant resources to monitor and protect the intellectual property acquired through the proposed Acquisition of the Whole New Home business. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of Whole New Home's rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel.	Sections 11.1(h) 11.1(i)
Reliance on key management personnel	Whole New Home has a number of key management personnel, and its future depends on retaining and attracting these and other suitable qualified personnel. There is no guarantee that the Company will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.	Section 11.1(l)

Topic	Summary	More information
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.	Section 11.1(m)
Offers		
What is the proposed use of funds raised under the Offers?	The funds raised under the Public Offer are proposed to be used (over the first year following re-instatement to quotation of the Company Shares) to fund the following key business activities: • business development, sales and marketing expenses; • development of the Whole New Home software and technology; • costs of the Offers; • repayment of the funds owing to pursuant to the Working Capital Loan and the Property Beacon Loan; and • provide administration expenditure & working capital.	Section 6.9
Will the Company be adequately funded after completion of the Public Offer?	The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its business objectives as set out in this Prospectus.	Section 6.9
What rights and liabilities attach to the Shares being offered?	All Shares issued under the Offers will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 13.1.	Sections 13.1
What terms and conditions attach to the Options being offered?	The Options will each be exercisable at \$0.30 on or before that date that is three years from the date of issue and otherwise have the terms and conditions in Section 13.3.	Section 13.3
Are the Public Offer or Option Offer underwritten?	The Public Offer and the Option Offer are not underwritten.	Section 6.11
Who is the lead manager to the Public	The Company has appointed CPS Capital and Alto Capital as joint lead managers to the Public Offer and the Option Offer.	Sections 6.18 and 12.4.

Topic	Summary	More information
Offer and the Option Offer?	The Joint Lead Managers will receive a total of 6% of the value of the Shares and Options placed to its clients under the Public Offer and the Option Offer, this amount includes any fees paid to brokers.	
Will the Securities issued under the Offers be listed?	The Company will apply for listing of the Shares on the ASX under the ASX code 'MGB' within seven days of the date of this Prospectus. Completion of the Offers is conditional on ASX approving this application. The Company will also apply for listing of the Options on the ASX.	Section 6.7
What are the tax implications of investing in Securities under the Offers?	The tax consequences of any investment in Securities will depend upon your particular circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 6.24
What is the Company's dividend policy?	The Company does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the Whole New Home business. Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.	Section 6.13
How do I apply for Securities under the Public Offer?	Applications for Shares under the Public Offer must be made by completing an Application Form and must be accompanied by a cheque in Australian dollars (or an electronic transfer to the bank account advised by the Company) for the full amount of the application being \$0.20 per Share. Cheques must be made payable to "Magnolia Resources Limited – Trust Account" and should be crossed "Not Negotiable".	Section 6.14(a)
How do I apply for Securities under the Acquisition Offer?	The Acquisition Offer is an offer to the Vendors and their nominees only. Only the Vendors or their nominees may accept the Acquisition Offer. A personalised Acquisition Offer Application Form will be issued to each Vendor or their nominees together with a copy of this Prospectus. The Company will only provide the Acquisition Offer Application Forms to the persons entitled to participate in the Acquisition Offer.	Section 6.14(b)
How do I apply for Securities under the Option Offer?	Applications for Options under the Option Offer must be made by completing an Option Offer Application Form and must be accompanied by a cheque in Australian dollars (or an electronic transfer to the bank account advised by the Company) for the full amount of the application being \$0.005 per Option.	Section 6.14(c)

Topic	Summary	More information
	Cheques must be made payable to “Magnolia Resources Limited – Trust Account” and should be crossed “Not Negotiable”.	
When will I receive confirmation that my application has been successful?	It is expected that holding statements will be sent to successful Applicants by post on or about 7 August 2015.	Sections 3 and 6.20
How can I find out more about the Prospectus or the Offers?	Questions relating to the Offers can be directed to the Joint Lead Managers, Alto Capital on +61 8 9223 9888 or CPS Capital on +61 8 9223 2252.	Section 6.25
Board and management		
Who are the Directors of the Company?	The Existing Directors of the Company are: • Tony King – Executive Chairman • Cameron Pearce – Non-Executive Director; and • Travis Schwertfeger – Non-Executive Director On completion of the Acquisition and the Offers, changes will be made to the Board, with the resignation of Mr Travis Schwertfeger and the appointment of the Proposed Directors, such that the Board will then comprise: • Tony King – Executive Chairman • Neil Patel – Managing Director • Cameron Pearce – Non-Executive Director • Nathan Sellyn – Non-Executive Director • Nik Ajagu – Non-Executive Director Refer to Section 7.1 for details of the relevant experience and expertise of the Directors.	Section 7.1
Who are the key management personnel?	From completion of the Acquisition, the key management personnel of the Company will include: • Tony King – Executive Chairman • Neil Patel – Managing Director The key management personnel of PDT will include: • Neil Patel - Founder & CEO • Darren Battersby – Chief Financial Officer • Creston Froats - Chief Technical Officer • Eric Brian Johnson – Chief Communications Officer • Marc-Alexandre Poirier – General Counsel	Section 7.1, 7.5 and 8.5

Topic	Summary	More information
	- Emily Ratchford - Product Director - Sean Peever - Director: Retail and Client Experience Refer to Sections 7.1, 7.5 and 8.5 for details of the relevant experience and expertise of the key management personnel.	
What are the significant interests of Directors?	The interests of the Existing Directors and Proposed Directors are detailed in Section 7.2. The security holdings of the Existing Directors and Proposed Directors are set out in Section 7.3.	Sections 7.2 and 7.3
Are there any relationships between the Company and parties involved in the Acquisition or Offers that are relevant to investors?	Mr Neil Patel is a major shareholder in PDT Technologies. As part of the Acquisition, Mr Patel will receive 19,950,000 Shares and 24,605,000 Performance Shares (as his proportion of the total Consideration Securities). It is also intended that Proposed Directors Mr Nathan Sellyn and Mr Nik Ajagu will be granted a total of 666,666 Shares and 1,333,334 Performance Rights.	Sections 7.2 and 7.3
Miscellaneous		
What material contracts is the Company a party to?	The material contracts of the Company and PDT Technologies comprise the: - Acquisition Agreements; - PDT Loan Agreement; - Executive Service Agreement with Neil Patel; - Joint Lead Manager Agreement; - Convertible Notes; - Working Capital Loan Agreement; - Technology Development Agreement; - Property Beacon Technology Loan Agreement; and - Lease Agreements.	Sections 7.5 and 12
What is the financial position of the Company and Whole New Home post completion of the Offers and the Acquisition?	The Company is currently listed on ASX and its financial history, including its 2014 Annual Report and its Half Yearly Report for the period ending 31 December 2014 is available on its website (www.magnoliaresources.com.au). Whole New Home's historical operations have been limited with nominal revenue since incorporation in August 2013. Further financial information regarding the Company and Whole New Home is considered in Section 9 of this Prospectus and the Investigating Accountant's Report in Section 10 of this Prospectus.	Sections 9 and 10

Topic	Summary	More information
Will any Securities be subject to escrow?	Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's Shares being reinstated to trading on the ASX, certain Shares and Performance Shares being issued pursuant to the Acquisition Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. The Vendors and the Convertible Note holders have acknowledged that some or all of the Consideration Securities and Convertible Note Shares may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by the ASX or the Company. 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 the ASX or the Company. No Securities issued under the Public Offer or the Option Offer are expected to be subject to escrow. Refer to Section 6.12 for further details of the escrow arrangements.	Section 6.12

5. Letter from the Board

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to invest in Magnolia Resources Limited, to be renamed Whole New Home Limited (**Company**).

Whole New Home is a North American focused Software-as-a-Service (SaaS) and e-commerce platform connecting Interior designers, decorators and home stylists (**Home Designers**) with homeowners, creating a true omni-channel retail experience. Whole New Home's head office is located in Vancouver in British Columbia, Canada.

The goal of the Whole New Home business is to provide Home Designers a Platform to grow their business while inspiring homeowners to add beauty and value to their homes.

This Prospectus has been issued by the Company for a public offering of up to 35,000,000 Shares at an issue price of \$0.20 each to raise up to \$7,000,000. The minimum subscription for the Public Offer is \$5,000,000. The funds raised will be used for business development and the expansion of Whole New Home's sales and marketing team, payments associated with continued revenue generating activities and to repay existing debt. Refer to Section 6.9 for further details on the use of funds.

This Prospectus also contains:

- a) an offer of up to 58,824,842 Shares and 37,463,826 Performance Shares to the PDT Subscribers to satisfy various offers required for completion of the transaction where the Company will acquire all of the shares in PDT Technologies. Refer to Section 6.2 of this Prospectus for more information in respect of the Acquisition Offer; and
- b) an offer of up to 12,000,000 Options, at an issue price of \$0.005 per Option, to raise up to \$60,000. Refer to Section 6.3 of this Prospectus for more information in respect of the Option Offer.

In addition to the purpose of raising funds under the Public Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities from a mineral exploration company to an online marketing business.

This Prospectus includes details of the Offers, the Company, the assets and proposed operations of the Company and the Whole New Home business, together with a statement of the risks associated with investing in the Company. I recommend that you study the document carefully and seek independent professional advice before investing in the Company.

On behalf of the board of Directors, I recommend this offer to you and look forward to welcoming you as a shareholder of the Company.

Yours sincerely,



Tony King
Executive Chairman

6. Details of the Offers

6.1 The Public Offer and Minimum Subscription

By this Prospectus the Company offers 35,000,000 Shares at an issue price of \$0.20 each to raise \$7,000,000 (before costs of the Offers) (**Public Offer**).

All Shares issued pursuant to the Public Offer will rank equally with the existing Shares on issue. Please refer to Section 13.1 for further information regarding the rights and liabilities attaching to the Shares.

The minimum level of subscription for the Public Offer is 25,000,000 Shares to raise \$5,000,000 (**Minimum Subscription**). No Securities will be issued until the Minimum Subscription has been received. If the Minimum Subscription is not received within four months after the date of this Prospectus (or such period as varied by ASIC), the Company will not issue any Shares under this Prospectus and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

Please refer to Section 6.14(a) for details on how to apply for Shares under the Public Offer.

6.2 The Acquisition Offer

Pursuant to this Prospectus, the Company is also offering up to 58,824,842 Shares and 37,463,826 Performance Shares to the Vendors (or their nominees) (**Acquisition Offer**).

The Shares to be issued pursuant to the Acquisition Offer will rank equally with the existing Shares on issue other than escrow. A summary of the rights and liabilities attaching to the Shares is set out in Section 13.1 of the Prospectus.

A summary of the terms and conditions of Performance Shares is set out in Section 13.2 of the Prospectus. If the Performance Shares convert into Shares upon the relevant milestone being achieved, then the resultant Shares will rank equally with the existing Shares on issue.

Please refer to Section 6.14(b) for details on how to apply for Securities under the Acquisition Offer.

6.3 The Option Offer

Pursuant to this Prospectus, the Company is also offering up to 12,000,000 Options at an issue price of \$0.005 per Option to raise \$60,000 (**Option Offer**). There is no minimum subscription for the Option Offer.

A summary of the rights and liabilities attaching to the Options is set out in Section 13.3 of this Prospectus. If the Options are exercised, then the resultant Shares will rank equally in all respects with the existing Shares on issue. A summary of the rights and liabilities attaching to the Shares is set out in Section 13.1 of the Prospectus.

Please refer to Section 6.14(c) for details on how to apply for Options under the Option Offer.

6.4 Conditions of the Offer

The Public Offer is conditional upon the following events occurring:

- (a) the Company receiving subscriptions for the Minimum Subscription of the Public Offer (being \$5,000,000) (see Section 6.1);
- (b) Shareholders approving the resolutions at the General Meeting (see Section 6.5);

- (c) completion of the Acquisition; and
- (d) ASX approving the Company's re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules and receiving conditional approval for re-quotation of its Shares on the ASX (refer to Section 6.6),

(together the **Conditions of the Offer**)

If the Conditions of the Offer are not achieved then the Company will not proceed with the Offers and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

If the Public Offer does not proceed the Acquisition Offer and the Option Offer will not proceed.

6.5 General Meeting

At the General Meeting to be held on 20 July 2015, the Company will seek Shareholder approval to:

- (a) change in nature and scale of the activities of the Company;
- (b) issue the Consideration Securities (including issue of the new class of Performance Shares) to the Vendors and their nominees;
- (c) issue the Convertible Note Shares;
- (d) issue the Incentive Securities to the Proposed Directors;
- (e) issue the Securities pursuant to the Public Offer and the Option Offer;
- (f) the change of the Company's name to "Whole New Home Limited"; and
- (g) the appointment of Messrs Neil Patel, Nathan Sellyn and Nik Ajagu to the Board.

6.6 Re-compliance with Chapters 1 and 2 of the Listing Rules

At the Company's General Meeting, the Company will seek Shareholder approval for, amongst other things, a change in the nature and scale of the Company's activities as a result of the Acquisition. To give effect to these changes, the ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company will be suspended from trading from the time of the General Meeting and will not be reinstated until the Company has satisfied the Conditions of the Offer, including re-compliance with Chapters 1 and 2 of the Listing Rules.

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

6.7 Application for listing

The Company will apply to ASX no later than seven days from the date of this Prospectus for Official Quotation of the Shares issued pursuant to this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued and Application Monies for those Shares will be refunded in full (without interest) in accordance with the Corporations Act.

The Company will also apply to ASX for quotation of the Options being offered under the Options Offer no later than seven days from the date of this Prospectus. If those Options are not admitted to quotation within three months after the date of this Prospectus, no Options will be issued and Application Monies for those Options will be refunded in full (without interest) in accordance with the Corporations Act.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation to the Shares or Options issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares or Options.

6.8 Purpose of the Offers

The purpose of the Offers is to:

- (a) meet the requirements of ASX to re-comply with the ASX's admission requirements under Chapters 1 and 2 of the Listing Rules;
- (b) meet the requirements of the Acquisition Agreements to enable completion of the Acquisition;
- (c) provide funding for the continued development of the Whole New Home business;
- (d) meet the expenses of the Public Offer; and
- (e) provide administration expenditure and working capital.

