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**EXALT RESOURCES LIMITED  
(TO BE RENAMED “MEDADVISOR LIMITED”)  
ACN 145 327 617  
NOTICE OF GENERAL MEETING**

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**TIME:** 9.00am (WST)  
**DATE:** 25 September 2015  
**PLACE:** Level 11 London House  
216 St George’s Tce  
PERTH WA 6000

*The Independent Expert has determined that the proposed Acquisition and issue of Shares to Mrs Viv Swinnerton and Messrs Nick Downes and Geoff Barnes (and their respective associates) is fair and reasonable to the non-associated Shareholders of the Company.*

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9481 0389.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 9.00am (WST) on 25 September 2015 at Level 11 London House, 216 St George’s Tce, Perth, WA 6000.

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 23 September 2015.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance

with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 - CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 2. RESOLUTION 2 – CREATION OF A NEW CLASS OF SECURITIES – FOUNDER PERFORMANCE SHARES

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Founder Performance Shares on the terms and conditions set out in the Explanatory Statement."*

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#### 3. RESOLUTION 3 – CREATION OF A NEW CLASS OF SECURITIES – MMG PERFORMANCE SHARES

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue MMG Performance Shares on the terms and conditions set out in the Explanatory Statement."*

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#### 4. RESOLUTION 4 – ISSUE OF CONSIDERATION SECURITIES

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

*"That, subject to and conditional upon the passing of the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 385,064,105 Consideration Shares and 195,000,000 Founder Performance Shares at Settlement, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 5 – APPROVAL OF ISSUE OF CONSIDERATION SECURITIES TO MRS VIV SWINNERTON**

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

*“That, subject to and conditional upon the passing of the Essential Resolutions, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to:*

- (a) 106,837,500 Consideration Shares; and*
- (b) 68,225,102 Founder Performance Shares; and*
- (c) 68,225,102 Shares upon conversion of the Founder Performance Shares referred to in paragraph (b) above,*

*to Mrs Viv Swinnerton on the terms and conditions set out in the Explanatory Statement, which will result in Mrs Swinnerton and her son, Mr Josh Swinnerton, increasing their voting power from 0% to 21.41% in the capital of the Company.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Josh Swinnerton and Viv Swinnerton and any of their associates or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Expert’s Report:** Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this resolution to the non-associated Shareholders in the Company.

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**6. RESOLUTION 6 – ISSUE OF MMG PERFORMANCE SHARES**

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

*“That, subject to and conditional upon the passing of the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 55,000,000 MMG Performance Shares at Settlement, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except

a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. RESOLUTION 7 – CONVERSION UNDER MEDADVISOR CONVERTIBLE NOTES

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

*“That, subject to and conditional upon the passing of the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will be equivalent to the amount payable by MedAdvisor at Settlement under the MedAdvisor Convertible Notes on the terms conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 8. RESOLUTION 8 – CAPITAL RAISING

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

*“That, subject to and conditional on the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 166,666,667 Shares under the Prospectus as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. RESOLUTION 9 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to ‘**MedAdvisor Limited**’ with effect from the date that ASIC alters the Company’s registration following Settlement.”*

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**10. RESOLUTION 10 – ELECTION OF DIRECTOR – MR ROBERT READ**

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

*“That, subject to and conditional on the passing of all Essential Resolutions, for the purpose of clause 12.14 of the Constitution and for all other purposes, Mr Robert Read, a Proposed Director who being eligible and having consented to act, be appointed as a Director of the Company on and from Settlement.”*

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**11. RESOLUTION 11– ELECTION OF DIRECTOR – MR JOSHUA SWINNERTON**

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

*“That, subject to and conditional on the passing of all Essential Resolutions, for the purpose of clause 12.14 of the Constitution and for all other purposes, Mr Joshua Swinnerton, a Proposed Director who being eligible and having consented to act, be appointed as a Director of the Company on and from Settlement.”*

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**12. RESOLUTION 12 – ELECTION OF DIRECTOR – MR JIM XENOS**

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

*“That, subject to and conditional on the passing of all Essential Resolutions, for the purpose of clause 12.14 of the Constitution and for all other purposes, Mr Jim Xenos, a Proposed Director who being eligible and having consented to act, be appointed as a Director of the Company on and from Settlement.”*

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**13. RESOLUTION 13 – REPLACEMENT OF CONSTITUTION**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”*

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**14. RESOLUTION 14 – CONVERSION UNDER CONVERTING LOAN AGREEMENTS**

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

*“That, subject to and conditional on the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to such number of Shares, when multiplied by the issue price, will be equivalent to the amount payable by the Company at Settlement under the Converting Loan Agreements on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the

Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**15. RESOLUTION 15 – CONVERSION UNDER CONVERTING LOAN AGREEMENT WITH MR SHANE HARTWIG**

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

*“That, subject to and conditional on the passing of all Essential Resolutions, for the purposes of, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to such number of Shares, when multiplied by the issue price, will be equivalent to the amount payable by the Company at Settlement under the Converting Loan Agreement entered into with Mr Shane Hartwig on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Shane Hartwig (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**16. RESOLUTION 16 – ISSUE OF SHARES TO MR STEPHEN BROCKHURST**

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Shares to Mr Stephen Brockhurst (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Stephen Brockhurst (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:



- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 17. RESOLUTION 17 – ISSUE OF OPTIONS TO MR PETER BENNETTO

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Peter Bennetto (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Peter Bennetto (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 18. RESOLUTION 18 – ISSUE OF PERFORMANCE RIGHTS TO MR ROBERT READ

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

*“That, subject to and conditional on the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 42,500,000 Performance Rights to Mr Robert Read (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Robert Read (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person

chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**19. RESOLUTION 19 – ACQUISITION OF MEDADVISOR SHARES FROM MR NICK DOWNES**

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

*“That, subject to the passing of all Essential Resolutions, for the purposes of ASX Listing Rules 10.1 and for all other purposes, approval is given for the Company to acquire 13,548,080 MedAdvisor Shares from Mr Nick Downes (and his associates) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a party to the transaction and any associate of that party (or those parties). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Independent Expert’s Report:** Shareholders should carefully consider the Independent Expert’s Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders. The Independent Expert has determined the issue of the Vendor Shares to related party Vendors is **fair and reasonable** to the non-associated Shareholders.

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**20. RESOLUTION 20 – ACQUISITION OF MEDADVISOR SHARES FROM MR GEOFF BARNES**

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

*“That, subject to the passing of all Essential Resolutions, for the purposes of ASX Listing Rules 10.1 and for all other purposes, approval is given for the Company to acquire 15,048,080 MedAdvisor Shares from Mr Geoff Barnes (and his associates) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a party to the transaction and any associate of that party (or those parties). However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Independent Expert's Report:** Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders. The Independent Expert has determined the issue of the Vendor Shares to related party Vendors is **fair and reasonable** to the non-associated Shareholders.

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**Dated: 26 AUGUST 2015**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'S Brockhurst', with a horizontal line extending from the end of the signature.

**Stephen Brockhurst  
Director and Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

All Resolutions are Essential Resolutions (other than Resolutions 13, 16 and 17). **If any of the Essential Resolutions are not passed, then all of the Resolutions (other than Resolutions 13, 16 and 17) will be taken to have been rejected by Shareholders and the Acquisition will not proceed.** All Essential Resolutions must be passed for the Acquisition to proceed.

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### 1. BACKGROUND TO PROPOSED ACQUISITION OF MEDADVISOR HOLDINGS PTY LTD

#### 1.1 General background

The Company was incorporated on 21 July 2010 and was admitted to the Official List of the ASX on 26 May 2011. The Company's primary operations during this time has been exploration for iron on its Mineral Hill South Mining Project in NSW. Details of the Company's most recent activities in these areas are set out in its Half-Yearly Report lodged with ASX on 16 March 2015 and its Quarterly Activities Reports lodged with ASX on 30 January 2015 and 29 April 2015.

For the past 12 months, the Company has been evaluating alternative corporate opportunities, both in Australia and overseas.

On 11 June 2015, the Company announced that it had entered into a heads of agreement (**HOA**) with MedAdvisor International Pty Ltd (ACN 161 366 589) (**MedAdvisor**) and the founding shareholders of MedAdvisor (**Founders**) under which the Company has a conditional right to acquire 100% of the issued capital of MedAdvisor (**Acquisition**). A summary of the material terms of the HOA is set out in Section 1.6(a) below.

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisition and associated transactions. Each of the Resolutions (other than Resolution 13) are conditional upon the approval by Shareholders of each of the Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Resolutions (other than Resolution 13) will fail and Settlement will not occur.

A summary of the Resolutions is as follows:

- (a) as the Company is currently a mineral exploration company, the Acquisition, if successfully completed, will represent a significant change in the nature or scale of the Company's operations to a technology company, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1);
- (b) the creation of a new class of shares, being the Founder Performance Shares (the terms and conditions of which are set out at Schedule 1) (Resolution 2);
- (c) the creation of a new class of shares, being the MMG Performance Shares (the terms and conditions of which are set out at Schedule 2) (Resolution 3);

- (d) the issue at Settlement of:
- (i) 385,064,105 Consideration Shares to the Vendors in consideration for the acquisition of 100% of the MedAdvisor Shares on issue;
  - (ii) 195,000,000 Founder Performance Shares to the Founders in consideration for the acquisition of 100% of the MedAdvisor B Class Shares on issue;
- (together, the **Vendor Consideration Securities**) (Resolution 4); and
- (e) as the issue of the Consideration Shares and the conversion of the Founder Performance Shares to be issued to Mrs Viv Swinnerton into Shares may result in Mr Swinnerton having a voting power in excess of 20%, the Company is seeking Shareholder approval under item 7 of section 611 of the Corporations Act (Resolution 5);
- (f) the issue of 55,000,000 MMG Performance Shares to MMG at Settlement in satisfaction of MedAdvisor's obligations under the MMG Agreement (as summarised in Section 1.6(b) below) (Resolution 6); and
- (g) the issue of up to up to 41,666,667 Shares (being the number of Shares required to convert the face value of the MedAdvisor Convertible Notes) plus up to that number of Shares which, when multiplied by the issue price of \$0.024 per Share, equals the amount of interest payable under the MedAdvisor Convertible Notes (if any) (**MedAdvisor Noteholder Shares**) (Resolution 7);
- (h) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising by issuing Shares at an issue price of \$0.03 to raise at least \$3,000,000 and up to \$5,000,000 via the Prospectus (**Capital Raising**) (Resolution 8);
- (i) the change of the Company's name to "MedAdvisor Limited" at Settlement (Resolution 9);
- (j) the appointment of 3 Proposed Directors nominated by MedAdvisor to the Board, being Mr Robert Read, Mr Josh Swinnerton and Mr Jim Xenos (Resolutions 10 to 12);
- (k) the adoption of a new constitution (Resolution 13);
- (l) the issue of 1,000,000 Shares to Mr Stephen Brockhurst (a Director of the Company) upon Settlement of the Acquisition occurring (Resolution 16);
- (m) the issue of the Converting Loan Shares to those persons who grant loans to the Company under the Converting Loan Agreements, including to Mr Shane Hartwig (a former Director) who granted a loan of \$20,000 to the Company (Resolutions 14 and 15);
- (n) the issue of 1,000,000 Shares to Mr Stephen Brockhurst (a Director of the Company) upon Settlement of the Acquisition occurring (Resolution 16);
- (o) the issue of 10,000,000 Options to Peter Bennetto (Resolution 17);

- (p) the issue of 42,500,000 Performance Rights to Robert Read (Resolution 18)
- (q) the acquisition of 13,548,080 MedAdvisor Shares from Mr Nick Downes (Resolution 19); and
- (r) the acquisition of 15,048,080 MedAdvisor Shares from Mr Geoff Barnes (Resolution 20).

## 1.2 Overview of MedAdvisor

### (a) Industry Overview and Background

MedAdvisor operates in the e-health and m-health industries. "e-health" broadly refers to the use of information and communications technologies in healthcare, while "m-health" specifically concerns the use of mobile devices for healthcare, especially smart phones and tablets.

e-health and m-health are among the most rapidly growing sectors of the ICT industry. e-health is expected to grow to \$160 billion 2015, from \$96 billion in 2010, while m-health is projected (by PWC) to grow to \$20.7 billion by 2018<sup>1</sup>. Over 90% of the world's population have mobile access<sup>2</sup>.

MedAdvisor has a specific focus on the use of internet and mobile technologies for improved patient medication management and adherence.

Poor medication adherence has been identified as one of the most significant and costly problems faced by governments and major healthcare providers across developed nations. Poor adherence is a major contributor to poor health outcomes for patients and is widely considered to be a 'preventable' healthcare issue.

Major studies show that only ~50%<sup>3</sup> of medication prescribed is actually purchased and taken correctly. Beyond poorer health outcomes for patients, this results in significant lost revenue for pharmaceutical manufacturers and pharmacies. Globally, medication non-adherence leads to an unnecessary burden on more costly medical services for governments, in particular, avoidable hospitalisation and GP visits.

MedAdvisor is a world-class cloud based software platform that assists individuals in correctly using their medication via a 'virtual pharmacist', using smartphones, tablets or PCs (**Platform**). The MedAdvisor apps, which are free to patients, connect to pharmacy dispensing systems to automatically retrieve medication records, driving an intelligent training, information and reminder system to ensure correct and reliable medication use.

The apps have dramatically improved health outcomes for users. Users become more compliant as the Platform automatically assists them in taking their medication safely, effectively and on time. Results of a

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<sup>1</sup> <http://nuviun.com/digital-health/ehealth> <http://nuviun.com/digital-health/mhealth>

<sup>2</sup> mHealth Mobile technology poised to enable a new era in health care Ernst & Young 2012

<sup>3</sup> World Health Organisation. Adherence to Long-Term Therapies: Evidence for Action. Geneva; 2003

recent study<sup>4</sup> showed a 20 per cent improvement in adherence of MedAdvisor users compared with those not using MedAdvisor across a range of common long-term medications. Improvements in patient medication adherence are brought about via the Platform's key features:

- (i) a complete list of each user's prescription medications, including details of scripts and repeats, supply remaining (days), details of the medicine and medication images;
- (ii) automatic reminders to fill repeat scripts (Fill-My-Scripts) and see the doctor for new scripts (See-My-Doctor), with follow-up 'chase' messages where required;
- (iii) Tap-To-Refill ordering, where patients can order their scripts to be prepared ahead of their pharmacy visit to avoid any waiting;
- (iv) dose reminders that prompt patients to take medication at certain times of the day (Take-My-Meds);
- (v) full training and information about a user's medication, including custom training programs for certain medications where supported by the manufacturer;
- (vi) carer mode, allowing users to manage the medication of those they care for, including children, spouses or elderly parents from within their own account; and
- (vii) pharmacy co-branding and contact information. MedAdvisor acts as a communication platform between a pharmacy and their patients/customers, with inbuilt co-branding, all the pharmacy's contact information and opening hours, and broadcast and two-way messaging capabilities.

Together, these tools offer users a complete medication aid that organises the patient's daily use of medication, coaches them to complete important regular tasks (like repeat fills and schedule doctor's visits for replacement scripts) and educates them on their medications.

By allowing patients to reorder their medication from their favourite pharmacy at the tap of a button, the Platform reduces wait times and improves work flows at the pharmacy.

The Platform was the most downloaded pharmacy or medication-related app in Apple and Android stores in Australia in 2014 and 2015. In addition, nearly a quarter of all Australian pharmacies subscribe to the Platform.

MedAdvisor has formed important sales and marketing partnerships with Bupa and the Pharmacy Guild of Australia's GuildLink subsidiary, and has training and service contracts with a number of top tier global pharmaceutical companies.

(b) **BUPA Partnership**

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<sup>4</sup> MedAdvisor APP2015 Workshop Presentation, "The Patient Connection" – APC accredited, code G2015011G1. Gold Coast; 2015.

MedAdvisor and BUPA entered an exclusive Co-Promotional Agreement in 2014. BUPA promotes MedAdvisor as its recommended medication management solution through various channels, including its website, retail stores and customer communications.

BUPA also appears as MedAdvisor's exclusive health partner on MedAdvisor promotional material. MedAdvisor does not have any financial or performance obligations to BUPA as part of the agreement.

(c) **GuildLink Partnership**

Guildlink, a wholly owned subsidiary of the Pharmacy Guild of Australia, partners with MedAdvisor to provide technical support and billing functionality on an arm's length fee-for-service model. Following the completion of the initial contract, Guildlink has initiated fresh negotiations with MedAdvisor, expressing its intent to enter into a new contract.

(d) **Competition & Market Share**

There are providers of alternative platforms such as SMS currently in the market place. The SMS based platforms are constrained by functionality and cost as each message is limited in the amount of content that can be delivered and incurs a fee for the pharmacy. There are also standalone medication management apps such as Pillboxie, however these apps don't link directly with Pharmacy dispense data meaning that patients need to enter all the information into the app themselves.

MedAdvisor is Australia's leading medication management app. More than 80,000 Australians are actively using the app, and approximately 25% of all Australian pharmacies are paid subscribers to the Platform.

MedAdvisor's closest competitors in Australia are MemoCare and Healthnotes. MemoCare is provided by Guildlink as the SMS platform of choice. Currently MemoCare is bundled with MedAdvisor.

Healthnotes is Australia's largest SMS provider. They have approximately 600,000+ customers who receive SMS from a pharmacy that subscribes to their service. Healthnotes have recently promised to release a basic app to try and compete with MedAdvisor however they have yet to launch in either Apple or Android stores (or in web browser format).