6.9 Use of Funds

The table below sets out the intended use of funds raised under the Prospectus together with existing cash reserves over the first year following reinstatement to quotation of the Company's Shares as follows:

	Minimum Subscription \$5,000,000	Maximum Subscription \$7,000,000
Cash on hand of the Company and PDT Technologies ¹	\$3,240,000	\$3,240,000
Funds raised under the Public Offer	\$5,000,000	\$7,000,000
Funds raised under the Option Offer	\$60,000	\$60,000
Total Funds Available	\$8,300,000	\$10,300,000
Use of Funds		
Corporate overheads	\$1,506,000	\$1,506,000
Business development, sales and marketing expenses	\$1,107,000	\$1,107,000
Software and technology development	\$1,479,000	\$1,479,000
Working Capital	\$2,779,000	\$4,657,000
Repayment of Property Beacon Loan	\$86,000	\$86,000
Repayment of Working Capital Loan	\$880,000	\$880,000
Costs of the offer	\$ 463,000	\$ 585,000
Total	\$8,300,000	\$10,300,000

¹ As outlined in the Investigating Accountant's Report in Section 10, as at 31 March 2015 Magnolia had adjusted consolidated cash assets of approximately \$3,240,000.

From 1 April 2015 to 30 June 2015, the Company and PDT Technologies have spent approximately \$1,464,000 of cash on expenses related to the Acquisition of PDT Technologies, the Offers and the continuation and further development of the Whole New Home business (including salary and wages and administration expenses). The estimated combined working capital requirement for the Company and PDT Technologies from 1 June 2015 until completion of the Offers is estimated to be \$2,100,000.

The above table is a statement of current intentions as at the date of this Prospectus. Investors 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 and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Board is satisfied that upon completion of the Offers, the Company will have sufficient working capital to meet its stated objectives as set out in this Prospectus.

The use of debt or equity funding will be considered by the Board where it is appropriate to expand sales and marketing efforts, accelerate a specific project or product development or capitalise on further opportunities.

6.10 Capital Structure

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

Minimum Subscription pursuant to Public Offer - \$5,000,000

	Shares ¹	Options	Performance Shares ⁴
On issue at the date of this Prospectus	36,001,000	-	-
Issued pursuant to the Public Offer	25,000,000	-	-
Issued pursuant to the Acquisition Offer ²	58,824,842	-	37,463,826
Issued pursuant to the Option Offer	-	12,000,000 ³	-
Total following completion of the Acquisition and the Offers	119,825,842	12,000,000	37,463,826

Maximum Subscription pursuant to Public Offer - \$7,000,000

	Shares ¹	Options	Performance Shares ⁴
On issue at the date of this Prospectus	36,001,000	-	-
Issued pursuant to the Public Offer	35,000,000	-	-
Issued pursuant to the Acquisition Offer ²	58,824,842	-	37,463,826
Issued pursuant to the Option Offer	-	12,000,000 ³	-
Total following completion of the Acquisition and the Offers	129,825,842	12,000,000	37,463,826

Notes:

1. Rights attaching to Shares are summarised in Section 13.1

2. Shares and Performance Shares to be issued to the PDT Subscribers under the Acquisition Offer are as follows:
 - a. 42,634,366 Consideration Shares and 36,130,492 Performance Shares to the Vendors and their nominees pursuant to the terms of the Acquisition Agreements. See Section 12.2 for further details.
 - b. 15,523,810 Convertible Note Shares to the Convertible Note holders. See Section 12.5(a) for further details.
 - c. 666,666 Shares and 1,333,334 Performance Shares to Proposed Directors, Nathan Sellyn and Nik Ajagu. See Section 7.6 for further details.
3. Options exercisable at \$0.30, on or before that date that is 3 years from the issue date. Further details in respect to the terms and conditions of the Options are set out in Section 13.3.
4. Comprising 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. Further details in respect to the Performance Shares to be granted are issued in the Performance Shares table below.

The Company will issue 37,463,826 Performance Shares under the Acquisition Offer to certain PDT Subscribers (including the Proposed Directors) as outlined below:

Performance Shares	Number
Class A Performance Shares	9,699,289
Class B Performance Shares	9,699,291
Class C Performance Shares	9,032,623
Class D Performance Shares	9,032,623
Total Performance Shares	37,463,826

Notes:

5. Rights attaching to the Performance Shares are summarised in Section 13.3
6. Performance Shares to be issued pursuant to the PDT Subscribers under the Acquisition Offer are as follows:
 - a. 36,130,492 Performance Shares to nominees of the Vendors pursuant to the terms of the Acquisition Agreements. See Section 12.2 for further details.
 - b. A total of 666,666 Class A Performance Shares and 666,668 Class B Performance Shares to Proposed Directors, Nathan Sellyn and Nik Ajagu. See Section 7.6 for further details.

6.11 No underwriting

The Offers are not underwritten.

6.12 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's Shares being reinstated to trading on the ASX, certain Shares and Performance Shares in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The securities likely to be subject to escrow are Shares and Performance Shares to be issued to the Vendors (or their nominees), the Proposed Directors and the Convertible Note holders pursuant to the Acquisition Offer.

It is anticipated that:

- (a) 27,225,376 Consideration Shares and 36,130,492 Performance Shares issued pursuant to the Acquisition Offer will be escrowed for 24 months from the date of re-compliance with the Listing Rules;
- (b) 15,408,990 Consideration Shares issued to the Vendors (or their nominees) will be escrowed for 12 months from the date of issue;
- (c) 8,423,810 Convertible Note Shares to be issued to the Convertible Note holders will be escrowed for 12 months from the date of issue; and
- (d) 666,666 Shares, 666,666 Class A Performance Shares and 666,668 Class B Performance Shares issued to Proposed Directors, Nathan Sellyn and Nik Ajagu will be escrowed for 24 months from the date of re-compliance with the Listing Rules.

Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Shares and Performance Shares required to be held in escrow.

6.13 Dividend Policy

The Company does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the Whole New Home business.

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

6.14 How to Apply

(a) Public Offer

Applications for Shares under the Public Offer will only be accepted on the general application form accompanying this Prospectus (**Public Offer Application Form**). The Public Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

The Public Offer Application Form must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the Company, for an amount equal to the number of Shares for which the Applicant wishes to apply multiplied by the Application price of \$0.20 per Share. Cheques must be made payable to "Magnolia Resources Limited – Trust Account" and should be crossed "Not Negotiable".

Applications for Shares must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 2,500 Shares (\$500).

Completed Public Offer Application Forms and accompanying cheques (or payment to the bank account advised by the Company) must be received by the Company before 5.00pm (WST) on the Closing Date at either of the following addresses:

Mailed to:

Delivered to:

Magnolia Resources Limited
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

Magnolia Resources Limited
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applicants under the Public Offer are urged to lodge their Public Offer Application Forms as soon as possible as the Public Offer may close early without notice.

An original, completed and lodged Public Offer Application Form together with a cheque for the Application Monies or a payment to the bank account advised by the Company, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Public Offer Application Form. The Public Offer Application Form does not need to be signed to be valid. If the Public Offer Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Public Offer Application Form is final. However an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque or direct transfer for the Application Monies.

(b) **Acquisition Offer**

The Acquisition Offer is an offer to the PDT Subscribers only. Only the PDT Subscribers may apply for Securities under the Acquisition Offer.

A personalised application form will be issued to each PDT Subscriber together with a copy of this Prospectus (**Acquisition Offer Application Form**). The number of Securities to be offered to each PDT Subscriber will be outlined in the Acquisition Offer Application Form provided by the Company. The Company will only provide the Acquisition Offer Application Forms to the persons entitled to participate in the Acquisition Offer.

In order to apply for the issue of Securities under the Acquisition Offer you must complete and return the personalised Acquisition Offer Application Form to:

Company Secretary
Magnolia Resources Limited
Level 1, 35 Richardson Street
West Perth WA 6005

by no later than 5.00pm on the Closing Date. If you do not return your Acquisition Offer Application Form by this time and date, then the Acquisition Offer to you will lapse.

(c) **Option Offer**

Applications for Options under the Option Offer will only be accepted on the option offer application form accompanying this Prospectus (**Option Offer Application Form**). The Option Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

The Option Offer Application Form must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the Company, for an amount equal to the number of Shares for which the Applicant wishes to apply multiplied by the Application price of \$0.005 per Option. Cheques must be made payable to "Magnolia Resources Limited – Trust Account" and should be crossed "Not Negotiable".

Completed Option Offer Application Forms and accompanying cheques (or payment to the bank account advised by the Company) must be received by the Company before 5.00pm (WST) on the Closing Date at either of the following addresses:

Mailed to:

Magnolia Resources Limited
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

Delivered to:

Magnolia Resources Limited
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applicants should note that the Option Offer may close early without notice.

An original, completed and lodged Option Offer Application Form together with a cheque for the Application Monies or a payment to the bank account advised by the Company, constitutes a binding and irrevocable offer to subscribe for the number of Options specified in the Option Offer Application Form. The Option Offer Application Form does not need to be signed to be valid. If the Option Offer Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Option Offer Application Form is final. However an Applicant will not be treated as having applied for more Options than is indicated by the amount of the cheque or direct transfer for the Application Monies.

6.15 Application Monies to be held on Trust

Until the Securities are issued under this Prospectus, the Application Monies for Securities will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. If the Shares to be issued under this Prospectus are not admitted to quotation within three months after the date of this Prospectus, no Securities will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

6.16 Allocation of Securities

The Directors will determine the recipients of the Shares and Options under the Public Offer and the Option Offer in consultation with the Lead Managers. The Directors (in conjunction with the Lead Manager) reserve the right to reject any application or to issue a lesser number of Shares or Options than that applied for. If the number of Shares or Options allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded by cheque to the Applicant (without interest).

Subject to ASX granting approval for quotation of the Shares and the Options, the issue of Securities will occur as soon as practicable after the Offers close. Holding statements will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Securities.

Applicants who sell the Securities before they receive their holding statement will do so at their own risk.

6.17 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place in which, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been

taken to register this Prospectus or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

6.18 Lead Managers

CPS Capital and Alto Capital has been appointed as joint lead managers to the Public Offer and the Option Offer. CPS Capital and Alto Capital will receive 6% of the amount raised from the Shares and Options placed to their clients under the Public Offer and the Option Offer. Refer to Section 12 for a summary of the terms of the Joint Lead Manager Agreement between the Company, CPS Capital and Alto Capital.

6.19 Commissions on Application Forms

The Company reserves the right to pay, via the Joint Lead Managers, a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed to any licensed securities dealers in respect of valid Applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer.

6.20 CHESS and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). All trading on the ASX in existing Shares is, and in new Shares and the Options will be, settled through CHESS. ASX Settlement Pty Ltd (**ASXS**), a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders or Optionholders. Instead, holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASXS will send a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Company's share registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their security holding changes. Shareholders may request a statement at any other time, however a charge may be made for additional statements.

6.21 Risks

As with any investment in securities, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 11 of this Prospectus. The Securities on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this

Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

6.22 Forecast Financial Information

Given the nature of the Whole New Home business and the fact it is in an early stage of development, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On this basis and after considering Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

6.23 Privacy Statement

If you complete an Application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form for Securities, the Company may not be able to accept or process your Application.

6.24 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Public Offer, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

6.25 Enquiries

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Securities under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offers can be directed to the Company on +61 8 9212 0105.

7. Directors, Key Management and Corporate Governance

7.1 Director Profiles

Subject to the completion of the Acquisition it is intended that the Board of the Company will be comprised of Messrs Tony King, Neil Patel, Nathen Sellyn, Nik Ajagu and Cameron Pearce. Mr Travis Schwertfeger intends to resign as a director of the Company following completion of the Acquisition.

Brief profiles of the Directors of the Company following Completion are set out below.

(a) Tony King – Executive Chairman

Mr King is the Managing Director of Max Capital Pty Ltd. Mr King is a Chartered Accountant with over 15 years' experience in finance, accounting and corporate matters. Mr King has extensive experience in business development and transaction execution. Over a number of years Mr King has developed key relationships and extensive networks with fund managers, stockbrokers and financial institutions.

Mr King's career has included several years of investment banking and financing experience, including periods based in London and the eastern states of Australia. Mr King was the managing director of Stirling Minerals Limited when it acquired DMC Mining Pty Ltd (which owned 70% of the Mayoko Iron Ore Project) from Cape Lambert Resources Limited in January 2011 for \$83 million. Stirling Minerals Limited (renamed African Iron Limited) was subsequently acquired by Exxaro Resources Limited in January 2012 for approximately \$338 million.

Mr King is not considered to be an independent director as he is an executive Director and a substantial holder in the Company.

(b) Neil Patel – Managing Director

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 the Chief Executive Officer of PDT Technologies, the company that operates Whole New Home, and will continue in this role after completion of the Acquisition.

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.

Mr Patel is not considered to be an independent director as on completion of the Acquisition, he will be the Managing Director of the Company and a substantial holder in the Company.

(c) Cameron Pearce – Non-Executive Director

Mr Pearce has extensive professional experience in both the Australian and United Kingdom finance industries. In recent times he has provided corporate, strategic, financial and advisory assistance to private and public companies in both Australia and the United Kingdom.

Mr Pearce previously has held the position of finance director of AIM quoted Forum Energy plc, Mantle Diamonds Ltd and Pangaea Energy Ltd. He was also financial controller for the three AIM listed companies Celtic Resources Holdings plc, Eureka Mining plc, and Victoria

Oil and Gas plc. Prior to this, Mr Pearce served as an accountant for Credit Suisse, Bear Stearns International, Rabobank International, Henderson Investors and KPMG Australia.

Mr Pearce is a Chartered Accountant and his qualifications include a Bachelor of Commerce from the University of Western Australia.

Mr Pearce fulfils the role of an independent director as he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

(d) Nathan Sellyn - Non-Executive Director

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.

Mr Sellyn will fulfil the role of an independent director as he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

(e) Nik Ajagu – Non-Executive Director

Nik Ajagu is a New York-based entrepreneur and investor. Mr 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), a San Francisco-based center for art and innovation, and Bare Bottle (barebottle.com) a creative platform for winemakers and graphic artists. Mr 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, Mr 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. Mr Ajagu is an active guest lecturer and his organisational leadership and design models have been highlighted in case studies by academic institutions, including Harvard Business School. A California native, Mr 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.

Mr Ajagu will fulfil the role of an independent director as he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

7.2 Directors' Interests

Other than as set out in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company;

- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (c) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any Director, either to induce that Director to become, or to qualify them as a director of the Company, or otherwise, for services rendered by them in connection with the formation or promotion of the Company or the Offers.

7.3 Directors' Security Holdings

Directors are not required under the Company's Constitution to hold any Shares. Set out in the table below are details of the existing relevant interests of the Existing Directors and Proposed Directors in Shares at the date of this Prospectus and the anticipated relevant interests of the Existing Directors and Proposed Directors in the Shares upon completion of the Offers (assuming the Maximum Subscription is raised under the Public Offer (\$7,000,000)).

Director	Existing Shares	Shares upon completion of the Offers	% interest upon completion of the Offers (Minimum Subscription)	% interest upon completion of the Offers (Maximum Subscription)
Tony King ⁽¹⁾	4,625,040	4,625,040	3.86%	3.56%
Cameron Pearce	250,000	250,000	0.21%	0.19%
Travis Schwertfeger	10,000	10,000	0.01%	0.01%
Neil Patel	Nil	19,950,000	16.649%	15.37%
Nathan Sellyn	Nil	866,666	0.72%	0.67%
Nik Ajagu	Nil	333,333	0.28%	0.26%

Notes

- These shares are held in the name of Seventy Three Pty Ltd. Mr King is a director of Seventy Three Pty Ltd, however is not a direct beneficiary of these securities.
- Mr Patel will be issued 19,950,000 Consideration Shares and 24,605,000 Performance Shares as a Vendor under the Acquisition. The Shares and Performance Shares will be issued to Mr Patel under the Acquisition Offer. See Section 7.6 for further details.
- As part of his appointment Mr Sellyn will be issued 333,333 Shares, 333,333 Class A Performance Shares and 333,334 Class B Performance Shares. Assembly Stakeholders Relations Corp (an entity controlled by Mr Sellyn) will be issued 533,333 Consideration Shares as a Vendor under the Acquisition. The Shares and Performance Shares will be issued to Mr Sellyn under the Acquisition Offer. See Section 7.6 for further details.
- As part of his appointment Mr Ajagu will be issued 333,333 Shares, 333,333 Class A Performance Shares and 333,334 Class B Performance Share. The Shares and Performance Shares will be issued to Mr Ajagu under the Acquisition Offer.

7.4 Remuneration of Directors

The Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders. The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

The remuneration of the executive Directors and key management will be determined by the Board. A summary of Mr Patel's (Managing Director following completion of the Acquisition) employment agreement is set out in Section 7.5.

The annual remuneration (exclusive of any applicable superannuation) payable to each of the Existing Directors as at the date of this Prospectus and until completion of the Acquisition is as follows:

Director	Annual Remuneration
Tony King	\$120,000
Cameron Pearce	\$30,000
Travis Schwertfeger	\$30,000

The annual remuneration (exclusive of any applicable superannuation) payable to each of the Directors following completion of the Acquisition and the Offers is as follows:

Director	Annual Remuneration
Tony King	\$75,000
Neil Patel	C\$185,000
Cameron Pearce	\$30,000
Nathan Sellyn	\$15,000 ⁽¹⁾
Nik Ajagu	\$15,000 ⁽²⁾

Notes

- 1 As part of his appointment Mr Sellyn will also be issued 333,333 Shares, 333,333 Class A Performance Shares and 333,334 Class B Performance Shares
- 2 As part of his appointment Mr Ajagu will be issued 333,333 Shares, 333,333 Class A Performance Shares and 333,334 Class B Performance Shares.

7.5 Key Terms of Agreements with Directors, Senior Management or other Interested Parties

(a) Agreements with Directors and Proposed Directors

(i) Tony King

Under an Executive Services Agreement entered into between Mr Tony King and the Company, Mr King is engaged as Executive Chairman of the Company. From completion of the Acquisition, Mr King's will be paid \$75,000 per annum plus superannuation, which will be reviewed annually.

Either party may terminate the Executive Services Agreement by giving 6 month's written notice. The Company may terminate the Executive Services Agreement without notice for cause. The Executive Service Agreement contains additional industry standard provisions for a senior executive of a public listed company.

(ii) Neil Patel

PDT Technologies and Mr Patel have entered into an executive services agreement for Mr Patel's role as Chief Executive Officer of PDT Technologies., effective as of July 1, 2015. Upon Completion of the Acquisition, the Company will ratify this agreement as sole shareholder of PDT Technologies. Pursuant to this agreement, Mr Patel also agrees to serve as Managing Director of the Company from completion of the Acquisition, for no additional consideration.

The principal terms of the executive services agreement with Mr Patel for the position of Chief Executive Officer of PDT Technologies and Managing Director of the Company are as follows:

- (i) The engagement is for a term of three years. Thereafter, the engagement continues for an indefinite period until terminated or until replaced by a new agreement.
- (ii) A base salary of C\$185,000 per annum (**Base Salary**).
- (iii) The agreement may be terminated:
 - (1) by the Company without notice for cause;
 - (2) by the Company, with six months' notice, or immediately with payment in lieu of notice, at any time after the initial three year term, and with an additional severance payment as set out below; or
 - (3) by the Executive with 180 days' notice.
- (iv) Subject to any limitation on the payment of such termination benefits in accordance with the requirements of the ASX Listing Rules and the Corporations Act, if the Company terminates Mr Patel's engagement without cause, Mr Patel will be paid a lump sum equivalent to 6 months' base salary plus an additional amount equal to 10% of the Base Salary for benefits; or
- (v) Other industry standard provisions for a senior executive of a public listed company or its subsidiaries, including a non-competition restriction.

(b) **Deeds of indemnity, insurance and access**

The Company is party to a deed of indemnity, insurance and access with each of the Existing Directors and is proposing to enter into similar deeds with each of the Proposed Directors. Under these deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

The Company will also enter into a deed of indemnity, insurance and access with each of the Proposed Directors upon their appointment as Directors. Under these deeds, the Company will indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

(c) **Property Beacon Technology Loan Agreement**

PDT Technologies is party to a loan agreement with Property Beacon Technology Inc. (**Property Beacon**). Neil Patel, a Proposed Director, is the major shareholder and a director of Property Beacon. The loan is unsecured, interest free and is repayable on or before 30 June 2016. The outstanding amount of the loan is \$82,178.

7.6 Relationship between Proposed Directors and Whole New Home

Proposed Director, Mr Neil Patel is a shareholder and the sole director of PDT Technologies. The Company proposes to acquire the shares in PDT Technologies held by Mr Patel as part of the Acquisition. Accordingly, pursuant to the terms of the Acquisition Agreements, Mr Patel will receive 19,950,000 Consideration Shares and 24,605,000 Performance Shares on completion of the Acquisition.

Assembly Stakeholders Relations Corp (an entity controlled by Mr Sellyn) is a shareholder in PDT Technologies. The Company proposes to acquire the shares in PDT Technologies held by Assembly Stakeholders Relations Corp as part of the Acquisition. Accordingly, this entity will receive 533,333 Consideration Shares.

It is also intended that Proposed Directors Nathan Sellyn and Nik Ajagu will be issued 666,666 Shares, 666,666 Class A Performance Shares and 666,668 Class B Performance Shares in total.

All Consideration Shares and Performance Shares to be issued to the Vendors (or their nominees) and the Proposed Directors (as applicable) will be issued pursuant to the Acquisition Offer. Refer to Sections 12.2 and 6.14(b) for further details.

7.7 Corporate Governance

This summary identifies the key corporate governance policies and practices adopted by the Company's Board. The Board is committed to ensuring continued investor confidence in the operations of the Company and in maintaining high standards of corporate governance in the performance of their duties.

The role of the Board

The role of the Board is to provide strategic guidance to the Company (and its related bodies corporate), effective oversight of management and to provide a sound base for a culture of good corporate governance within the Company.

The Board will always retain ultimate authority over the management and staff of the Company and its related bodies corporate.

In performing its role, the Board should act, at all times:

- (a) in recognition of its overriding responsibility to act honestly, fairly and in accordance with the law in serving the interests of the Company, its shareholders, as well as its employees, customers and the community;
- (b) in a manner designed to create and continue to build sustainable value for shareholders;
- (c) in accordance with the duties and obligations imposed upon them by the Constitution and applicable law; and
- (d) with integrity and objectivity, consistent with the ethical, professional and other standards set out in the Company's corporate governance policies.

Responsibilities of the Board

The responsibilities of the Board include to:

- (a) represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;

- (b) protect and optimise the Company's performance and build sustainable value for Shareholders;
- (c) set, review and ensure compliance with the Company's values and governance framework; and
- (d) ensure that Shareholders are kept informed of the Company's performance and major developments.

Composition of the Board

Under the Company's constitution, the minimum number of Directors is three and the maximum number is ten. The Board at the date of this Prospectus is comprised of 3 Directors, namely Tony King, Cameron Pearce and Travis Schwertfeger. Upon Completion of the Acquisition, the Board will be comprised of 5 Directors, namely Tony King, Neil Patel, Cameron Pearce, Nathan Sellyn and Nik Ajagu. The Directors consider the size and composition of the Board is appropriate given the current size and status of the Company.

Each Director is bound by all of the Company's charters, policies and codes of conduct. If the Board determines it is appropriate or necessary, it may establish committees to assist in carrying out various responsibilities of the Board. Such committees will be established by a formal charter.

The Board delegates the management of the Company's business and day to day operation to the Managing Director who is authorised, in turn, to delegate such powers conferred on him or her to members of the senior management group.

The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

Independence of Directors

The Board considers the issue of independence with regard to a set of questions outlined in the Board charter. The issue is considered in light of a materiality threshold relevant to the particular time of the issue.

Independent professional advice

The Directors are entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Such advice may be sought in accordance with the procedures set out in the Board charter.

Securities trading policy

The Company has adopted a formal policy for dealing in the Company's securities by Directors and employees and their related entities (in accordance with Listing Rule 12.9). "The securities trading policy regarding allowable dealings is that those persons should:

- (a) not deal in the Company's securities while in possession of price sensitive, non-public information; and
- (b) only trade in the Company's securities after receiving clearance to do so from a designated clearance officer, where clearance may not be provided in defined "black out periods".

The securities trading policy is available on the Company's website at www.magnoliaresources.com.au.

Remuneration policy

The Company has adopted a remuneration policy designed to align individual and team reward and encourage executives to perform to their full capacity.

Remuneration packages may contain any or all of the following:

- (a) annual salary base with provision to recognise the value of the individuals' personal performance and their ability and experience;
- (b) rewards, bonuses, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution; and
- (c) other benefits, such as holiday leave, sickness benefits, superannuation payments and long service benefits.

The Board will determine the appropriate level and structure of remuneration of the executive team and such consideration will occur each year on the recommendation of the Managing Director.

Remuneration of the executive Directors will be reviewed annually by the Board. Determination of non-executive Director's fees is with regard to the long term performance of the Company.

Continuous disclosure policy

The Company, as a listed public company, is required to disclose price sensitive information to the market as it becomes known to comply with the continuous disclosure requirements of the Corporations Act and the Listing Rules.

The continuous disclosure policy of the Company ensures that all Shareholders and investors have equal access to the Company's information, to the extent practicable. Price sensitive information will be disclosed by way of an announcement to the ASX and placed on the Company's website.

Shareholder communication

The Board strives to ensure that Shareholders are provided with full and timely information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders:

- (a) through the release of information to the market via the ASX;
- (b) through the distribution of the annual report and notice of annual general meeting;
- (c) through letters and other forms of communications directly to Shareholders; and
- (d) by posting relevant information on the Company's website.

Ethical standards and business conduct

The Board recognises the need for Directors and employees to observe appropriate standards of behaviour and business ethics when engaging in corporate activity. Through its code of conduct, the Board intends to maintain a reputation for integrity. The Company's business ethics are founded on openness, honesty, fairness, integrity, mutual respect, ethical conduct and compliance with laws.

The standards set out in the code of conduct are required to be adhered to by officers and employees of the Company. The code of conduct and further details of these standards can be found on the Company's website.

ASX Corporate Governance Principles and Recommendations

Where possible and having regard to the size and nature of the Company's operations, the Board has adopted the Corporate Governance Principles and Recommendations (3rd Edition) issued by the ASX Corporate Governance Council. As a listed entity the Company has been required to report any departures from the principles and recommendations in its annual report. The Company's departures from the principles and recommendations, as at the date of re-admission to the Official List, are set out in the table below.

Recommendation	Nature of departure	Explanation for departure
2.1	The Company does not have a nomination committee.	The role of the nomination committee is assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a committee.
2.5	The chairman of the Board is not independent.	Mr King is the Executive Chairman of the Company. As an executive director and substantial shareholder, Mr King is not independent of the Company in accordance with Recommendation 2.2 of the ASX Principles and Recommendations. However, the executive role of Mr King will be balanced by the presence of a clear majority of independent Directors on the Board. The Board believes Mr King is the best person to undertake the chairman's role and does not believe it is necessary at this stage to appoint an independent chairman of the Board.
4.1	The Company does not have an audit committee.	The role of the audit committee is assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a committee.
7.1	The Company does not have a risk committee.	The role of the risk committee is assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a committee. Business risk is continually assessed by the Board in accordance with the Company's risk management and internal compliance and control policy.
8.1	The Company does not have a remuneration committee.	The role of the remuneration committee is assumed by the full Board who apply the Company's Remuneration Policy. The size and scope of the Company's activities does not justify the establishment of such a committee. No Director participates in any

Recommendation	Nature of departure	Explanation for departure
		deliberation regarding his own remuneration or related issues.

8. Company and Whole New Home Overview

8.1 Company Strategy

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 \$1,733,000 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 is the operating entity which operates Whole New Home.

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.

8.2 Whole New Home – Business Overview

Whole New Home is a North American focused Software-as-a-Service (SaaS) and e-commerce platform (the **Platform**) connecting interior designers, decorators and home stylists (**Home Designers**) with homeowners, creating a true omni-channel retail experience. Whole New Home's head office is located in Vancouver, British Columbia, Canada.

The business remains at an early stage of operations and has yet to earn material revenue. The Platform is currently in a "soft launch" period, during which it is being continuously developed and improved, in preparation for its official launch. Management anticipates that the Platform will be officially launched and made generally available to the public in the third quarter of 2015.

The goal of the Platform is to provide Home Designers a tool to grow their business while inspiring homeowners to add beauty and value to their homes.

Designers create Inspiration Boards that bring homeowners' design vision to life based on products Whole New Home sells via the Platform. The service is free to the homeowner. Currently, Whole New Home is offering membership for Home Designers for free, in order to build up its membership base. In the future, it is anticipated that Home Designers will pay a membership fee to Whole New Home to be able to profit share on sales generated from their Inspiration Boards. This would create a subscription-based recurring revenue stream for the company.

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.

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 established 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 Platform. Upon purchase, the difference between a product's wholesale price and sale price is earned by Whole New Home as profit. Whole New Home will allow Home Designers to earn income by receive a predetermined share of this profit. These 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, including its rebranding strategy, will serve as a key to the business's success. Further details of Whole New Home's Marketing Plan are outlined in Section 8.4(f).

8.3 Industry overview

Whole New Home operates within the large and fast-growing home furnishings and e-commerce industries. Based on industry sources, the home furnishings industry is estimated to generate over US\$160 billion dollars in retail sales in the US and over \$700 billion globally.