(e) **Revenue Potential**

(i) **Pharmacy Subscription** - Pharmacies pay a flat monthly fee to offer the MedAdvisor service, regardless of patient numbers they activate – again designed to encourage as many patient activations as possible.

(ii) **Training & Adherence** – Using the Platform to deliver training and adherence messaging directly to patients. The messaging service "MedAdvisor Training and Adherence Communications" (**MTAC**) allows manufacturers to deliver a series of messages to patients to train them on all aspects of proper medication use.

MTAC is proving effective at significantly boosting adherence and at building patient brand loyalty for the manufacturer.



Adherence increases of the order of 30%, translating to 30% more dispenses of those medications per annum, and reduced 'drop-off', are being seen in early MTAC campaigns, with major manufacturers already subscribing to services for one or more products (GSK, UCB, AstraZeneca, Actavis/Allergan).

- (iii) **Premium Listings** - Similar to classifieds, branded pharmaceutical manufacturers will also pay annual fees for premium listing of their products (branding boost).
- (iv) **GP Revenue Streams** - MedAdvisor has commenced design and development for a major new initiative connecting GPs to the Platform. These revenue streams are annuity style income streams.
- (v) **International** - As the Platform is a world-leading technology and design, opportunities exist in markets that are larger and easier to operate in than Australia.

MedAdvisor is backed by a strong executive team with a successful track record in management and extensive experience in developing major electronic health (e-health) and mobile health (m-health) software systems for Australian and US clients.

(f) **Strategy Post Listing**

MedAdvisor will use the funds from the listing to accelerate its plans for market and product development. The business will invest in consumer marketing and assess new market opportunities both domestically and internationally.

Primarily, funds will be used to drive pharmacy uptake beyond 50% of the pharmacies in Australia and develop the GP link. Ultimately, this will link the GP, Pharmacist and Patient for the first time. This platform will provide significant insight and opportunity for all stakeholders including pharmaceutical manufacturers.

The company will continue to invest in its product to meet these opportunities and ensure that the business is established as the platform of choice for medication management for Pharmacists, GPs and Patients. The opportunities that arise once the network is established will provide additional upside for the business.

(g) **Intellectual Property**

MedAdvisor protects its intellectual property through the use of trade secrets, copyright and registered trademarks. Any infringement on MedAdvisor's intellectual property will be vigorously defended.

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

ASX has advised the Company that, given that the Company is proposing to make a change in its activities from a resource and energy exploration company to a technology company, it has exercised its discretion to require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition.

For this purpose, the Company will be required to re-comply with the conditions to listing on ASX set out in Chapters 1 and 2 of the ASX Listing Rules in order to achieve Settlement and before it can be re-instated to trading on ASX following Settlement.

ASX Listing Rule 2.1 Condition 2 provides that it is a condition of quotation of the main class of a company's securities of an entity seeking admission to ASX that the issue price of the securities for which the company seeks quotation must be at least 20 cents in cash.

On 14 August 2015, ASX granted the Company a waiver from the requirements outlined above to enable the Company to issue securities for the purpose of satisfying ASX Listing Rule 2.1, Condition 2 at \$0.03 per Share. This waiver is subject to Shareholders approving the Company undertaking the Capital Raising at \$0.03.

#### 1.4 Capital Raising

For the purposes of the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, the Company intends to undertake the Capital Raising through the issue of up to 166,666,667 Shares to raise up to \$5,000,000 at an issue price of \$0.03 per Share, with a minimum subscription of \$3,000,000.

Funds raised under the Capital Raising are intended to be used in the manner set out in Section 1.5 below.

The Company expects to lodge a prospectus for the Capital Raising with ASIC before the date of the General Meeting. The Capital Raising is intended to be completed in accordance with the timetable set out in Section 1.9 below.

#### 1.5 Use of funds

Following Settlement, the Company expects to use its cash funds as follows:

<b>Funds available</b>	<b>Minimum Subscription (\$3,000,000)</b>	<b>Percentage of Funds (%)</b>	<b>Maximum Subscription (\$5,000,000)</b>	<b>Percentage of Funds (%)</b>
Existing cash reserves of the Company <sup>1</sup>	\$792,734	21%	\$792,734	14%
Funds raised from the Capital Raising	\$3,000,000	79%	\$5,000,000	86%
<b>Total</b>	<b>\$3,792,734</b>	<b>100%</b>	<b>\$5,792,734</b>	<b>100%</b>
<b>Allocation of funds</b>	<b>Minimum Subscription (\$3,000,000)</b>	<b>Percentage of Funds (%)</b>	<b>Maximum Subscription (\$5,000,000)</b>	<b>Percentage of Funds (%)</b>
MedAdvisor business development <sup>2</sup>	\$480,000	13%	\$600,000	10%
Marketing <sup>3</sup>	\$1,150,000	30%	\$2,000,000	35%
Customer training & support <sup>4</sup>	\$270,000	7%	\$365,000	6%

International expansion <sup>5</sup>	-	0%	\$335,000	9%
Expenses associated with the Acquisition <sup>6</sup>	\$389,297	10%	\$511,234	9%
Working capital <sup>7</sup>	\$1,503,437	40%	\$1,981,500	34%
<b>TOTAL</b>	<b>\$3,792,734</b>	<b>100%</b>	<b>\$5,792,734</b>	<b>100%</b>

**Notes:**

1. These funds represent existing cash held by the Company at or around the date of this Notice of Meeting. The Company expects to incur costs within the ordinary course of its business which will diminish this amount prior to Settlement.
2. Funds used for development of MedAdvisor include:
  - (a) funding to improve patient connectivity with HCPs;
  - (b) functionality enhancements; and
  - (c) targeted development of new adjacent markets.
3. Funds used for marketing of MedAdvisor include:
  - (a) raising awareness of the MedAdvisor Platform with pharmacies, GPs and patients; and
  - (b) costs of marketing utilising digital and print media, direct sales and select above the line initiatives.
4. Funds used for customer training g & support of MedAdvisor include:
  - (a) building in-house capacity to provide training and support to new pharmacy customers; and
  - (b) building on line interactive training materials for both pharmacies and patients.
5. Funds used for international expansion of MedAdvisor include:
  - (a) assessing and prioritising international market opportunities for MedAdvisor;
  - (b) engaging suitable consultants to scope and advised on potential partnering opportunities in those markets;
  - (c) undertaking an on the ground assessment of the opportunity; and
  - (d) development of commercialisation plans for each market
6. Refer to the table below for the itemised costs of the expenses associated with the Acquisition (which assumes that the Company is required to pay ASX listing fees in respect of all Shares on issue following Settlement, which will not be the case if ASX imposes escrow on the Consideration Shares or any other Shares to be issued at Settlement):

<b>Estimated Costs of Acquisition</b>	<b>Proposed minimum Capital Raising (\$3,000,000)</b>	<b>Proposed maximum Capital Raising (\$5,000,000)</b>
ASX Fees	\$65,007	\$66,944
ASIC Fees	\$2,290	\$2,290
Legal, Accounting and Due Diligence Expenses	\$125,000	\$125,000
Shareholder Meeting / Share Registry Costs	\$5,000	\$5,000

Printing	\$12,000	\$12,000
Capital Raising Fees	\$180,000	\$300,000
<b>TOTAL</b>	<b>\$389,297</b>	<b>\$511,234</b>

5. Working capital includes the general costs associated with the management and operation of the business including administration expenses, salaries, directors' fees, rent and other associated costs.

The above tables are statements of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

## 1.6 Key Contracts

### (a) HOA

The material terms of the HOA are as follows:

- (i) **(Consideration)**: the consideration payable by the Company in respect of the Acquisition is as follows:
- (A) 385,064,105 Shares to the Vendors in proportion to the number of MedAdvisor Shares held; and
  - (B) 195,000,000 Founder Performance Shares to the Founders in consideration for the MedAdvisor B Class Shares, which shall convert into Shares upon satisfaction of the following milestones:
    - (I) 50% of the Founder Performance Shares shall convert upon the "MedAdvisor Platform" being activated at 2,500 pharmacies within a period of 2 years from the issue of the Founder Performance Shares; and
    - (II) 50% of the Founder Performance Shares shall convert upon the Company receiving annualised revenue (calculated over two consecutive calendar quarters) of no less than \$5,000,000, within a period of 3 years from the issue of the Founder Performance Shares,
- (ii) **(Conditions Precedent)**: Settlement is conditional upon the satisfaction or waiver of the following conditions precedent:
- (A) completion of due diligence by the Company and MedAdvisor in respect of one another's business and operations;
  - (B) the Company and MedAdvisor entering into agreements with the holders of notes convertible into MedAdvisor shares (**MedAdvisor Noteholders**) (on terms reasonably acceptable to the parties) pursuant to which the Company agrees to issue Shares to the

MedAdvisor Noteholders in place of MedAdvisor shares and the MedAdvisor Noteholders agree to receive Shares at Settlement in satisfaction of MedAdvisor's obligations under the convertible notes;

(C) the Company and MedAdvisor entering into an agreement with MacMillanGold & Associates Pty Ltd (**MMG**) under which the Company agrees to issue 55,000,000 MMG Performance Shares to MMG, which shall convert into Shares upon satisfaction of the following milestones:

(I) 5,000,000 of the MMG Performance Shares will convert upon:

(a) the Company completing the Pilot Study; and

(b) MedAdvisor raising at least \$750,000 by way of an issue of MedAdvisor Convertible Notes (which milestone is expected to be satisfied prior to Settlement);

(II) 10,000,000 of the MMG Performance Shares will convert upon MedAdvisor meeting a Financial Target of \$1,000,000 within a period of 2 years from the HMR Commencement Date;

(III) 10,000,000 of the MMG Performance Shares will convert upon MedAdvisor meeting a financial target of \$2,000,000 within a period of 2 years from the HMR Commencement Date;

(IV) 12,500,000 of the MMG Performance Shares will convert upon MedAdvisor meeting a financial target of \$4,000,000 within a period of 2 years from the HMR Commencement Date; and

(V) 17,500,000 of the MMG Performance Shares will convert upon MedAdvisor meeting a financial target of \$7,000,000 within a period of 2 years from the HMR Commencement Date;

and MMG agrees to accept the MMG Performance Shares in satisfaction of MedAdvisor's obligations to issue MedAdvisor Shares to MMG under the MMG Agreement (a summary of which is set out in Section 1.6(b));

(D) ASX approving the terms of the Founder Performance Shares and MMG Performance Shares under ASX Listing Rules 6.1 and 6.2;

(E) ASX granting a waiver of the ASX Listing Rules to permit the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules to occur despite the price of

Shares being less than \$0.20 per Share (being a price of no less than \$0.02 per Share);

- (F) the conditional approval by ASX to reinstate the Company's securities to trading on ASX (after the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being to the reasonable satisfaction of the Company and MedAdvisor;
  - (G) the Company undertaking a capital raising to raise not less than \$3,000,000; and
  - (H) the Company receiving all Shareholder and regulatory approvals required to complete the Acquisition; and
- (iii) **(Board Changes)**: upon Settlement occurring, two existing directors of the Company will retire and three nominees of MedAdvisor will be appointed to the board of the Company.

The HOA otherwise contains terms, conditions and restrictions which are customary for an agreement of its nature.

(b) **MMG Agreement**

On 18 March 2015, MedAdvisor entered into a heads of agreement with MMG under which MedAdvisor and MMG agreed to work as partners and enter into formal agreements in respect of the expansion of MedAdvisor's software and applications for use in the general practitioner (**GP**) sector (**MMG Agreement**).

The material terms of the MMG Agreement are set out below:

- (i) **(HMR Program Development and Pilot Study)**:
  - (A) MedAdvisor will develop the Platform to enable patients to be automatically offered home medication reviews (**HMRs**) and to allow HMRs to be referred by GPs to pharmacists (**HMR Program**); and
  - (B) MMG will:
    - (I) facilitate an advisory panel of no less than 8 experienced and reputable GPs who will provide expertise to assist MedAdvisor in the design, development and testing of the HMR Program; and
    - (II) following development of the HMR Program, MMG will facilitate a pilot study of not less than 40 GPs to test the commercial and technical feasibility of the HMR Program (**Pilot Study**);
- (ii) **(Fundraising)**: Prior to commencement of the Pilot Study, MMG will assist MedAdvisor's corporate advisors in raising between \$750,000 and \$1,000,000 from third parties through the issue of MedAdvisor Convertible Notes (the terms of which are summarised in Section 1.6(c) below);

- (iii) **(Equity Remuneration)**: In consideration for MMG’s assistance in developing the HMR Program, undertaking the Pilot Study and assisting with the issue of MedAdvisor Convertible Notes, MedAdvisor has agreed to issue 5,000,000 MedAdvisor Shares to MMG (which will be satisfied through the issue of the MMG Performance Shares to MMG);
- (iv) **(HMR Program Recruitment)**: MedAdvisor will grant to MMG:
- (A) the exclusive right to recruit GPs in NSW and SA; and
- (B) the non-exclusive right to recruit GPs from elsewhere in Australia,

into the HMR Program for a period of 5 years from the date that the HMR Program is launched (following completion of the Pilot Study) (**HMR Commencement Date**), provided that if MMG does not meet the sign-up milestones set out below, MMG’s exclusive right to recruit GPs in NSW and SA will become non-exclusive.

Period		MMG GPs	
From	To	New	Aggregate
HMR Commencement Date	6 months after HMR Commencement Date	50	50
6 months after HMR Commencement Date	12 months after HMR Commencement Date	75	125
12 months after HMR Commencement Date	24 months after HMR Commencement Date	575	700
24 months after HMR Commencement Date	36 months after HMR Commencement Date	300	1,000
36 months after HMR Commencement Date	48 months after HMR Commencement Date	400	1,400
48 months after HMR Commencement Date	60 months after HMR Commencement Date	600	2,000

- (v) **(Earn-out Remuneration)**: Upon meeting the Financial Targets set out below by the date that is 2 years following the HMR Commencement Date, MMG is entitled to be issued the corresponding number of MedAdvisor Shares (which will be satisfied through the issue of the MMG Performance Shares to MMG):

Financial Target	MedAdvisor Shares to be issued	Aggregate MedAdvisor Shares issued
\$1,000,000	10,000,000	10,000,000
\$2,000,000	10,000,000	20,000,000
\$4,000,000	12,500,000	32,500,000
\$7,000,000	17,500,000	50,000,000

- (vi) **(Commission):** MMG will be entitled to a commission in perpetuity from MedAdvisor equal to 25% of the revenue earned by (and paid to) MedAdvisor from GPs introduced to MedAdvisor by MMG from the conduct of HMRs through the HMR Program.
- (vii) **(Distribution Agreement):** MedAdvisor will grant MMG the non-exclusive right to recruit pharmacies to subscribe to the Platform for a period of 5 years from the HMR Commencement Date in consideration for a proportion of the subscription fee paid by any pharmacies introduced by MMG to be included in a marketing and training fund or reserve for the funding of activities that:
- (A) promote and market the Platform to pharmacies;
  - (B) train and support pharmacies in respect of the Platform;
  - (C) promote and market the Platform to GPs; and
  - (D) train and support GPs in respect of the Platform.

(c) **MedAdvisor Convertible Notes**

MedAdvisor is in the process of undertaking a capital raising pursuant to which it proposes issuing notes convertible into MedAdvisor Shares (**MedAdvisor Convertible Notes**) to raise a total of \$1,000,000.

The material terms of the MedAdvisor Convertible Notes will be as follows:

- (i) **Maturity Date:** the repayment date is the date which is 24 months after the date the MedAdvisor Convertible Notes were issued (**Maturity Date**);
- (ii) **Conversion price:** the conversion price for the MedAdvisor Convertibles Notes is 80% of the price at which Shares are offered pursuant to the Capital Raising;
- (iii) **Conversion:** either of MedAdvisor or the holder may elect during the period commencing on the date of issue of the MedAdvisor Convertible Notes and ending on the date that is 20 business days thereafter that the face value of the MedAdvisor Convertible Notes shall convert into Shares in the Company at Settlement (MedAdvisor has confirmed that it will



elect for the MedAdvisor Convertible Notes to be converted on the date of Settlement);

- (iv) **Repayment:** in the event that the MedAdvisor Convertible Notes have not been converted or repaid at an earlier date, the MedAdvisor Convertible Notes will be repayable on the Maturity Date;
- (v) **Unsecured:** MedAdvisor's obligations under the MedAdvisor Convertible Notes are unsecured; and
- (vi) **Interest:** MedAdvisor shall, on and from the date that is 6 months from the date of issue of the MedAdvisor Convertible Notes until the MedAdvisor Convertible Notes are converted or redeemed, pay the holder a quarterly coupon payment equal to the face value of the MedAdvisor Convertible Notes held by the Noteholder multiplied by 10% per annum (calculated on daily balances and not compounded).

(d) **Converting Loan Agreements**

The Company is in the process of completing a capital raising pursuant to which it proposes entering into converting loan agreements, including an agreement with Mr Shane Hartwig (a former Director), pursuant to which the Company will be loaned a total of up to \$200,000 (**Converting Loan Agreements**).

The key terms of the Converting Loan Agreements will be as follows:

- (i) **Conversion:** all outstanding monies under the Converting Loan Agreements will, subject to Shareholder approval, automatically convert into Shares at Settlement;
- (ii) **Number:** the Company shall issue such number of Shares to the lenders determined by dividing the outstanding monies by the price which is equal to a 30% discount to the price at which Shares are issued under the Capital Raising;
- (iii) **Repayment:** the repayment date is the date that is 6 months from the date of termination of the HOA or the date that notice is given by a lender that the Company is in breach of its obligations under the Converting Loan Agreement; and
- (iv) **Unsecured:** The Company's obligations under the Converting Loan Agreements are unsecured; and
- (v) **Interest:** interest will accrue daily at a rate of 8% per annum on the outstanding amount under each Converting Loan Agreement and is calculated on a monthly basis. An interest rate of 16% per annum is payable on any overdue amounts and accrues from day to day from and including the due date for payment up until the actual date of payment.