The e-commerce industry in general continues to experience strong growth. Based on publicly available industry research, Management's believes that consumers are becoming increasingly willing to purchase furniture online and that there will continue to be a growth in online home furnishing sales in the US.

8.4 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 Home Designers registered on the Platform;
- (ii) convert an increasing number of Home Designers into paying Platform subscribers;
- (iii) grow the number of homeowners registered as users of the Platform;
- (iv) develop an extensive catalogue of available products by continually expanding relationships with the suppliers of these products;
- (v) continually refine and improve the Platform so that it delivers the best possible experience for all users; and
- (vi) open Design Studios in key urban locations, starting with Vancouver, B.C.

(b) Overview of Whole New Home's Technology

Whole New Home's principal product is the online Software-as-a-Service (SaaS) and e-commerce platform that serves as a marketplace for connecting buyers (homeowners) with Home Designers. The Platform has the following key features:

Verification and Sign-In: A comprehensive method to allow users to register with the Platform through both email and social media.

Designer Search: The Platform provides for search tools to allow homeowners to connect with Home Designers in their local area or based on their preferences.

Designer Profiles: Home Designers can create detailed profiles to market themselves to homeowners searching for products or services.

Designer Communication: Whole New Home provides a variety of communication tools to enable communication between Home Designer members and homeowners.

Inspiration Boards: The core offerings presented through the Platform are “Inspiration Boards”. Inspiration Boards enable Home Designers to curate design ideas, home decor products, art and furnishings. Designers can create Inspiration Boards to pitch design ideas to their clients and generate income via the sale of products and services promoted on their Inspiration Board. Homeowners will browse home improvement ideas and designers’ offerings by viewing Inspiration Boards and make purchases from the Inspiration Boards.

E-commerce System: The Platform provides an e-commerce system allowing customers to make secure on-line purchases of products showcased on the Inspiration Boards. The system is integrated with the Home Designer subscription service in order to allow Home Designers to share in the sales revenues generated from their Inspiration Boards.

Giving Back: The e-commerce system will allow customers to select a charity to which Whole New Home will donate a percentage of its profit generated from sales transactions. Whole New Home partners with the Better Homes for Everyone Foundation for purposes of selecting and managing eligible charities.

(c) **Customers and Revenue Model**

The Whole New Home business has two key revenue streams, as set out below.

1. Designers

Currently, to drive adoption, Home Designers can register on the Platform for no cost. This initial fee-free period is currently intended to continue until the Company has determined that the business has built up sufficient base of registered users. Following this initial fee-free period, it is anticipated Home Designers who wish to register on the Platform 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 earned by Whole New Home as profit. Whole New Home will allow Home Designers to earn income by receive a predetermined share of this profit, which will vary depending on certain factors, such as sales volume.

(d) **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 will provide Whole New Home's designers with a growing range of products. The business currently has over 40,000 products in its product catalogue and intends to have over 60,000 products in the catalogue by the Platform's official launch in the third quarter of 2015. Whole New Home intends to grow that number to over 500,000 products within the 12 months following reinstatement to quotation of the Company's Shares. In order to achieve this, Whole New Home intends to (a) implement certain additional technological features within its e-commerce system that will allow for products to be customized by customers thereby allowing for a significant number product variations, (b) focus on adding home décor accessories, thereby widening the breadth of the available assortment due to the variety of categories available, and (c) add handcraft and artwork product categories to its catalogue.

Management of Whole New Home considers 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 Platform. Whole New Home intends to engage one or more third-party logistics providers, in order to facilitate delivery of multiple products from different vendors to each customer and to offer "white glove" delivery service to customers who require it.

Whole New Home currently offers shipping of products to Canada and the United States. Whole New Home intends to offer shipping of products to other countries as its business grows, but no target date has yet been set for worldwide shipping.

(e) **Design Studios**

Whole New Home intends to open "Design Studios", which are physical retail stores which serve as locations where homeowners connect in person with Home Designers. Customers will also be able to view home décor products and furnishings using computer technology, touch screens and full 3D holographic displays.

It is intended that Design Studios will complement the e-commerce business, driving transactions, increase brand awareness, and satisfy supplier requirements for a brick and mortar showroom.

Whole New Home has signed a lease for a retail space located in Vancouver, B.C., which will house its first Design Studio. Whole New Home intends to open the Design Studio to the public in connection with its official launch in the third quarter of 2015.

Whole New Home has signed an agreement with H+ Technology, a Vancouver-based company, in order to develop an interactive holographic room to be located in the Vancouver

Design Studio, called a “Dream Room”. The Dream Room will utilize holographic technology, 360 degree projection and interactive technologies to create an immersive experience for customers, allowing them to view and interact with products and visualize them in their living space. For more details regarding the agreement with H+ Technology, see Section 12.5(c).

(f) **Marketing Plan**

Whole New Home’s marketing plan revolves around several independent strategies designed to grow awareness of the Platform among both homeowners and Home Designers.

(i) **Rebranding Strategy**

Whole New Home is in the process of rebranding the business in order to adopt a new business name and trademark, to replace “Whole New Home”. The goal is to develop a stronger, more distinctive brand that better communicates Whole New Home’s unique technology offering and compelling omni-channel customer experience. Management also believes that a new brand will better represent the broad scope of Whole New Home’s business, which has the potential to reach beyond the home into other retail industry segments.

Management intends that the new brand will be used in order to launch the Platform in the third quarter of 2015.

(ii) **Social Sharing**

All members are encouraged to use the simple social sharing tools built into the 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.

(iii) **Social Causes**

If the business begins to generate positive cash flows, Whole New Home intends to donate a percentage of its e-commerce profits directly to registered charities via the Better Homes for Everyone Foundation. This foundation, established in May 2015, provides a platform through which companies in the home space can support local charitable organizations with a mandate to support the end of homelessness.

It is intended that at the conclusion of each sales transaction, consumers will have the option of choosing a charity from among those selected by Whole New Home. This charity will then receive a percentage of Whole New Home’s profit generated from that transaction, through the Foundation.

(iv) **Home Design Events**

Whole New Home has participated and 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.

(g) **Competition**

The retail home furnishings industry is highly competitive and is subject to increasing domestic and global competition which is fast-paced and fast-changing. Whole New Home will compete for both the attention of homeowners and the patronage of design industry professionals against a range of established and emerging companies. These competitors will include other retailers, including large department stores, discount retailers and other specialty retailers offering home furnishings and other e-commerce websites. Competitors will also include established Internet companies who may have significantly greater resources and name recognition than Whole New Home. As an example, Whole New Home competes with “Houzz,” a web site and online community dedicated to architecture, interior design and decorating, landscape design, and home improvement.

The business will compete on the basis of a number of factors, including the quality of the online platform, the quality of the products offered on the website, the ability to deliver the products sold in a timely and reliable fashion, the ability to leverage retail space to support e-commerce purchases and the ability to engage customers who are interested in social causes. Whole New Home believes that it compares favourably with many of its current competitors with respect to some or all of these factors.

For further details on the risks posted by competition in respect of Whole New Home’s business, see Section 11.1(k).

(h) **Strategic Objectives**

The strategic objectives for Whole New Home for the period of 12 months following reinstatement to quotation of the Company’s Shares are as follows:

- (i) Launch the mobile version of the 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 Platform.
- (iii) Increase the size of the home improvement and design product catalogue to over 500,000 products.
- (iv) Open the first Design Studio in Vancouver, British Columbia.
- (v) Expand the Whole New Home business by increasing the number of active users in the United States and Canada.

8.5 Management of Whole New Home

(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.

(b) **Darren Battersby – Chief Financial Officer**

Mr. Battersby's experience is primarily within the financing, structuring and operating of startup and growing companies, and spans across a variety of industries such as software development, bio-tech, entertainment and high tech. He currently is a co-owner of a consulting company and has recently held the position of CFO of Network Media Group Inc. (NTE.V), Rainmaker Entertainment (RNK.TO) and OneMove Technologies Inc. (OM.V). He qualified as a chartered accountant in 1997 through the British Columbia Institute and graduated from Simon Fraser University in 1994 with a BBA.

(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) **Eric Brian Johnson – Chief Communications Officer**

Over a career spanning 25 years, Mr. Johnson has brought integrated communications solutions to some of Canada's leading brands as well as several independent businesses.

(e) **Marc-Alexandre Poirier – General Counsel**

Mr. Poirier is a corporate and commercial lawyer with extensive practice experience dealing with complex commercial transactions involving businesses located around the world. He practiced law at Davies, Ward Phillips & Vineberg LLP, a leading Canadian law firm in Montreal and Baker & McKenzie, one of the world's premier law firms, in Hong Kong, China.

(f) **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.

(g) **Sean Peever - Director: Retail and Client Experience**

Mr. Peever comes from a retail and technology background. He worked with Geek Squad (now Best Buy's technical support service) from Geek Squad's start in Canada and over a period of 10 years brought it to over 200 retail locations across Canada. He has broad experience in opening retail locations with consistent client experience and company branding.

8.6 Financial Information

Information relating to the financial information of the Company and PDT Technologies is set out in Section 9 of this Prospectus and the Investigating Accountant's Report in Section 10 of this Prospectus.

8.7 Current Assets of the Company

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 resolutions relating to the Acquisition are approved by Shareholders at the General Meeting 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.

9. Financial Information

Following the change in the nature of activities, the Company will be focused on developing the Whole New Home business. Therefore, the Company's past operations and financial historical performance will not be of significant relevance to future activities.

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or the Whole New Home business or whether any material revenues or profitability will eventuate. Prior to the date of this Prospectus, the Company has been operating its mining exploration business. As stated above, the Directors do not consider that these early results provide sufficient evidence to predict any future material revenues or profitability.

Whole New Home is essentially a start-up company with limited trading history. Since incorporating in August 2013, Whole New Home's activities have principally involved attracting and engaging its management team and other employees, development of its online platform, comprehensive market analysis and strategic business planning.

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

The initial funding for the Company's future activities will be generated from the Public Offer and the Option Offer and existing cash reserves. The Company may need to raise further capital in the future to continue to develop the business of Whole New Home, and such amounts may be raised by further equity raisings, or the Company may consider other forms of debt or quasi-debt funding if required.

As a result of the above, the Company is not in a position to disclose any of the key financial ratios or financial information other than the financial statements included in Section 10 of this Prospectus.

10. Investigating Accountant's Report

8 July 2015

The Directors
Magnolia Resources Limited
(To be renamed Whole New Homes Limited)
Level 1, 35 Richardson Street
WEST PERTH WA 6005

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Magnolia Resources Limited ("Magnolia" or "the Company") for inclusion in a Prospectus to be dated on or around 9 July 2015 ("the Prospectus") relating to the proposed offer and issue by Magnolia of various shares, performance shares and share options as follows:

- The issue of up to 35,000,000 New Shares to be issued at a price of 20 cents each to raise a gross up to \$7,000,000 (the minimum subscription is \$5,000,000) along with the issue of 12,000,000 share options at 0.5 cents each (to raise \$60,000) and exercisable at 30 cents each, on or before three years from date of issue;
- The issue of 38,576,819 Consideration Shares under the Vendor Shares Offer;
- The issue of 15,523,810 Conversion Shares to convertible note holders in PDT Technologies Inc. ("PDT") to eliminate PDT converting loan liabilities of \$1,420,000;
- The issue of 4,057,547 Advisor Shares at 20 cents each to the Advisors to PDT in relation to the proposals with Magnolia;
- The issue of 33,609,760 Performance Shares to various nominees of the Vendors (some of whom are employees or shareholders of PDT) in four tranches as noted below;
- The issue of 2,520,732 Performance Shares to advisers of PDT in four tranches as noted below; and
- 666,666 shares to two of the incoming directors at 20 cents each and the issue of a total of 1,333,334 Performance Shares to the two incoming directors.

The Company is to change its name to Whole New Home Limited after shareholders approve the change (and other resolutions) in July 2015. Further details are outlined below.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the condensed statement of financial position (balance sheet) of Magnolia and the pro-forma consolidated statement of financial position of Magnolia as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd has not been requested

to consider the prospects for the Magnolia Group (including its proposed subsidiary, PDT, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Sections 4 and 11 of the Prospectus.

3. Background

Magnolia is currently an ASX listed mineral exploration and evaluation company having achieved an ASX listing on 1 November 2012. The Company has a subsidiary, Stirling Mineral Limited. Its major mineral interests is its 100% owned Oldham Range Project 320km north east of Wiluna in Western Australia. The Company is exploring for copper, zinc and nickel. As a result of entering into an agreement to acquire PDT, the Magnolia Group has impaired the carrying value of its mineral assets to \$5,000 and treated the exploration assets (at \$5,000) as an asset held for sale.

The Company in early July 2015 received \$1,507,000 (after costs of \$93,000) from the exercise of 8,000,000 share options that were exercisable at 20 cents each by 30 June 2015 (the majority of the monies were received via an underwriting of the options) and thus 8,000,000 new shares were issued in July 2015.

In March 2015, the Company announced that it had entered into a non-binding heads of agreement with PDT (refer above) a company incorporated in Canada that provides integrated solutions for homeowners and property goods and service providers (operates as Whole New Home). Magnolia paid an exclusivity fee of \$50,000 to secure a 60 day exclusivity period diligence to complete commercial, legal and financial.

Whole New Home is a North American focused Software-as-a-Service (SaaS) and e-commerce platform connecting interior designers, decorators and home stylists ("Home Designers") with homeowners, creating a true omni-channel retail experience. Whole New Home's head office is located in Vancouver, British Columbia, Canada. The goal of the business is to provide Home Designers a platform to grow their business while inspiring homeowners to add beauty and value to their homes.

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. Currently, Whole New Home is offering membership for Home Designers for free, in order to build up its membership base. In the future, Home Designers will pay a membership fee to Whole New Home to be able to profit share on sales generated from their Inspiration Boards. This makes them a de facto sales force for Whole New Home while creating a subscription-based recurring revenue stream for the company.

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. 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 established 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 shared between Whole New Home and the promoting Home Designer according to a pre-determined formula. These 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 8.4(f) of the Prospectus.

In May 2015, after the Company completed initial due diligence on PDT, entered into a Share Sale Agreement to acquire 100% of the issued capital of PDT and the consideration payable is as follows:

- 38,576,819 Consideration Shares;
- 15,523,810 Conversion Shares on conversion of convertible notes of \$1,420,000 owing by PDT to various converting note holders;
- 4,057,547 Adviser Shares to the advisers to PDT in relation to the proposals with Magnolia;
- 33,609,760 Performance Shares to various nominees of the Vendors (some of whom are employees or shareholders of PDT) trading as Whole New Home (in four equal tranches as noted below); and
- 2,520,732 Performance Shares to various advisors of PDT (in four equal tranches as noted below).