## 1.7 Effect on Capital Structure

A pro forma capital structure following Settlement is set out below:

	Shares	Options	Performance Shares	Performance Rights
Current	85,250,406	16,008,568	-	-
Consideration Securities	385,064,105	-	195,000,000	-
Capital Raising <sup>1</sup>	166,666,667	-	-	-
MedAdvisor Noteholder Shares <sup>2</sup>	41,666,667	-	-	-
MMG Performance Shares	-	-	55,000,000	-
Issue of Shares to Mr Stephen Brockhurst	1,000,000	-	-	-
Issue of Converting Loan Shares	9,523,810 <sup>3</sup>	-	-	-
Read Rights	-	-	-	42,500,000
Bennetto Options	-	10,000,000	-	-
<b>TOTAL</b>	<b>689,171,654</b>	<b>26,008,568</b>	<b>250,000,000</b>	<b>42,500,000</b>

### Notes:

1. Assuming the maximum of \$5,000,000 is raised under the Capital Raising.
2. This value does not incorporate interest accrued under the MedAdvisor Convertible Notes and assumes a conversion price of \$0.024 under the MedAdvisor Convertible Notes. Refer to Section 1.6(c) for a summary of the terms of the MedAdvisor Convertible Notes.
3. This value does not incorporate interest accrued under the Converting Loan Agreements and assumes a conversion price of \$0.021 under the Converting Loan Agreements. Refer to Section 1.6(d) for a summary of the terms of the Converting Loan Agreements. This includes the Converting Loan Shares to be issued to Mr Shane Hartwig upon Shareholder approval under Resolution 15.

The Company also proposes issuing a total of 42,500,000 performance rights to Mr Robert Read (a Proposed Director of the Company) which will convert into Shares upon the Company and Mr Read meeting specified milestones. Refer to Section 16 for further details.

## 1.8 Pro Forma Statement of Financial Position

Set out in the Independent Expert's Report is a pro forma balance sheet of the Company assuming that all Essential Resolutions have been passed, Settlement has occurred and showing alternatively the minimum and maximum Capital Raising which is proposed to be \$3,000,000 and \$5,000,000 respectively. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

## 1.9 Indicative timetable

An indicative timetable for Settlement and the associated transactions is set out below:

Event	Date
Lodgement of Prospectus with the ASIC	4 September 2015
Opening Date of the Capital Raising	4 September 2015
General Meeting held to approve the Transaction	25 September 2015
Closing Date of the Capital Raising	9 October 2015
Settlement of the Acquisition	16 October 2015
Despatch of holding statements	16 October 2015
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	23 October 2015
Re-quotation of Shares (including Shares issued under the Capital Raising) on ASX	23 October 2015

Please note this timetable is indicative only and the directors of the Company reserve the right to amend the timetable as required.

## 1.10 Board intention if Settlement occurs

In the event that Settlement occurs, the Company proposes to:

- (a) continue development of the Platform;
- (b) undertake marketing throughout Australia and internationally; and
- (c) pursue business development opportunities for the Platform both in Australia and internationally.

It is intended to allocate the funds raised from the Capital Raising and existing cash reserves as set out in section 1.5.

## 1.11 Composition of the Board of Directors

It is intended that the Board of Directors will comprise the following upon Settlement occurring:

- (a) Mr Joshua Swinnerton;
- (b) Mr Robert Read; and
- (c) Mr Jim Xenos.

It is currently intended that Peter Dykes and Stephen Brockhurst will retire on Settlement and Peter Bennetto will remain on the Board in his current role. Additional Board and management resources may be considered as appropriate as the MedAdvisor Platform develops.

### **1.12 Advantages of the proposals in the Resolutions**

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

- (a) the Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of a technology company;
- (b) with increasing global use of social media and mobile devices, the Company will be exposed to an industry which has potential to grow significantly;
- (c) the Company will obtain ownership of the MedAdvisor Platform; and
- (d) the Company will be managed by directors and officers with significant experience in the pharmaceutical and technology industries (and particularly in ecommerce and digital marketing) with a view to guiding the Company to be a significant player in the pharmaceutical technology industry.

### **1.13 Disadvantages of the proposals in the Resolutions**

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

- (a) the Company will be changing the nature and scale of its activities to primarily be a technology company, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition will result in the Capital Raising, the issue of Consideration Securities, Founder Performance Shares, MMG Performance Shares and the issue of Shares upon conversion of the MedAdvisor Convertible Notes which will have a dilutionary effect on the holdings of Shareholders;
- (c) future outlays of funds from the Company may be required for the operations of MedAdvisor; and
- (d) there are additional risk factors associated with the change in nature of the Company's activities resulting from the Acquisition. Some of the key risks are summarised in Section 1.14 below.

### **1.14 Risk factors**

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from MedAdvisor, parties contracted or associated with MedAdvisor and the HOA. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire all MedAdvisor's Shares is set out below.

(a) **Risks relating to the Change in Nature and Scale of Activities**

(i) **Re-Quotation of Shares on ASX**

The acquisition of MedAdvisor constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(ii) **Dilution Risk**

The Company currently has 85,250,406 Shares and 16,008,568 Options on issue. At Settlement, the Company proposes to issue:

- (A) the Consideration Shares;
- (B) the Founder Performance Shares;
- (C) the MMG Performance Shares
- (D) the MedAdvisor Noteholder Shares;
- (E) the Converting Loan Shares;
- (F) 10,000,000 Options to Peter Bennetto;
- (G) 1,000,000 Shares to Stephen Brockhurst under his services agreement; and
- (H) Shares to raise at least \$3,000,000 and up to \$5,000,000 as part of the Capital Raising.

On issue of the Consideration Securities, the maximum subscription of Shares under the Capital Raising of \$5,000,000 at an issue price of \$0.03 per Share and no exercise of Options:

- (A) the existing Shareholders (including the issue of 1,000,000 Shares to Stephen Brockhurst and the lenders under the Converting Loan Agreements) will retain approximately 13.90% of the Company's issued Share capital;
- (B) the Vendors (and MedAdvisor Noteholders) will hold approximately 61.92% of the Company's issued Share capital; and
- (C) the investors under the Capital Raising will hold approximately 24.18% of the Company's issued Share capital.

If subsequently the performance milestones are met and all the Founder Performance Shares and MMG Performance Shares are converted (and provided no other Shares are issued or Options exercised), the interests of the existing Shareholders in the Company will reduce to 9.08%, assuming maximum subscription under the Capital Raising.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Business.

(iii) **Liquidity Risk**

On Settlement, the Company proposes to issue the Consideration Shares, the MedAdvisor Noteholders Shares, the Converting Loan Shares, the Founder Performance Shares and the MMG Performance Shares. The Directors understand that ASX will treat these securities as restricted securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of these Securities.

Based on the post-offer capital structure (assuming no further Shares are issued or Options exercised), the Consideration Shares, the MedAdvisor Noteholder Shares, the Converting Loan Shares, the Founder Performance Shares and the MMG Performance Shares will equate to approximately 87.20% of the issued Share capital on an undiluted basis (assuming maximum subscription under the Capital Raising). This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(iv) **Contractual Risk**

Pursuant to the HOA, Settlement is subject to the fulfilment of certain conditions precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the HOA. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(b) **Risks in respect of MedAdvisor's current operations**

(i) **Limited operating history**

MedAdvisor was incorporated in 2012 and has limited operating history. MedAdvisor's limited operating history may not provide a meaningful basis for investors to evaluate the business, financial performance and prospects of the Company post-Acquisition. Accordingly, investors should not rely on financial performance information for any prior periods as an indication of future performance. Investors should consider MedAdvisor's business and prospects in light of the risks, uncertainties, expenses and challenges that the business may face as an early-stage business. Going forward, the Company may not be

successful in addressing the risks and uncertainties that may arise and which may materially and adversely affect MedAdvisor's business prospects.

MedAdvisor's ability to achieve its objectives depends on the ability of MedAdvisor's nominee directors and officers to implement the proposed business plans and to respond in a timely and appropriate manner to any unforeseen circumstances.

(ii) **Competition and new technologies**

The industry in which MedAdvisor is involved 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, the Company 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 the Company's projects and business. For instance, new technologies could result in the MedAdvisor Platform not being differentiated to other similar offerings.

The size and financial strength of some of MedAdvisor's competitors may make it difficult for it to maintain a competitive position in the technology market. In particular, MedAdvisor's ability to acquire additional technology interests could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

The key competition risk is in achieving appreciable market share and differentiation from its key competitors.