In addition it is agreed that 12,000,000 Share Options will be issued at an issue price of 0.5 cents each (to raise \$60,000), exercisable at 30 cents each, on or before three years from the issue date (as part of the Capital Raising noted below).

Completion of the proposed transactions is subject to a number of condition precedents being satisfied or waived. These conditions include the receipt of shareholder approval for all the resolutions being sought at the EGM, completion of a capital raising which is being conducted under this Prospectus (minimum of \$5,000,000) and the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules.

The terms and vesting (Milestone) conditions of the Performance Shares to be issued to the Vendors, their nominees and advisers of PDT are as follows:

Milestone A (Milestone A Performance Shares)

- 9,032,623 Milestone A Performance Shares shall convert to ordinary shares upon:
 1. A minimum of 1,000 Registered Home Designers each achieving the CAN\$ equivalent of at least A\$200 Revenue each month for three consecutive months, on or before 30 August 2016; or
 2. A minimum of 1,000 Registered Home Designers each achieving the CAN\$ equivalent of at least A\$200 Revenue each month for three consecutive months, and Milestone D is also achieved.

Milestone B (Milestone B Performance Shares)

- 9,032,623 Milestone B Performance Shares shall convert to ordinary shares upon:
 1. A minimum of 1,000 Registered Home Designers each achieving the CAN\$ equivalent of at least A\$750 Revenue each month for three consecutive months, on or before 31 December 2016; or
 2. A minimum of 1,000 Registered Home Designers each achieving the CAN\$ equivalent of at least A\$750 Revenue each month for three consecutive months, and Milestone D is also achieved.

Milestone C (Milestone C Performance Shares)

- 9,032,623 Milestone C Performance Shares shall convert to ordinary shares upon:
 1. The Company achieving the CAN\$ equivalent of at least A\$20,000,000 in revenue in any twelve month period and has a minimum of 20,000 Registered Home Designers, on or before 31 December 2017; or
 2. The Company achieving the CAN\$ equivalent of at least A\$20,000,000 in revenue in any twelve month period and has a minimum of 20,000 Registered Home Designers, and Milestone D is achieved.

Milestone D (Milestone D Performance Shares)

- 9,032,623 Milestone D Performance Shares shall convert to ordinary shares upon:
 1. The Company achieving the CAN\$ equivalent of at least A\$50,000,000 in revenue in any twelve month period; and
 2. A minimum of 35,000 Registered Home Designers, on or before 31 December 2018.

A summary adjusted unaudited balance sheet (statement of financial position) of PDT as at 31 March 2015 is noted elsewhere in this report. Further information on PDT and its business are set out in Section 8 of the Prospectus.

The Company has agreed to advance PDT up to \$750,000 as a temporary loan so PDT can use as working capital. The loan will be secured over the assets of PDT and will become repayable on the earlier of 30 June 2016 or in the event the Acquisition Agreements are terminated. The advance can only be made once shareholders approve the Acquisition.

On 18 June 2015, the Company issued a Notice of Meeting (“Notice”) and an Explanatory Memorandum attached to the Notice (“EM”) that requests shareholder approval for the following:

- Resolution 1 - Approve the change in nature and scale of activities of the Company;
- Resolution 2 – Approve the acquisition of PDT and the issue of up to 38,576,819 Consideration Shares to the Vendors (or their nominees) of PDT as consideration for the Acquisition of all of the shares in PDT;
- Resolution 3 – Relates to the proposal to issue a new class of securities (Performance Shares);
- Resolution 4 – Relates to the approval to issue up to 33,609,760 Performance Shares;
- Resolution 5 –Relates to the issue of up to 35,000,000 Capital Raising Shares at an issue price of 20 cents each”) (to raise up to a gross \$7,000,000) (the minimum is to be \$5,000,000 – 25,000,000 shares) and the issue of 12,000,000 New Options at 0.5 cents (to raise up to a gross \$60,000) each exercisable at 30 cents each, on or before three years from date of issue;
- Resolution 6 – Relates to the issue of up to 15,523,810 Converting Loan Shares to the Lenders (Convertible Note Holders) of PDT (treated as part of the Acquisition of PDT);

- Resolution 7 – Relates to the appointment of Neil Patel as a Director of Magnolia, following completion of the Acquisition (of all of the shares in PDT);
- Resolution 8 – Relates to the appointment of Nathan Sellyn as a Director of Magnolia, following completion of the Acquisition (of all of the shares in PDT);
- Resolution 9 – Relates to the appointment of Nic Ajagu as a Director of Magnolia, following completion of the Acquisition (of all of the shares in PDT);
- Resolution 10 – Relates the proposal to change the name of the Company to Whole New Homes Limited;
- Resolution 11 –Relates to the proposal for the Company to issue up to 4,057,547 Advisor Shares and 2,520,732 Performance Shares (together the Advisor Securities) to the Advisors or their nominees;
- Resolution 12 – relates to the issue of 333,333 Shares and 666,667 Performance Shares to Nathan Sellyn (not part of the 33,607,960 Performance Shares to be issued to the employees of PDT); and
- Resolution 13 – relates to the issue of 333,333 Shares and 666,667 Performance Shares to Nic Ajuga (not part of the 33,607,960 Performance Shares to be issued to the employees of PDT).

The Performance Shares to be issued to Nathan Sellyn and Nic Ajuga are in two tranches and have the same terms and conditions as the Milestone A and Milestone B Performance Shares noted above.

This report (and the Prospectus) assumes that shareholders will approve all of the 13 Resolutions on 20 July 2015.

PDT has entered into an Executive Services Agreements with Neil Patel for a period of three years effective from 1 July 2015. Six months' notice is required to terminate the consultancy. The annual base salary payable is CAN\$185,000 (approximately AUS\$195,000).

There are various employment contracts with key management personal of PDT and these are summarised in Section 12 of the Prospectus.

PDT has entered into a Loan Agreement with three parties associated with shareholders of Magnolia whereby PDT may borrow \$800,000 interest free (but a borrowing fee of \$80,000 is payable). To 30 June 2015, \$600,000 has been lent to PDT and the balance of \$200,000 is expected to be made in July 2015. The Loans are repayable on the earlier of completion of the Acquisition and 30 November 2015.

In addition, PDT has entered into various agreements with third parties as noted in Section 12 of the Prospectus.

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets of the Magnolia Group. Further details on all significant (material) contracts entered into by the Company and PDT relevant to new and existing investors and are referred to in Sections 12 and 7.5 (Mr Patel's services agreement) of the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities to prepare an Independent Accountant's Report on:

- a) The statement of profit and loss and other comprehensive income of Magnolia for the year ended 30 June 2014 and the nine months ended 31 March 2015;
- b) The consolidated statement of financial position of Magnolia as at 31 March 2015; and
- c) The consolidated pro-forma statement of financial position of Magnolia at 31 March 2015 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has not been audited (except for the statement of profit and loss and other comprehensive income of Magnolia for the year ended 30 June 2014) however has been subject to audit review but are unaudited. PDT has been audited for the year ended 31 August 2014 and the seven months ended 31 March 2015 by an accounting firm in Canada and we have made the necessary enquiries as to their methodology and discussed accounting issues relating to PDT with the auditors. The Directors of Magnolia are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

- a) Discussions with Directors and other key management of Magnolia;
- b) Review of contractual arrangements;
- c) A review of publicly available information; and
- d) A review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of Magnolia as at 31 March 2015 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results and statements of financial position, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the statements of financial position as at 31 March 2015 and the results of the period identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 March 2015 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd (Trading as Stantons International Securities) or Stantons International Audit and Consulting Pty Ltd (Trading as Stantons International) do not have any interests in Magnolia either directly or indirectly, or in the outcome of the offer. Stantons International Securities and Stantons International (who are the auditors of Magnolia) were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Stantons International Securities consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD

A handwritten signature in dark ink, appearing to read 'John Van Dieren', followed by a long horizontal flourish.

John Van Dieren – FCA
Director

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 – UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Magnolia Year ended 30 June 2014 \$	Magnolia Nine Months ended 31 March 2015 \$
Revenue- interest income	81,587	44,297
<u>Continuing Operations</u>		
Employee and Directors remuneration	(196,650)	(147,825)
Finance costs	(394)	(284)
Share based payments	-	
Financial and company secretarial expenses	(75,600)	(21,380)
Audit fees	(18,203)	(3,555)
Insurance	(6,808)	(10,292)
ASX and share registry fees	(24,394)	(24,803)
Project assessment costs written off		
Exploration and evaluation expenditure	(73,726)	(17,922)
Other expenses	(57,826)	(64,295)
Due diligence costs	-	(50,000)
Impairment of capitalised exploration costs	-	-
Net (loss) before tax from continuing operations	(372,014)	(296,059)
<u>Other Comprehensive Income</u>		
Exchange differences on translating foreign operations	-	-
Total Comprehensive (Loss) for the period	-	(296,059)
 Loss attributable to:		
Equity holders of the Company	(372,014)	(296,059)
Non-controlling interests	-	-
	(372,014)	(296,059)
 Total Comprehensive Loss attributable to:		
Equity holders of the Company	(372,014)	(296,059)
Non-controlling interests	-	-
	(372,014)	(296,059)

APPENDIX 2 – UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Magnolia (Unaudited Adjusted) Consolidated 31 March 2015 \$000's	Magnolia Pro-forma Unaudited Consolidated 31 March 2015 \$000's
Current Assets			
Cash assets	3	3,240	6,675
Receivables and prepayments	4	4	107
Tenements, held for resale	5	5	5
Other assets	13	-	3
Total Current Assets		<u>3,249</u>	<u>6,790</u>
Non-Current Assets			
Fixed assets	13	-	326
Exploration expenditure	5	-	-
Investment in subsidiaries	6	-	-
Total Non Current Assets		<u>-</u>	<u>326</u>
Total Assets		<u>3,249</u>	<u>7,116</u>
Current Liabilities			
Trade and other payables	7	4	592
Convertible notes	8	-	-
Total Current Liabilities		<u>4</u>	<u>592</u>
Total Liabilities		<u>4</u>	<u>592</u>
Net Assets		<u>3,245</u>	<u>6,524</u>
Equity			
Issued capital	9	5,345	19,076
Share based payment reserve	10	276	60
Accumulated losses	11	(2,376)	(12,612)
Total Equity		<u>3,245</u>	<u>6,524</u>

Condensed Notes to and forming part of the above condensed statements of financial position are attached.

INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

CONDENSED NOTES TO THE UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The audited and unaudited condensed consolidated Statement of Profit and Loss and Other Comprehensive Income and unaudited condensed consolidated Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the capital raising being successful.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

- (d) **Trade and other accounts payable**
Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.
- (e) **Recoverable Amount of Non Current Assets**
The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.
- (f) **Operating Revenue**
Revenue is measured at the fair value of the gross consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Company's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Subscription revenue

Revenue is earned primarily from subscriptions received from the website members. Revenues for memberships are paid in advance and will be deferred and recognised as revenue over the subscription period.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

- (g) **Issued Capital**
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.
- (h) **Principles of Consolidation**
The consolidated financial statements comprise the financial statements of Magnolia and its subsidiaries ("the Group").
Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements. In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full.

Minority interests not held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders' equity.

(i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(j) Critical accounting estimates and judgements

In preparing this Financial Report, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalised Exploration Costs

The Magnolia Group has capitalised exploration expenditure of approximately \$5,000 (after an impairment of \$1,282,000). The recoverability of such expenditure is dependent on the successful commercialisation of the projects and/or sale of the exploration projects at amounts at least equal to book values.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period include impairment of capitalised case funding costs, goodwill on consolidation and investments in subsidiaries.

(k) Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it has a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 ‘Financial Instruments: Recognition and Measurement’ permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item.

AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(1) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All foreign

currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

(m) Intangible assets

(i) Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. If impaired, a write down will occur.

(ii) Acquired both separately and from a business combination

Intangible assets acquired separately are capitalized at cost and from a business combination are acquired at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortization is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against the income statement in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(iii) Other intangible assets

Other intangible assets that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

A summary of the policies applied to the consolidated entity's intangible assets is as follows:

Goodwill and intangible assets with an indefinite life are systematically tested for impairment at each balance sheet date. Capitalised development costs and patents and trademarks with a finite life are amortized. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(n) Accounting for business combinations

The Company has adopted IFRS 3 *Business Combinations*. All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

The merger will be recorded under the reverse acquisition principals which results in the Legal Parent (in this case, Magnolia) being accounted for as the subsidiary, while the Legal Acquiree (in this case, PDT), being accounted for as the parent. Under the reverse acquisition principals, the consideration to be provided by PDT was determined to be

\$7,200,200 (based on the 20 cents issue price of the Capital Raising Shares under the Prospectus) less \$31,506 that related to a finders fee accrued in the books of PDT, which is the fair value of the 36,001,000 post consolidated Consideration Shares owned by the former Magnolia shareholders as at 3 July 2015.

The excess of fair value of the shares owned by the former Magnolia shareholders and the fair value of the identifiable net assets of Magnolia immediately prior to the completion of the merger is to be accounted for under "AASB: Share-based Payment" (AASB 2) and resulted in the recognition of an expense described as Listing Expenses (the cost of going public) of approximately \$3,923,000 and written off to the statement of profit and loss and other comprehensive income. The net assets of Magnolia will be recorded at fair value at the completion of the merger. No adjustments are expected to be required to the historical book values.

2. Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 31 March 2015 unaudited consolidated condensed Statement of Financial Position of Magnolia (adjusted to impair exploration costs capitalised to \$5,000, allowing for further normal operating costs and due diligence costs to 31 July 2015 estimated at \$120,000 and accounting for the exercise of 8,000,000 share options to raise a net \$1,507,000) in the pro-forma consolidated Statement of Financial Position of Magnolia are as follows:

- (a) The raising of a gross \$5,000,000 by way of the issue of 25,000,000 shares in the Company at 20 cents per share pursuant to the Prospectus;
- (b) The incurring of capital raising costs estimated at \$464,000;
- (c) The acquisition of all of the shares in PDT and the issue of 38,576,819 Consideration Shares (and using reverse acquisition accounting principles and expensing approximately \$3,955,000 as a listing expense relating to PDT going public – the actual amount may differ on date of the acquisition of PDT). Included in the Consideration Shares are 200,000 shares to PDT Finders relating to the Acquisition at a deemed fair value of \$31,506 (CAN\$30,000) and reducing PDT liabilities;
- (d) The issue of 15,523,810 Converting Shares to the Lenders (Convertible Note Holders) of PDT and extinguishing the Note liabilities of \$1,420,000;
- (e) The issue of 4,057,547 Advisor Shares at a deemed cost of \$811,509;
- (f) The issue of 33,609,760 Performance Shares to the Vendors and to various nominees of the Vendors (some of whom are who are employees and shareholders of PDT) and the issue of 2,520,732 Performance Shares to the Advisors of PDT. We were advised that the Company believes that the probability of achieving Milestones A and B is high so the Company has attributed 20 cents (the capital raising issue price) to the Milestone A and B Performance Shares at a cost of \$3,865,122 and expensed;
- (g) The issue of 12,000,000 Options at 0.5 cents each to raise a gross \$60,000 (as part of the Capital Raising);
- (h) The issue of 666,666 ordinary shares at a deemed fair value of \$133,333, the issue of 666,666 Milestone A Performance Shares at a deemed fair value of \$133,333 and the issue of 666,668 Milestone B Performance Shares at a deemed fair value of \$133,334 and all expensed;
- (i) The lending of \$750,000 to PDT;
- (j) The repayment of the principal of \$800,000 to the lenders of loans made to PDT in June and July 2015 (interest unpaid will also be repaid to the lenders).

	Note 2	Unaudited Adjusted Consolidated Magnolia 31 March 2015 \$000's	Unaudited Consolidated Magnolia Pro-forma 31 March 2015 \$000's
3. Cash Assets			
The movements in cash assets are as follows:			
Unaudited 31 March 2015		3,240	3,240
Issue of shares	(a)	-	5,000
Prospectus issue costs	(b)	-	(464)
Proceed from issue of Options	(g)	-	60
Cash of PDT	(13)	-	389
Loan to PDT	(i)	-	(750)
Repayment of Loans due by PDT	(j)	-	(800)
		<u>3,240</u>	<u>6,675</u>
4. Receivables and Prepayments			
Current			
Prepayment	(13)	-	81
Receivables		4	4
Receivables of PDT	(13)	-	22
		<u>4</u>	<u>107</u>
Non current			
Loans to PDT- share issues	(d,f)	-	5,285
Additional funding to PDT	(i,j)	-	1,550
Less: Elimination on consolidation		-	(6,835)
		<u>-</u>	<u>-</u>
5. Exploration Assets			
At cost		1,287	1,287
Less impairment		(1,282)	(1,282)
		<u>5</u>	<u>5</u>

The Company as at 31 March 2015 has written down the Mineral Assets to \$5,000 and then reclassified the Exploration Assets as held for re-sale (current asset) as it is intended to sell the asset or if unable to sell, forfeit the tenements.

	Note 2	Unaudited Adjusted Consolidated Magnolia 31 March 2015 \$000's	Unaudited Consolidated Magnolia Pro-forma 31 March 2015 \$000's
6. Investments in subsidiaries			
Shares in wholly and partly owned subsidiaries			
Stirling Minerals Ltd (100% owned)		1,288	1,288
PDT (to be 100% owned)	(13)	-	7,715
		1,288	9,003
Less eliminated on consolidation		(1,288)	(9,003)
		-	-
Loans to Stirling Minerals Ltd		-	-
Loans to PDT	(d, f, i, j)	-	6,835
Less eliminated on consolidation		-	(6,835)
		-	-
Total Investments		-	-
7. Trade and other payables			
Trade and other payables		4	4
Payables of PDT	13	-	534
Owing to affiliate – PDT	13	-	86
Loans of PDT	13	-	800
Less: reduction in PDT creditors	(c)	-	(32)
Less: Repayment of Loans	(j)	-	(800)
		4	592
8. Convertible Notes			
Owing by PDT	13	-	1,420
Less: Shares issued to eliminate Notes	(d)	-	(1,420)
		-	-

	Note 2	Unaudited Adjusted Consolidated Magnolia 31 March 2015 \$000's	Unaudited Consolidated Magnolia Pro-forma 31 March 2015 \$000's
9. Issued Capital			
28,001,000 shares as at 31 March 2015 (net)		3,838	3,838
Issue of 8,000,000 shares on exercise of share options		1,507	1,507
36,001,000 shares on issue as at date of this report		5,345	5,345
Less: Eliminate on reverse acquisition accounting	(c)	-	(5,345)
38,576,819 shares in PDT	(13)	-	1,095
25,000,000 shares pursuant to the Capital Raising		-	5,000
38,576,819 Consideration Shares	(c)(13)	-	7,200
15,523,810 Converting Shares	(e)	-	1,420
4,057,547 Advisor Shares	(e)	-	812
37,463,826 Performance Shares to Vendor nominees (some of whom are employees and shareholders of PDT), Advisors and Directors	(f)(h)	-	3,880
666,666 shares to Directors	(h)	-	133
		3,838	19,540
Less: estimated share issue costs	(c)	-	(464)
Pro-forma		3,838	19,076

The number of Magnolia shares on issue after the Proposed Transaction is completed will be 119,825,842. The number of Performance Shares that will be on issue is 37,463,826. This is made up of 9,699,289 Milestone A Performance Shares, 9,699,291 Milestone B Performance Shares, 9,032,623 Milestone C Performance Shares and 9,032,623 Milestone D Performance Shares. The value attributable to the Performance Shares by Magnolia approximates \$3,880,000.

In the event that the maximum capital raising is achieved, the number of ordinary shares on issue increases from 119,825,842 to 129,825,842, issued capital increases by \$1,878,000 to approximately \$20,961,000 (after allowing for an increase in capital raising costs of \$122,000 from approximately \$464,000 to approximately \$586,000) and cash at bank increases by \$1,878,000 to approximately \$8,547,000.

	Note 2	Unaudited Adjusted Consolidated Magnolia 31 March 2015 \$000's	Unaudited Consolidated Magnolia Pro-forma 31 March 2015 \$000's
10. Share Based Payments Reserve			
Balance as at 31 March 2015		276	276
Less: Reverse on application of reverse acquisition accounting		-	(276)
Issue of 12,000,000 share options	(g)	-	60
		<u>276</u>	<u>60</u>

Options proposed to be issued -12,000,000 share options, exercisable at 30 cents each, on or before three years from date of issue.

11. Accumulated losses			
Balance as at 31 March 2015		2,376	2,376
Less: Eliminated using reverse acquisition accounting	(c)	-	(2,376)
Accumulated losses of PDT on acquisition	13	-	3,864
Goodwill (Magnolia) written off	(c)	-	3,923
Advisor share costs expensed	(e)	-	812
Performance Share costs expensed	(f)(h)	-	3,880
Director Shares expensed	(h)	-	133
		<u>2,376</u>	<u>12,612</u>

12. Contingent Assets, Liabilities and Commitments

As at 31 March 2015, the expanded Company has the following contingent assets, liabilities and commitments.

The Company has agreed to enter into service contracts with various PDT personal. Further details are outlined in the Material Contracts Section 12 of the Prospectus.

PDT has agreed to enter into lease of premises liabilities and the amounts expected to be paid in the next 12 months approximates CAN\$307,000 (approximately \$322,000) and a further approximate CAN\$614,000 in the 2 years thereafter. The office lease portion approximates CAN\$11,000 per month and is expected that 90 days notice is required to cease the rent commitment.

PDT has entered into a Technology Development Agreement as noted in Section 12 of the Prospectus. This relates to a commitment for H Plus Technologies Ltd to develop and deliver an interactive holographic room.

On June 23, 2015, PDT Technologies received a letter from legal counsel to Sears Canada Inc. (Sears), alleging that PDT's use of the "Whole New Home" trademark infringes on certain registered trademarks owned by Sears and requiring PDT to, among other things, undertake to cease and desist from using the "Whole New Home" mark in connection with its business.

PDT Technologies is currently considering its position in the matter, which may include a proposed settlement.

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in the Prospectus. Investors should read the Prospectus for further possible contingencies and commitments.

For details on proposed commitments pertaining to the expanded Magnolia Group, refer to Investment Overview (Use of Funds) Section 6.9 of the Prospectus.

13. Summary of PDT from Audited Statements of Financial Position as at 31 March 2015 after conversion from Canadian dollars to Australian dollars at AUS\$1= CAN\$0.95219 (as at 22 June 2015)

	Note	Audited PDT 31 March 2015 AUS\$000's	PDT Pro-forma 31 March 2015 AUS\$000's
Cash at bank	(a to d) (l) (m to p)	28	389
Receivables and deposits		22	22
Other Assets		3	3
Plant and equipment	(n)	5	326
Prepaid rent	(m)	-	81
Total assets		<u>58</u>	<u>821</u>
Creditors and accruals/provisions	(h)(i)(o)	1,048	534
Convertible notes	(a)	313	1,420
Owing to Magnolia	(c)	-	750
Loan payable	(b)	184	-
Advance from affiliate	(k)	85	86
Loans from third parties	(l)	-	800
Total liabilities		<u>1,630</u>	<u>3,590</u>
Net Assets/(Liabilities)		<u>(1,572)</u>	<u>(2,769)</u>
Equity			
Issued capital	(e, h j)	409	1,095
Reserves		-	-
Accumulated losses		(1,981)	(3,864)
Net Equity/(Deficiency)		<u>(1,572)</u>	<u>(2,769)</u>

We have adjusted the unaudited financial statements of PDT as follows:

- (a) The adjustment of the \$313,000 (discounted amount) to \$325,000 (the gross amount, so investor can note gross liabilities, notwithstanding that the convertible notes will continue to be split between convertible loan payable and derivative liability) and the borrowing of a further AUS\$1,095,000 of convertible notes post 31 March 2015 so that convertible notes at date of Acquisition total \$1,420,000 and allowing for borrowing costs estimated at \$73,200;
- (b) The repayment of loans payable of CAN\$175,000 (AUS\$183,786);
- (c) The borrowings of \$750,000 from Magnolia;

- (d) Incurring further operating losses (treated as reduction in cash) of an estimated CAN\$1,375,000 (AUS\$1,440,039) to 31 August 2015;
- (e) The issue of 600,000 Common Shares in relation to services rendered (sign on Bonus for Creston Froats) of CAN\$90,000 (AUS\$94,519) (nil cash effect);
- (f) The issue of 123,480 common shares at CAN\$0.15 for gross proceeds of CAN\$18,522 and the issue of 308,339 shares between CAN10 cents and CAN15 cents for which all monies (CAN\$60,580) were received prior to 31 March 2015;
- (g) The return and cancellation of 15,800,000 common shares to treasury by related parties for nominal value and as required by the share sale agreement;
- (h) The issue of 2,800,000 common shares to reduce debt of CAN\$420,000 (approximately AUS\$441,088) outstanding as at 31 March 2015;
- (i) The accrual of Finders fees relating to the Acquisition at a deemed fair value of CAN\$30,000 (AUS\$31,506) (to be settled by Magnolia shares and forming part of the Consideration Shares being issued by Magnolia);
- (j) The issue of 950,000 shares in PDT relating to a bonus to a financier of PDT at a deemed value of CAN\$142,500 (AUS\$149,655);
- (k) Incurring further interest on the loan from the affiliate estimated to 30 June 2015 of CAN\$1,615 (AUS\$1,696);
- (l) The borrowing of \$800,000 from third parties and incurring borrowing costs of \$80,000;
- (m) The payment of rent in advance of approximately CAN\$77,000 (AUS\$80,866); and
- (n) The payment of monies towards new plant and workshop of CAN \$306,000 (AUS\$321,364);
- (o) The repayment of accounts payables of CAN\$100,000 (AUS\$105,021).

Magnolia
31 March 2015
\$000's

The costs of the PDT Acquisition from Magnolia's point of view as a parent entity ignoring reverse acquisition accounting is as follows:

Issue of 38,576,819 Consideration Shares to the Vendors of PDT	7,715
Less: Treated towards finders fees	(32)
Issue of 15,523,810 Conversion Shares	1,420
Total Acquisition costs	9,103

Using reverse acquisition accounting, the capital and reserves of Magnolia are eliminated on acquisition and the capital and reserves of PDT are disclosed under consolidated equity. The total acquisition costs of \$9,103,000 (rounded) are only disclosed in the general ledger of Magnolia. The deemed value attributable to the Consideration Shares (excluding 200,000 shares relating to PDT finders) is \$7,168,000 (rounded) and the net assets of Magnolia are disclosed at \$3,245,000 (rounded) and thus the excess amount approximates \$3,923,000 (rounded) and this has been disclosed as listing expenses of PDT going public (corporate transaction accounting expense using reverse acquisition accounting). The final amount on acquisition of PDT may well be different and the Magnolia write-off as listing expenses (corporate transaction accounting expense) may alter.

Recoverability of the investment in the subsidiary PDT and recoverability of any future loans made to PDT is dependent on the success of existing and future business of PDT. The Company, in the absence of justifiable profits in the future by PDT may need to impair the investment (including any loan funds).

15. PDT Statement of Profit or Loss and other Comprehensive Income

	Year Ended 31 August 2014 (Audited) CAN\$	Seven Months Ended 31 March 2015 (Audited) CAN\$
Revenue	61,447	776
Cost of Sales	(13,624)	(427)
Gross Profit	<u>47,823</u>	<u>349</u>
Advertising and promotion	(24,767)	(70,625)
Consulting fees	(348,815)	(545,344)
Depreciation	(907)	(1,266)
Insurance	(1,106)	(1,045)
Interest on loans	(5,497)	(15,480)
Office and general	(17,984)	(30,150)
Professional fees	(206,547)	(184,475)
Rent and utilities	(17,565)	(22,165)
Salaries and wages	(198,144)	(131,633)
Transaction costs	-	(7,500)
Travel	(26,181)	(61,791)
(Gain) on derivative items	-	(4,741)
Accretion expenses on convertible debt	-	6,177
Foreign exchange (gain)	-	(384)
Share based compensation	(15,998)	-
Operating (Loss)	<u>(815,688)</u>	<u>(1,071,236)</u>

The above figures are not a guide as to future profitability to be earned by PDT and actual results may be materially different.

11. Risk Factors

The Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Securities will trade. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Securities.

11.1 Risks specific to the Whole New Home Acquisition

(a) Conditional Acquisition and completion risk

Pursuant to the Acquisition Agreements, the key terms of which are summarised in Section 12.2, the Company has agreed to acquire 100% of the issued share capital of PDT Technologies, completion of which is subject to the fulfillment of certain conditions. There is a risk that the conditions for completion of the Acquisition can't be fulfilled and, in turn, that completion of the Acquisition does not occur.

If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved (including advance of a working capital loan to PDT Technologies by the Company (see Section 12.3), which may not be repaid by PDT Technologies if it is unable to continue as a going concern).

(b) Re-quotation of Shares on ASX

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. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company's Shares will be suspended from trading on ASX from the General Meeting. It is anticipated that the Company's Shares will remain suspended until completion of the Acquisition, the Public Offer, 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 Official Quotation.

In the event that the Conditions of the Offer set out in Section 6.4 are not satisfied or the Company does not receive conditional approval for re-quotation on ASX, the Company will not proceed with the Public Offer and will repay all Application Monies received.

(c) Potential litigation

On June 23, 2015, PDT Technologies received a letter from legal counsel to Sears Canada Inc. (**Sears**), alleging that PDT's use of the "Whole New Home" trademark infringes on certain registered trademarks owned by Sears and requiring PDT to, among other things, undertake to cease and desist from using the "Whole New Home" mark in connection with its business. PDT Technologies has retained external legal counsel to advise it in regard to this matter.

Concurrently, PDT Technologies is currently considering its alternatives, which may include a proposed settlement with Sears and to fast-track the process of rebranding the business in order to adopt a new brand will better represent Whole New Home's technology and offering. For further details on the rebranding initiative, see Section 8.4(f).

PDT has contacted Sears and advised them of its decision to rebrand the business. PDT is in the process of negotiating a settlement with Sears in order to be granted a transition period in which to implement the rebrand. If Sears were to bring an action against PDT and was successful, it would be entitled to damages. However, the Company considers that PDT's exposure to damages in any such action would be low, on the basis that Whole New Home is at an early stage of operations and has yet to earn material revenue from business operations and use of the Whole New Home branding. If Sears were successful in an action brought against PDT, it would also be entitled to injunctive relief with respect to the future use by PDT of the "Whole New Home" name. The Company believes that PDT will be in a position to mitigate this risk as a result of its decision to rebrand the business and adopt a new business name and trademark.

The Company may incur significant legal costs in defending any action, whether or not it ultimately prevails or a settlement is reached. Such costs would also include diversion of management's time.

Given the process is still at an early stage, the Company is unable to quantify any likely financial impact of a successful claim against the Company. However, the Company considers that as Whole New Home is at an early stage of operations and is yet to incur material revenue from business operations and use of the Whole New Home branding, that it is in a position to mitigate any successful damages claim Sears may have (including by negotiating a transition period in which it will rebrand the current "Whole New Home" business).

(d) **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 Public Offer and funds generated over time by the Whole New Home business will be sufficient to successfully achieve any or all of 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 obtain debt or equity to fund expansion after utilising the net proceeds of the Public Offer 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.

(e) **Limited operating 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 cannot 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.

(f) **Brand reputation and customer service**

The Company and PDT Technologies intend to rebrand the current 'Whole New Home' business and adopt a new business name and trademark. For further information on the rebranding strategy, see Section 8.4(f).

The successful commercialisation of PDT Technologies' business and its operating brands depends on the strength of its reputation in the marketplace, which will be built on the trust of consumers, and the failure to maintain that trust may damage the business and harm the ability to maintain or expand the base of homeowner memberships, paid designer memberships, and participating product and service suppliers. There is no certainty that the Whole New Home brand or any alternative brand created to operate the business, will be able to be created and successfully commercialised in the marketplace.

Trust in the integrity, quality, and taste of the brand created by business operations 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 the 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 reputation of the business 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 operations.

Trust in the brand created by the Company, whether through the Whole New Home brand or an alternate branding strategy in the future, will also 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 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 the business' products and services.

(g) **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, including agreements with suppliers of home furnishing products and shipping service providers.

However, PDT Technologies has not yet entered into any binding supply agreement with any supplier, and no supplier is under any binding obligation to fulfil any order of PDT Technologies.

As the business of PDT Technologies' develops, PDT Technologies intends to enter into supply agreements, on customary terms for agreements of their nature, including as to minimum volume commitments and product and delivery standards. 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.

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 (including the ability of Whole New Home to increase the number of products offered) could significantly impair results, forcing a change in business strategy.

(h) **Intellectual property infringement**

Whole New Home does not currently have any patent or trademark protection of its intellectual property and it is not yet known whether it will be in fact possible to obtain any patent or trademark protection of Whole New Home intellectual property or other intellectual property that may be required for the proposed rebranding of the business and registration of associated trademarks in the future.

If any patents or trademarks are registered in the future, they may not provide Whole New Home with any competitive advantages, or may be challenged by third parties.

Third parties may infringe or misappropriate Whole New Home's trademarks or other intellectual property rights or may challenge the validity of the Whole New Home's trademarks or other intellectual property rights, which could have a material adverse effect on Whole New Home's business, financial condition or operating results. The actions that Whole New Home takes to protect its trademarks, patents, software, data and other proprietary rights may not be adequate. Litigation may be necessary to enforce or protect Whole New Home's intellectual property rights, protect its trade secrets or determine the validity and scope of the proprietary rights of others. Whole New Home cannot ensure that it will be able to prevent infringement of its intellectual property rights or misappropriation of its proprietary information. Any infringement or misappropriation could harm any competitive advantage Whole New Home currently derives or may derive from its proprietary rights. Third parties may assert infringement claims against Whole New Home. Any such claims and any resulting litigation could subject Whole New Home to significant liability for damages. An adverse determination in any litigation of this type could require Whole New Home to change its tradename or branding, to design around a third party's intellectual property or to license alternative technology from another party. In addition, litigation may be time-consuming and expensive to defend and could result in the diversion of Whole New Home's time and resources. Any claims from third parties may also result in limitations on Whole New Home's ability to use the intellectual property subject to these claims.

In this regard, the "Whole New Home" trademark is not registered and is currently the subject of a dispute. Section 11.1(c) for further detail.

(i) **Protection of Intellectual Property Rights and technology**

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. 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 and intends to acquire various domain names in order to establish its brand on the Internet. 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 could 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 its brand names or trade names under which it operates the business, in all of the countries in which the Company wishes to conduct business in the future.

(j) **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 pecuniary penalties. 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. 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.

(k) **Competition**

The industry in which the Company will be involved, post its acquisition of PDT Technologies (i.e. the retail home furnishings industry), 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 a range of established and emerging companies. These competitors will include other retailers, including large department stores, discount retailers and other specialty retailers offering home furnishings and other e-commerce websites. Competitors will also include established Internet companies who may have significantly greater resources and name recognition than Whole New Home. As an example, Whole New Home competes with "Houzz," a web site and online community dedicated to architecture, interior design and decorating, landscape design, and home improvement.

The business will compete on the basis of a number of factors, including the quality of the online platform, the quality of the products offered on the website, the ability to deliver the products sold in a timely and reliable fashion, the ability to leverage retail space to support e-commerce purchases and the ability to engage customers who are interested in social causes. Whole New Home believes that it compares favourably with many of its current competitors with respect to some or all of these factors.

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.

(l) 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.

(m) Dependence on the Internet and Changes in Technology

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.

The markets in which Whole New Home operates are characterized by changing technology and evolving industry standards. Whole New Home’s systems embody complex technology and may not always be compatible with current and evolving technical standards and systems developed by others. Failure or delays by Whole New Home to meet or comply with the requisite and evolving industry or user standards could have a material adverse effect on Whole New Home’s business, results of operations and financial condition. Whole New Home’s ability to anticipate changes in technology, technical standards and product offerings will be a significant factor in Whole New Home’s ability to compete or expand into new markets.

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.

(n) **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 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.

(o) **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.

(p) **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.

(q) **General litigation risk**

Further to the potential litigation risk in Section 11.1(c) above, 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.

(r) **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.

(s) **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 commercial general 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.

11.2 General Risks

(a) **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.

(b) **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 resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **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.

(d) **Investment risk**

The Securities to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Securities. The prices at which an investor may be able to trade the Securities may be above or below the price paid for the Securities. While the Directors commend the Public Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

(e) **Liquidity risk**

There can be no guarantee that there will continue to be an active market for Securities or that the price of Securities will increase. There may be relatively few buyers or sellers of Securities on ASX at any given time. This may affect the volatility of the market price of Securities. It may also affect the prevailing market price at which Shareholders are able to sell their Securities.

12. Material Contracts

12.1 Introduction

Set out below are summaries of the key provisions of contracts to which the Company is a party which are, or may be, material in terms of the Offers or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Offers. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read them in full.

12.2 Acquisition Agreements

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 a total of 42,636,366 Shares and 36,130,492 Performance Shares (together, the **Consideration Securities**) to the Vendors (or their nominees).
- (b) Of the Consideration Securities, 4,057,547 Shares and 2,520,732 Performance Shares will be issued to the Advisors involved with the facilitation and negotiation of the Acquisition.
- (c) The Performance Shares consist of:
 - (i) 9,032,623 Class A Performance Shares;
 - (ii) 9,032,623 Class B Performance Shares;
 - (iii) 9,032,623 Class C Performance Shares; and
 - (iv) 9,032,623 Class D Performance Shares.
- (d) Completion of the Acquisition is conditional upon, and subject to, a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following material conditions remain outstanding at the date of this Prospectus:
 - (i) the Company raising a minimum of \$5,000,000 pursuant to the Public Offer;
 - (ii) issue of the Convertible Note Shares in satisfaction of amounts due to the holders of the 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 the Company achieving re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules; and
 - (iv) 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.

- (e) The Vendors have acknowledged that some or all of the Consideration Securities 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 have also agreed to procure the execution of such form of escrow agreements as required by ASX by any other parties who may receive Consideration Securities in connection with the Acquisition.
- (f) There are standard commercial warranties regarding PDT Technologies and the Whole New Home business provided by the Vendors associated with the Acquisition.

12.3 Loan Agreement between the Company and PDT

As a term of the Acquisition Agreements, the Company agreed to advance PDT Technologies a working capital loan of \$750,000 to meet operational expenses in the period prior to completion of the Acquisition. The advance of this loan is subject to Shareholders approving the Acquisition at the General Meeting, and if approved will be drawn down following the Meeting.

Interest on the loan will be calculated at 6% per annum and payable on maturity. The 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.

Investors should note that on completion of the Acquisition, PDT Technologies will become a wholly-owned subsidiary of the Company.

12.4 Joint Lead Manager Agreement

The Company has appointed CPS Capital and Alto Capital as joint lead managers of the Public Offer and the Option Offer. CPS Capital and Alto Capital will receive a total fee of 6% of the total amount raised under the Public Offer and the Option Offer (exclusive of GST). This amount includes any fees paid to brokers.

In addition, CPS Capital and Alto Capital will be reimbursed for reasonable out of pocket expenses incurred in acting as the Joint Lead Managers.

The agreement contains covenants, warranties, representations and indemnities that are standard for an agreement of this nature.

12.5 Material Contracts of PDT

(a) Loan Agreements

To provide PDT Technologies with the funds necessary to enhance the growth of its business and continue operations until completion of the Acquisition, PDT Technologies entered into various arrangements to fund the working capital of the Whole New Home business. Details of these arrangements are set out below.

(i) Convertible Notes

PDT Technologies entered into three tranches of convertible note agreements with a syndicate of sophisticated and professional investors domiciled in Australia to raise a total of \$1,420,000 (**Convertible Notes**). The funds raised from the Convertible Notes were used for general working capital purposes.

As part of completion of the Acquisition, the Company will satisfy the repayment terms of the Convertible Notes by issuing 15,523,810 Shares to the Convertible Note holders (**Convertible Note Shares**). Repayment of \$620,000 of the Convertible Notes will be satisfied by the issue of 8,857,143 Shares (being a conversion price of \$0.07 per Share) and repayment of \$800,000 of the Convertible Notes will be satisfied by the issue of 6,666,667 Shares (being a conversion price of \$0.12 per Share).

Issue of the Convertible Note Shares to satisfy repayment of the funds raised pursuant to the Convertible Notes is one of the conditions precedent to completion of the Acquisition as noted in Section 12.2 above.

(ii) **Working Capital Facility Agreement**

On 25 June 2015, PDT Technologies entered into the Working Capital Facility Agreement with Wimalex Pty Ltd, J & J Bandy Nominees Pty Ltd and Seefeld Investments Pty Ltd (together, the Lender), pursuant to which the Lender agreed to provide PDT Technologies with a working capital facility of up to \$800,000.

The loan is unsecured and will become repayable on the earlier of completion of the Acquisition or 30 November 2015. An \$80,000 facility fee will be paid to the Lender on the repayment date and no interest will be payable on the loan amount.

\$600,000 of the loan facility was drawn down on 25 June 2015 and these funds were used towards general working capital purposes. It is intended, if further funds are required by PDT Technologies prior to completion of the Acquisition that the balance of \$200,000 under the facility will be drawn down at that time.

The Working Capital Loan Agreement contains customary events of default and covenants for an agreement of this nature.

(iii) **Property Beacon Technology Loan Agreement**

PDT Technologies, as borrower, has entered into a loan agreement with Property Beacon Technology Inc. (a company associated with Neil Patel, a Proposed Director). Details of the loan are included in Section 7.5.

(b) **Agreements with Suppliers**

PDT Technologies has been approved as a dealer for over a dozen manufacturers, vendors or suppliers (Suppliers) of home furnishing products. This means that PDT Technologies may place orders for home furnishing products with these Suppliers for shipping to its customers. However, PDT Technologies has not yet entered into any binding supply agreement with any Supplier, and no Supplier is under any binding obligation to fulfil any order of PDT Technologies.

As the business of PDT Technologies' develops, PDT Technologies intends to enter into supply agreements with its key Suppliers, on customary terms for agreements of this nature, including as to minimum volume commitments and product and delivery standards, where PDT Technologies determines that such agreements are in the best interests of the business.

(c) **Technology Development Agreement**

PDT Technologies entered into a Technology Development and Services Agreement on 3 July 2015 with H Plus Technologies Ltd. (**H Plus**), pursuant to which the Company has retained H Plus to develop and deliver to PDT Technologies an interactive holographic room to be located in PDT's first retail store in Vancouver, B.C. (called a "Design Studio", see Section 8.4(e)). It is intended that the holographic room will utilize holographic technology, 360 degree projection and interactive technologies to create an immersive experience for PDT's customers. It is anticipated that completion of the first phase of development, which will see the holographic component of the technology made available to customers, will occur in the third quarter of 2015, in time for the official launch of Whole New Home's online platform. Additional features are due to be delivered at later dates, in accordance with the agreement. H Plus agrees to provide technical support for the technology for a predetermined period. This agreement contains terms as to pricing and fees, warranty and indemnification, default and termination, confidentiality, exclusivity and other customary terms for agreements of this nature.