(iii) **Sales and marketing success**

Following Settlement, the Company intends to focus on Platform development and marketing. By its nature, there is no guarantee that the Platform's development and marketing campaign will be successful. In the event that it is not, the Company may encounter difficulty creating market awareness of the "MedAdvisor" Platform. This would likely have an adverse impact on the Company's potential profitability.

Even if the Company does successfully commercialise the MedAdvisor Platform, there is a risk the Company will not achieve a commercial return. For example, new technology may overtake the Company's technology.

(iv) **Attracting customers to the Platform**

The Company's revenue will be affected by its ability to attract customers to the MedAdvisor Platform. Various factors can affect the level of customers using the MedAdvisor Platform, including:

- (A) Marketing and promotions: If the Company's marketing and promotion efforts are not effective this may result in fewer customers using the MedAdvisor Platform.
- (B) Brand damage: If the Company or MedAdvisor suffer from reputational damage, customer numbers could be affected.
- (C) MMG: MMG may have limited success in recruiting GPs and pharmacies to use the MedAdvisor Platform which may result in reduced revenue for the Company.

(v) **Hacker attacks**

MedAdvisor will rely upon the availability of its Platform to provide services to customers and attract new customers. Hackers could render the Platform unavailable or cause customers' personal information being compromised.

Although MedAdvisor has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the Platform could lead to a loss of revenue for the Company while compromising customers' information could hinder the Company's abilities to retain existing customers or attract new customers, which would have a material adverse impact on the Company's growth.

(vi) **Contractual Third Party Risk**

MedAdvisor relies on third parties for key deliverables in its business model. This includes payment gateway providers, sales staff and integration of the MedAdvisor platforms to the in market dispensing software packages. A failure of any one of these parties without an appropriate countermeasure could cause a disruption to operations. The company is continually assessing the risk and opportunities associated with its business model and other than disruptions for short periods of time due to service delivery failure is not solely reliant on any one party for delivery.

(vii) **Domain name risk**

The MedAdvisor Platform will depend to some extent on customers being attracted to the MedAdvisor website. MedAdvisor has registered a domain name for the purposes of its website. However, should the Company not renew or otherwise lose control of its domain name, it would lose all website traffic direct that domain. This would likely adversely affect the Company's revenue.

(viii) **Staff Risk**

There is a risk that, where there is a turnover of development staff who have knowledge of the technology and business, that knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of MedAdvisor's intellectual property which has a



commercial value to MedAdvisor as well as an opportunity cost for replacement of those staff and subsequent training.

This risk is mitigated as MedAdvisor has historically had low levels of staff turnover in the development teams. In addition, all staff contracts contain express provisions with respect to ownership of intellectual property and restraints of trade to limit any potential loss suffered by MedAdvisor to the maximum extent possible.

(ix) **Protection of intellectual property rights**

MedAdvisor has applied for a patent to protect its intellectual property rights in respect of the MedAdvisor Platform. However, if the Company fails to protect the intellectual property rights of MedAdvisor adequately, competitors may gain access to its technology which would in turn harm its business.

Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to the Company in every country in which the MedAdvisor Platform may eventually be launched. Accordingly, despite its efforts, the Company may not be able to prevent third parties from infringing upon or misappropriating its intellectual property.

The Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management.

In addition, unauthorised use of the “MedAdvisor” brand in counterfeit products or services may not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities.

(x) **Dependence on the internet**

The successful continuation of the MedAdvisor Platform will depend to some extent 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 have 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 the Company's products would be significantly reduced, which would harm its business.

(c) **General Risks Relating to the Company**

(i) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(ii) **Risk of High Volume of Share Sales**

If Settlement occurs, the Company will have issued a significant number of new Securities to various parties. Some of the Vendors and others that receive Shares as a result of the Acquisition or the Capital Raising may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Company's Shares.

There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase. As a result, Shareholders may, upon selling their Shares, receive a market price for their securities that is less than the price of Shares offered pursuant to the Capital Raising.

(iii) **Trading Price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(iv) **Additional Requirements for Capital**

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in addition to amounts raised under the Capital Raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(v) **Litigation Risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither Exalt nor MedAdvisor are currently engaged in any litigation.

(vi) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

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

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

(vii) **Force Majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(viii) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to MedAdvisor business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

(d) **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

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

If the Resolutions are not passed and the Agreement is not completed, the Company will continue to focus on resources and energy exploration and look for potential business acquisitions to take the Company forward.

**1.16 Directors' interests in the Agreement**

None of the Company's existing Directors have any interest in the proposed Acquisition, other than as disclosed in this Notice.

**1.17 Vendors**

Messrs Nick Downes and Geoff Barnes currently have a relevant interest in the following securities:

- (a) Mr Nick Downs - 9,426,167 Shares and 2,526,667 Options (resulting in Mr Downes having an 11.06% voting power in the Company); and
- (b) Mr Geoff Barnes - 11,536,411 Shares and 2,861,112 Options (resulting in Mr Downes having a 13.53% voting power in the Company).

Messrs Downes and Barnes are also Vendors holding 13,548,080 and 15,048,080 MedAdvisor Shares respectively.

As a result of the above, the Company is seeking Shareholder approval under ASX Listing Rule 10.1 (refer to Section 17 for further details).

Other than as set out above and elsewhere in this Notice, none of the Vendors or their associates are related parties of the Company (other than by virtue of becoming Directors upon Settlement) and do not hold a substantial interest in the Company's Shares.

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## **2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

### **2.1 General**

Resolution 1 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company to change the focus to technology, hardware, and equipment.

As outlined in Section 1.1 of this Explanatory Statement, the Company has entered into the HOA pursuant to which the Company shall acquire all of the MedAdvisor Shares and MedAdvisor B Class Shares.

A summary of the terms and conditions of the HOA is set out in Section 1.6(a) above and a detailed description of MedAdvisor and its business is outlined in Section 1.2 above.

### **2.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of Acquisition requires the Company in accordance with ASX Listing Rule 11.1.2 to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing of MedAdvisor which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's securities as restricted securities).

Accordingly, it is anticipated that the Company's securities will be subjected to a trading halt or suspension and thereby cease trading on ASX's Official List prior to market open on the day of the Meeting. If the Essential Resolutions are approved at the Meeting, it is expected that the Company's Securities will remain suspended from quotation until the Company has acquired MedAdvisor pursuant to the HOA and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

If the Essential Resolutions are not approved at the Meeting, it is expected that the Company's Securities will be reinstated to quotation on ASX's Official List after the Company announces the results of the Meeting in accordance with the Listing Rules and Corporations Act.

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### **3. RESOLUTIONS 2 AND 3 – CREATION OF A NEW CLASSES OF SECURITIES – FOUNDER PERFORMANCE SHARES AND MMG PERFORMANCE SHARES**

Resolutions 2 and 3 seek Shareholder approval for the Company to be authorised to issue the Founder Performance Shares and MMG Performance Shares.

A company with a single class of shares on issue which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the Constitution already provides for such an issue.

Under clause 2.1 of the Constitution and, subject to the Corporations Act and the Listing Rules, the Company may allot and issue shares in the Company on any terms, at any time and for any consideration as the Directors resolve.

Section 246B of the Corporations Act and clause 2.5 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or
- (b) the written consent of the members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

Accordingly, the Company seeks approval from Shareholders for the issue of:

- (a) the Founder Performance Shares as a new class of shares on the terms set out in Schedule 1 of this Explanatory Memorandum; and
- (b) the MMG Performance Shares as a new class of shares on the terms set out in Schedule 2 of this Explanatory Memorandum.

Resolutions 2 and 3 are special resolutions.

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### **4. RESOLUTION 4 – ISSUE OF CONSIDERATION SECURITIES**

#### **4.1 General**

Resolution 3 seeks Shareholder approval for the issue of:

- (a) the Consideration Shares in consideration for the acquisition of 100% of the MedAdvisor Shares on issue; and
- (b) the Founder Performance Shares in consideration for the acquisition of 100% of the MedAdvisor B Class Shares on issue.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Consideration Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Directors understand that ASX may treat each of the Consideration Securities as restricted securities for the purpose of the ASX Listing Rules.

However, submissions will be made to the ASX to apply for cash formula relief in respect of the Consideration Securities.

#### **4.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Securities:

- (a) the maximum number of Consideration Securities to be issued at Settlement is as follows:
  - (i) 385,064,105 Consideration Shares; and
  - (ii) 195,000,000 Founder Performance Shares.
- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all those Securities will occur on the same date;
- (c) the Consideration Shares will be issued to the Vendors, who are not related parties of the Company (other than as a result of the Acquisition), in consideration for their respective MedAdvisor Shares (pro rata to the number of MedAdvisor Shares held by each Vendor);
- (d) the Founder Performance Shares will be issued to the Founders, who are not related parties of the Company (other than as a result of the Acquisition) in consideration for their respective MedAdvisor B Class Shares (pro rata to the number of MedAdvisor B Class Shares held by each Founder);
- (e) the Consideration Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Founder Performance Shares to be issued to the Founders will be granted on the terms and conditions set out in Schedule 1; and
- (g) no funds will be raised from the proposed issue as the Consideration Securities are proposed to be issued in consideration for the acquisition by the Company of all of the MedAdvisor Shares and MedAdvisor B Class Shares in accordance with the terms of the HOA.

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## **5. RESOLUTION 5 – APPROVAL OF ISSUE OF CONSIDERATION SECURITIES TO MRS VIV SWINNERTON**

### **5.1 Background**

Mr Joshua Swinnerton is a director of MedAdvisor and will become a Director of the Company at Settlement (refer to Resolution 11). Mr Joshua Swinnerton's mother, Mrs Viv Swinnerton, holds MedAdvisor Shares as trustee for the Joshua Swinnerton Family Trust.

A summary of the background to the proposed issue of the Consideration Securities is contained in Section 1.1 above.

## 5.2 General

Resolution 5 seeks Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act to allow:

- (a) the Company to issue 106,837,500 Consideration Shares and 68,225,102 Founder Performance Shares to Mrs Viv Swinnerton; and
- (b) the Company to issue 68,225,102 Shares to Mrs Viv Swinnerton upon the performance milestones attaching to the Founder Performance Shares being met,

which will (assuming \$3,000,000 is raised under the Capital Raising at an issue price of \$0.04 per Share, the Consideration Securities and MedAdvisor Noteholder Shares are issued and no other Shares are issued or Options exercised) result in Joshua Swinnerton and Viv Swinnerton's voting power in the Company increasing from 0% up to a maximum of 22.45%.

## 5.3 Item 7 of Section 611 of the Corporations Act

### (a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

**(Prohibition).**

### (b) Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

### (c) Joshua Swinnerton and Viv Swinnerton's entitlements in the Company

A summary of the increase in Joshua Swinnerton and Viv Swinnerton's voting power as a result of issue of the Consideration Securities to Joshua Swinnerton and Viv Swinnerton is set out below:



	Shares issued to Mrs Swinnerton	Shares held by Mrs Swinnerton	Total Shares issued	Total Shares on issue	Voting power of Mr Joshua Swinnerton and Mrs Viv Swinnerton
Current	-	-	-	85,250,406	0.00%
Capital Raising <sup>1</sup>	-	-	100,000,000	185,250,406	0.00%
Converting Loan Shares <sup>3</sup>	-	-	9,523,810	194,774,216	0.00%
Brockhurst Shares	-	-	1,000,000	195,774,216	0.00%
Consideration Shares <sup>2</sup>	106,837,500	106,837,500	385,064,105	580,838,321	18.39%
MedAdvisor Noteholder Shares <sup>3</sup>	-	106,837,500	31,250,000	612,088,321	17.45%
One Founder Performance Share milestone met <sup>4</sup>	34,112,551	140,950,051	97,500,000	709,588,321	19.86%
Both Founder Performance Share milestones met <sup>4</sup>	34,112,551	175,062,602	97,500,000	807,088,321	21.69%

**Notes:**

1. Assuming \$3,000,000 is raised under the Capital Raising at an issue price of \$0.03 per Share.
2. Refer to Section 1.6(a) for a summary of the HOA, under which the Consideration Securities will be issued.
3. Assuming \$750,000 is raised under the MedAdvisor Convertible Notes and \$200,000 is raised under the Converting Loan Agreements. These values do not incorporate the issue of Shares in conversion of the interest accrued under the MedAdvisor Convertible Notes and Converting Loan Agreements.
4. Refer to Schedule 1 for a summary of the terms and conditions of the Founder Performance Shares.

(d) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
  - (A) a body corporate the first person controls;
  - (B) a body corporate that controls the first person; or

- (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(e) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

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

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

(f) **Associates of Mr Joshua Swinnerton and Mrs Viv Swinnerton**

Other than Mr Joshua Swinnerton, no associates of Mrs Viv Swinnerton currently have or will have a relevant interest in the Company.

## 5.4 Reason Section 611 Approval is Required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of the Consideration Shares and conversion of the Founder Performance Shares to be issued to Mrs Swinnerton, Mr Joshua Swinnerton and Mrs Viv Swinnerton will have a relevant interest in 175,062,602 Shares in the Company, representing a 21.41% voting power in the Company. This assumes that

\$3,000,000 is raised under the Capital Raising at an issue price of \$0.03 per Share and that no other Shares are issued or Options are exercised.

Accordingly, Resolution 5 seeks Shareholder approval for the purpose of section 611 item 7 and all other purposes to enable the Company to issue the Consideration Securities to Mrs Swinnerton and to enable the conversion of the Founder Performance Shares and subsequent issue of Shares to Mrs Swinnerton.

## **5.5 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74**

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Stantons International annexed to this Explanatory Statement and Section 1 of this Explanatory Statement which contains a summary of the Acquisition and the effect of the Acquisition on the Company.

### **(a) Identity of the Acquirer and its Associates**

It is proposed that Mrs Swinnerton will be issued the Consideration Securities in accordance with the terms set out in the HOA (as summarised in Section 1.6(a)).

Other than Mrs Swinnerton, no associates of Mr Swinnerton currently have or will have a relevant interest in the Company.

### **(b) Reasons for the proposed issue of securities**

The Consideration Securities are being issued to Mrs Swinnerton in accordance with the terms of the HOA in consideration for the MedAdvisor Shares and MedAdvisor B Class Shares held by Mrs Swinnerton.

### **(c) Date of proposed issue of securities**

The Consideration Securities will be issued on the date upon which Settlement of the Acquisition occurs. An indicative timetable for the Acquisition is set out in Section 1.9.

### **(d) Mr Joshua Swinnerton and Mrs Viv Swinnerton's Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Mr Joshua Swinnerton and Mrs Viv Swinnerton:

- (i) have no present intention of making any significant changes to the business of the Company;
- (ii) have no present intention to inject further capital into the Company;
- (iii) have no present intention regarding the future employment of the present employees of the Company;
- (iv) do not intend to redeploy any fixed assets of the Company;

- (v) do not intend to transfer any property between the Company and Joshua Swinnerton and Viv Swinnerton; and
- (vi) have no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Joshua Swinnerton and Viv Swinnerton at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(e) **Interests and Recommendations of Directors**

None of the current Board members have a material personal interest in the outcome of Resolution 5.

All of the Directors are of the opinion that the Acquisition is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 5. The Director's recommendations are based on the reasons outlined in Section 1.12.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

(f) **Capital Structure**

An indicative capital structure in respect of the Acquisition is set out in Section 0.

## 5.6 **Advantages and Disadvantages of the issue of Consideration Securities**

A non-exhaustive list of the advantages of the issue of Consideration Securities and undertaking of the Acquisition is set out in Sections 1.12 and 1.13.

## 5.7 **Independent Expert's Report**

The Independent Expert's Report prepared by Stantons International (a copy of which is enclosed with this Explanatory Statement) assesses whether the transactions contemplated by Resolution 5 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolution 5 are **fair and reasonable** to the non-associated Shareholders of the Company.

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

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## **6. RESOLUTION 6 – ISSUE OF MMG PERFORMANCE SHARES**

### **6.1 General**

Resolution 6 seeks Shareholder approval for the issue of 55,000,000 MMG Performance Shares in consideration for services to be provided to MedAdvisor under the MMG Agreement (the terms of which are set out in Section 1.6(b)).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 6 will be to allow the Company to issue the MMG Performance Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **6.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of MMG Performance Shares:

- (i) the maximum number of MMG Performance Shares to be issued is 55,000,000;
- (ii) the MMG Performance Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (iii) the MMG Performance Shares will be issued for nil cash consideration in satisfaction of services to be provided to the Company by MMG under the MMG Agreement;
- (iv) the MMG Performance Shares will be issued to MMG, who is not a related party of the Company;
- (v) the MMG Performance Shares will be issued on the terms and conditions set out in Schedule 2; and
- (vi) no funds will be raised from the issue of the MMG Performance Shares as they are being issued in consideration for the services to be provided to MedAdvisor (and the Company following Settlement) under the MMG Agreement.