(d) **Lease Agreements**

(i) **Retail Lease**

PDT Technologies has entered into a Lease Agreement with Crest Properties Ltd., as landlord, dated June 1, 2015, with respect to the premises located on West Pender Street, Vancouver that is proposed to be used for Whole New Home's retail space (**Retail Lease**). The Retail Lease is for a term of 3 years commencing on 1 July 2015, with an average annual rent of approximately C\$125,000, plus additional rent for the tenant's portion of operating and other expenses (currently estimated to be approximately C\$50,000 per annum). The Retail Lease may be renewed at the option of PDT Technologies for up to 2 additional 3 year renewal terms, for a basic rent to be negotiated and agreed based on the prevailing market rate at the time of the renewal.

The lease contains additional provisions considered standard for agreements of this nature.

(ii) **Office Lease**

PDT Technologies currently occupies a shared office space located in Water Street, Vancouver pursuant to a services agreement with Water Street Profiles Services Inc. (**Office Lease**). PDT Technologies currently pays monthly rent of approximately C\$11,000, and the lease is on a month-to-month basis. PDT Technologies and the landlord intend to amend the Office Lease, pursuant to which PDT Technologies will move to a dedicated office space located within the same building. The rent payable under the Office Lease, as proposed to be amended, will be approximately C\$11,000 and either party will be permitted to terminate the Office Lease by providing the other party with at least 90 days' notice. The Office Lease is otherwise on standard terms and conditions for an agreement of its nature.

(e) **Employment Agreements**

PDT Technologies currently has 22 employees. These employees are engaged pursuant to various letters of employment or employment agreements that contain standard terms and conditions for employment agreements under the laws of British Columbia. The Company considers the employees of PDT Technologies are paid market remuneration relevant to their

position and, with the exception of Mr Patel's Executive Service Agreement, there is no agreement with any individual employee that needs to be specified.

The terms of the executive services agreement between PDT Technologies and Neil Patel are set out in Section 7.5.

12.6 Agreements with Directors, Related Parties and key management personnel

A summary of the agreements with Directors, key management personnel and related parties of the Company is set out in Section 7.5.

13. Additional Information

13.1 Rights Attaching to Shares

The following is a broad summary of the more significant rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable on all shares according to the amount paid up, or credited as paid up, on the shares, and otherwise in accordance with Part 2H.5 of the Corporations Act. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital 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), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

13.2 Terms and Conditions of Performance Shares

The key terms on which the Performance Shares will be issued are:

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.
 - (c) "Registered Home Designer" means those design professionals with a registered Whole New Home 'Home Designer' or 'designer' profile.

13.3 Terms and Conditions of Options

The Terms and Conditions of the Options are set out below:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00 pm (WST) on that date that is three years from the issue date (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) A Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:

- (i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (f) An Exercise Notice is only effective when the Company has received the full amount on the Exercise Price in cleared funds.
 - (g) 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 Options specified in the Exercise Notice.
 - (h) The Options are freely transferrable.
 - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (j) The Company will apply for Official Quotation of the Options on ASX.
 - (k) The Company will apply for Official Quotation by the ASX of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those new Shares.
 - (l) If at any time the issued capital of the Company is reconstructed, all rights of a Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
 - (m) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the 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 Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
 - (n) Subject to paragraph (l), a Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

13.4 Substantial Shareholders

At the date of this Prospectus, the following Shareholders hold a voting power in 5% or more of the Shares on issue.

Holder Name	Existing Shares	% Interest as at date of Prospectus
J & J Bandy Nominees Pty Ltd <J & J Bandy S/F A/C>	6,500,000	18.06%
Seventy Three Pty Ltd <King S/F A/C>	4,625,040	12.84%
Bontempo C & C <C & C BONTEMPO S/F>	2,500,000	6.94%
¹ Existing Director, Tony King, is a director of Seventy Three Pty Ltd, however is not a direct beneficiary of the above securities.		

On completion of the Offers (assuming no new investors become substantial holders) the only substantial Shareholders will be as set out below:

HOLDER NAME	New Shares	% Interest upon Completion (Minimum Subscription)	% Interest upon Completion (Maximum Subscription)
Neil Patel	19,950,000	16.64%	15.37%
J & J Bandy Nominees Pty Ltd <J & J Bandy S/F A/C>	6,500,000	5.42%	5.01%

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Public Offer) prior to the Shares commencing trading on ASX.

13.5 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no promoter of the Company or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers under this Prospectus; or
- (c) the Offers under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the Offers under this Prospectus.

CPS Capital and Alto Capital have acted as joint lead managers of the Public Offer and the Option Offer. In respect of this work, CPS Capital and Alto Capital will be paid such amounts as detailed in Section 12.4. During the 24 months preceding lodgement of this Prospectus at the ASIC, CPS Capital and Alto Capital have received \$93,000 in fees from the Company.

Occam Legal have acted as the solicitors to the Company in relation to the Offers and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Occam Legal approximately \$45,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Occam Legal has not received any fees from the Company.

Stantons International Securities Pty Ltd has acted as investigating accountant and has prepared the Investigating Accountant's Report which has been included in Section 10 of this Prospectus. The Company estimates it will pay Stantons International Securities a total of \$12,500 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Stantons International Securities has not received any fees from the Company.

Security Transfer Registrars Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received

pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

13.6 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offers; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

CPS Capital and Alto Capital have each given their written consent to being named as the joint lead managers to the Public Offer and the Option Offer in this Prospectus. CPS Capital and Alto Capital have not withdrawn their consent prior to the lodgement of this Prospectus with the ASIC.

Stantons International Securities Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the form and context in which the report is included. Stantons International Securities has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Stantons International Audit and Consulting Pty Ltd has given its written consent to being named as the auditor to the Company in this Prospectus. Stantons International Audit and Consulting Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Occam Legal has given its written consent to being named as the lawyer to the Company in this Prospectus. Occam Legal has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Security Transfer Registrars Pty Ltd have given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

13.7 Litigation

To the knowledge of the Directors, as at the date of this Prospectus neither the Company nor Whole New Home are involved in any legal proceedings, and the Directors are not aware of any legal proceedings pending or threatened against the Company or Whole New Home, other than the claim of alleged trademark infringement received from Sears as set out in Section 11.1(c).

13.8 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

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

13.9 Expenses of the Offers

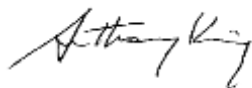
The estimated expenses of the Offers (excluding GST) are as follows:

Item of Expenditure	Minimum Subscription \$5,000,000	Minimum Subscription \$7,000,000
Capital Raising Fees – Public Offer	\$300,000	\$420,000
Capital Raising Fees – Option Offer	\$3,600	\$3,600
Investigating Accountant's Report	\$12,500	\$12,500
Legal Fees	\$45,000	\$45,000
Share Registry and Printing	\$12,500	\$12,500
ASIC and ASX Fees	\$83,685	\$85,685
Miscellaneous	\$5,715	\$5,715
Total	\$ 463,000	\$ 585,000

14. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Existing Directors.

In accordance with Section 720 of the Corporations Act, each Existing Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

A handwritten signature in black ink, appearing to read 'Anthony King', written in a cursive style.

Tony King
Executive Chairman
For and on behalf of Magnolia Resources Limited
9 July 2015

15. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

A\$ or \$ means an Australian dollar.

Acquisition means the acquisition by the Company of the entire issued capital of PDT Technologies pursuant to the Acquisition Agreements.

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.

Advisors mean CPS Capital, Alto Capital and Diverse Capital Pte Ltd.

Alto Capital means ACNS Capital Markets Group Pty Ltd (AFSL No. 279099) trading as Alto Capital.

Applicant means a person who submits an Application Form.

Application means a valid application for shares pursuant to an Application Form.

Application Form means the application form as provided with a copy of this Prospectus relating to the Public Offer.

Application Monies means application monies for Securities received and banked by the Company.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by ASX Limited (as the context requires).

Board means the board of Directors as constituted from time to time.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

C\$ means a Canadian dollar.

Closing Date means the closing date of the Public Offer as set out in the indicative timetable in Section 3.

Company or **Magnolia** means Magnolia Resources Limited ACN 158 307 549 (to be renamed Whole New Home Limited).

Completion means the completion of the Acquisition.

Conditions of the Offer mean the Conditions of the Offer outlined in Section 6.4.

Consideration Securities means the Consideration Shares and the 36,130,492 Performance Shares, being issued to the Vendors or their nominees (including the Advisors) as consideration for the acquisition of PDT Technologies.

Consideration Shares means 42,634,366 Shares.

Constitution means the constitution of the Company.

Convertible Note Shares means the 15,523,810 Shares to be issued to the Convertible Note holders.

Convertible Notes means the convertible notes issued by PDT Technologies to raise a total of \$1,420,000.

Corporations Act means the Corporations Act 2001 (Cth).

CPS Capital means CPS Capital Group Pty Ltd (AFSL No. 294848).

Directors mean the directors of the Company at the date of this Prospectus and the Proposed Directors.

Existing Directors means the directors of the Company at the date of this Prospectus.

General Meeting means the general meeting of Shareholders to be held on 20 July 2015.

Incentive Securities means 666,666 Shares and 1,333,334 Performance Shares.

Investigating Accountant's Report means the investigating accountants report in Section 10 of this Prospectus.

Joint Lead Manager Agreement has the meaning in Section 12.4

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Lead Managers means CPS Capital and Alto Capital.

Lease Agreements has the meaning in Section 12.5(d).

Listing Rules means the official listing rules of ASX.

Maximum Subscription means \$7,000,000.

Minimum Subscription means \$5,000,000.

Official List means the official list of ASX.

Official Quotation means official quotation of the Company's Shares by ASX in accordance with the Listing Rules.

Option means an option exercisable at \$0.30 on or before that date that is three years from the date of issue and otherwise with the terms and conditions in Section 13.3.

Optionholder means the holder of an Option.

PDT Loan Agreement has the meaning in Section 12.3.

PDT Subscribers means the Vendors and their nominees, the Convertible Note holders and the Proposed Directors (as the context requires).

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

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 Section 13.2, 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.

Property Beacon Technology Loan Agreement has the meaning in Section 7.5(c).

Proposed Directors means Messrs Neil Patel, Nathan Sellyn and Nik Ajagu (or any one of them as the context requires), details of whom are set out in Section 7.1.

Prospectus means this prospectus.

Public Offer means the offer of Shares pursuant to this Prospectus as outlined in Section 6.1.

Related Entity of a corporation means:

- (a) a related body corporate of that corporation within the meaning of section 50 of the Corporations Act; and
- (b) a trustee of any unit trust in relation to which that corporation, or any corporation referred to in paragraph (a) directly or indirectly:
 - (i) controls the right to appoint the trustee;
 - (ii) is in a position to control the casting of more than one half of the maximum number of votes that might be cast at a meeting of holders of units in the trust; or
 - (iii) holds or is in a position to control the disposal of more than one half of the issued units of the trust.

Securities means Shares, Performance Shares and Options.

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

Share Registry means Security Transfer Registrars.

Shareholder means a holder of Shares.

Technology Development Agreement has the meaning in Section 12.5(c).

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

Whole New Home means the business of PDT currently operating under the name "Whole New Home".

Working Capital Facility Agreement has the meaning in Section 12.5(a)(ii).

WST means Western Standard Time, Perth, Western Australia.

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
 770 Canning Highway, APPLECROSS WA 6153
 T: +61 8 9315 2333 F: +61 8 9315 2233
 E: registrar@securitytransfer.com.au
 W: www.securitytransfer.com.au

ACN: 158 307 549

BROKER STAMP

Broker Code

Advisor Code

No shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print using BLOCK LETTERS.

			,				,			Shares at AUD \$0.20 per share
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or such lesser number of Shares which may be allocated to me/us by their Directors.

A\$, , .

Payment by electronic transfer to: **NAME: MAGNOLIA RESOURCES LIMITED**

BANK: Westpac BSB: 036 406 ACCOUNT: 234311

If electronic payment cannot be made then cheque(s) or bank draft(s) can be used and should be made payable to Magnolia Resources Limited.

See reverse for payment instructions.

Title (e.g.: Dr. Mrs) Given Name(s) or Company Name

[illegible]

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

[illegible]

Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

[illegible][illegible]

Unit	Street Number	Street Name or PO BOX
------	---------------	-----------------------

[illegible]

Suburb/Town/City

[illegible]

State

--	--	--

Postcode

--	--	--	--

Country Name (if not Australia)

[illegible]

X									
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If an incorrect CHESS HIN has been provided (e.g.: incorrect number, registration details do not match those registered) any securities issued will be held on the Issuer Sponsored

[illegible]

()

[illegible][illegible][illegible]

Declaration and Statements:

- (1) I/We declare that all details and statements made by me/us are complete and accurate.
- (2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
- (3) I/We authorise the Company to complete and execute and documentation necessary to effect the issue of Securities to me/us.
- (4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
- (5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
- (6) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

REGISTRY DATE STAMP

E & O.E.

This Application Form relates to the Offer of Fully Paid Shares in Magnolia Resources Limited pursuant to the Prospectus dated 9 July 2015.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHES participants should complete their name and address in the same format as they are presently registered in the CHES system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

Monies should be deposited to the following bank account using the **applicants name as reference**. Payment by electronic transfer to:

ACCOUNT NAME: MAGNOLIA RESOURCES LIMITED BANK: Wesptac BSB: 036 406 ACCOUNT: 234311

Please post, fax or scan and email a copy of your bank receipt together with this application form to Security Transfer Registrars.

If payment can not be made electronically then a cheque(s) or bank draft(s) payable to Magnolia Resources Limited must be forwarded together with your completed Application form.

Your cheque(s) or bank draft(s) must be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cash should not be forwarded.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:

Magnolia Resources Limited
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

OR

Delivered to:

Magnolia Resources Limited
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applications must be received by no later than 5:00pm WST on the Closing Date 31 July 2015 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHES HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHES System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold shares allotted to you under this Application on the CHES subregister, enter your CHES HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Magnolia Resources Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

Company

Use the company's full title, not abbreviations.

Joint Holdings

Use full and complete names.

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Deceased Estates

Use the executor(s) personal name(s).

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Superannuation Funds

Use the name of the trustee(s) of the super fund.

CORRECT

Mr John Alfred Smith

ABC Pty Ltd

Mr Peter Robert Williams &
Ms Louise Susan Williams

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Mr John Alfred Smith
<Peter Smith A/C>

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

Jane Smith Pty Ltd
<JSuper Fund A/C>

INCORRECT

J A Smith

ABC P/L or ABC Co

Peter Robert &
Louise S Williams

Sue Smith Family Trust

Estate of Late John Smith
or
John Smith Deceased

Master Peter Smith

John Smith and Son

Jane Smith Pty Ltd Superannuation Fund