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## **7. RESOLUTION 7 – CONVERSION UNDER MEDADVISOR CONVERTIBLE NOTES**

### **7.1 General**

Resolution 7 seeks Shareholder approval for the issue of up to 41,666,667 Shares (being the number of Shares required to convert the face value of the MedAdvisor Convertible Notes), plus up to that number of Shares which, when multiplied by the issue price of \$0.024 per Share, equals the amount of interest payable under the MedAdvisor Convertible Notes (if any), to the MedAdvisor Noteholders upon conversion of the MedAdvisor Convertible Notes, the terms and conditions of which are summarised in Section 1.6(c).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 7 will be to allow the Company to issue the MedAdvisor Noteholder Shares to the MedAdvisor Noteholders in discharge of MedAdvisor's obligations under the MedAdvisor Convertible Notes, in accordance with the terms of the HOA, during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **7.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the MedAdvisor Noteholder Shares:

- (a) the maximum number of MedAdvisor Noteholder Shares to be issued is up to 41,666,667 Shares (being the number of Shares required to convert the face value of the MedAdvisor Convertible Notes) plus up to that number of Shares which, when multiplied by the issue price of \$0.024 per Share, equals the amount of interest payable under the MedAdvisor Convertible Notes (if any);
- (b) the MedAdvisor Noteholder Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the deemed issue price of the MedAdvisor Noteholder Shares will be \$0.024 per Share, being a 20% discount to the price that Shares are issued under the Capital Raising;
- (d) the MedAdvisor Noteholder Shares will be issued to the MedAdvisor Noteholders, none of whom are related parties of the Company;
- (e) the MedAdvisor Noteholder Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) as the MedAdvisor Noteholder Shares will be issued upon conversion of MedAdvisor Convertible Notes for which MedAdvisor has already received funds, no funds will be raised by the issue of MedAdvisor Noteholder Shares to the MedAdvisor Noteholders.

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## **8. RESOLUTION 8 – CAPITAL RAISING**

### **8.1 General**

Resolution 8 seeks Shareholder approval for the issue of up to 166,666,667 Shares at an issue price of \$0.03 per Share to raise at least \$3,000,000 and up to \$5,000,000 under the Capital Raising. Approval is sought for the issue of these Shares pursuant to Resolution 8.

On 14 August 2015, ASX granted the Company a waiver to enable the Company to undertake the Capital Raising at \$0.03 per Share. The waiver is conditional upon Shareholders approving the issue price of Shares under the Capital Raising at a price of \$0.03 cents per Share.

For the purposes of the Listing Rules, none of the subscribers for the Shares to be issued under Resolution 8 will be related parties of the Company.

The Capital Raising offer will be conditional on the following:

- (a) Shareholders passing all of the Essential Resolutions; and
- (b) the Shares to be issued under the Capital Raising being issued contemporaneously with Settlement.

Further details of the Capital Raising will be set out in the Prospectus.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 8 will be to allow the Company to issue Shares under the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

## **8.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued is up to 166,666,667 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be 0.03 per Share;
- (d) the Shares are proposed to be issued to the applicants under the Capital Raising. None of these subscribers will be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue; and
- (f) the Company intends to use the funds raised under the Capital Raising as set out in Section 1.5.

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## **9. RESOLUTION 9 – CHANGE OF COMPANY NAME**

Section 157(1) (a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 9 seeks the approval of Shareholders for the Company to change its name to "**MedAdvisor Limited**". The Board proposes this change of name on the basis that it more accurately reflects the proposed operations of the Company following Settlement.

If Resolution 9 is passed the change of name will take effect after ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 9 is passed, the Company will lodge a copy of the special resolution with ASIC following Settlement in order to effect the change.

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## 10. RESOLUTIONS 10 TO 12 – ELECTION OF DIRECTORS

Clause 12.14 of the Constitution allows the Company to appoint at any time a person to be a Director in general meeting, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

In order for the Proposed Directors to be eligible for election, a Shareholder intending to propose their nomination, must deliver to the Company's registered office at least 30 Business Days before the Meeting, a written notice from the Shareholder nominating the Proposed Director as a Director of the Company and a document under which each of the Proposed Directors consent to their nomination for the office.

Pursuant to Resolutions 10 to 12, Mr Robert Read, Mr Joshua Swinnerton and Mr Jim Xenos seek election from Shareholders to be appointed upon Settlement occurring.

The qualifications and experience of the Proposed Directors are set out below:

### ***Robert Read***

Robert comes from a diverse commercial background covering strategy consulting, private equity as well as senior management positions in both medium and large companies. Robert spent the early years of his career in consulting before moving to senior venture capital and private equity positions. Following this Robert gained experience as a senior executive to build on the hands on skills he had developed in his private equity roles. Robert brings a wide range of skills to the position of CEO, in particular leadership, sales and marketing, finance performance improvement and a deep understanding of what is needed to successfully grow start-up businesses.

Prior to taking the position as CEO of MedAdvisor Robert was Managing Director of the Australian Private Equity arm of Harbert Management Corporation, a US Based multi-asset class fund manager during which time he also served as interim CEO of an investee. Before his time at Harbert, Robert was the Director of Commercial Strategy and Operations at GlaxoSmithKline one of the world's leading pharmaceutical companies. At GSK he was responsible for strategy development, digital marketing, sales force effectiveness, sales training and business intelligence and commercial analysis. During his private equity career Robert spent periods at both St George Bank and ANZ Bank private equity divisions where he would be responsible for managing investments to successful and profitable exits.

Robert hold a Bachelor of Commerce (Management) as well as a Bachelor of Arts (Psychology) both from Monash University and is a Graduate of the AICD Directors Course.

### ***Joshua Swinnerton***

Josh has extensive experience leading and managing sizeable IT ventures, both within large companies, as a consultant, and as the technical and operational lead of start-up companies. Prior to founding MedAdvisor, Josh was the Chairman and CTO of technology start-up DeskActive Pty Ltd which he also founded and flipped into the US based DeskActive, Inc, raising funds in the US for the company's expansion and managed software development.



Prior to founding DeskActive Josh held senior software engineering positions in a number of large IT companies. At Oakton he was Technical Architect and Team Leader in a multimillion dollar project for a major client, while at Unico Computer Systems and AdvaTel Josh held senior positions as a Software Engineer. During this time Josh has gained valuable experience in bridging the gap between innovative technology and business objectives. Josh also has extensive skills in building and managing exceptional development teams.

Josh has a Masters of Entrepreneurship and Innovation from Swinburne University of Technology, Grad Cert of Product Engineering from IRIS, a Bachelor of Computer Engineering (Hons) and a Bachelor of Computer Science both from Melbourne University.

### ***Jim Xenos***

Jim is an experienced general manager with sales and marketing expertise and a track record in building and leading high performing teams delivering market share and profit growth in national and multinational companies. Jim has strong reputation in forming brand and portfolio strategies, developing new product launches with innovative go to market activities in existing and new channels. He has significant strength in establishing high performing sales teams in highly competitive categories.

Jim is currently the Managing Director of the NostraData which he co-founded in 2010. NostraData is a leading provider of business intelligence to the Pharmaceutical industry. Prior to co-founding NostraData Jim held a number of Associate Director positions with GlaxoSmithKline as well as holding the position of Head of Retail at Sigma for the Heron brand. These positions helped Jim to develop key skills in the areas of general and financial management, marketing and strategy development, sales management and team development. Jim has been a non-executive director for MedAdvisor International Pty Ltd since 2012.

Jim holds a Bachelor of Mathematical and Information Science as well as a Graduate Diploma of Education both from LaTrobe University, Jim is also a Graduate Member of the Australian Institute of Company Directors.

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## **11. RESOLUTION 13 – REPLACEMENT OF CONSTITUTION**

### **11.1 General**

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 13 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2011.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating the name of the Company to that adopted in Resolution 9;
- (b) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (c) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement; however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.exaltresources.com.au](http://www.exaltresources.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 2 8075 4635). Shareholders are invited to contact the Company if they have any queries or concerns.

## 11.2 Summary of material proposed changes

### (a) **Fee for registration of off market transfers**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

The Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### (b) **Partial (proportional) takeover provisions**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

#### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

#### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

#### *Knowledge of any acquisition proposals*

Other than as a result of the proposed Acquisition and Capital Raising, as at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

#### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (i) proportional takeover bids may be discouraged;

- (ii) lost opportunity to sell a portion of their Shares at a premium;  
and
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

### **11.3 Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 13.

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## **12. RESOLUTION 14 – CONVERSION UNDER CONVERTING LOAN AGREEMENTS**

### **12.1 General**

Under the Converting Loan Agreements, the Company proposes borrowing a maximum of \$200,000 from persons introduced by Peloton, including from a former Director, Mr Shane Hartwig (refer to Section 13 for further details regarding conversion of the loan granted by Mr Hartwig). A summary of the terms and conditions of the Converting Loan Agreements is set out in Section 1.6(d).

Under the terms of the Converting Loan Agreements, each lender will formally agree that outstanding monies under the Converting Loan Agreements (together with any interest payable under the Converting Loan Agreements) will convert into Shares automatically at Settlement at a 30% discount to the price of Shares (**Converting Loan Shares**). Outstanding monies under the Converting Loan Agreements accrue interest daily at a rate of 8% per annum which accumulates monthly.

Resolution 14 seeks Shareholder approval for the issue of the Converting Loan Shares at Settlement upon conversion of outstanding monies under the Converting Loan Agreements.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 14 will be to allow the Company to issue the Converting Loan Shares in discharge of the Company's obligations under the Converting Loan Agreements during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **12.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Converting Loan Shares:

- (a) the maximum number of Converting Loan Shares to be issued is 9,523,810 (being the number of Shares required to convert the face value of the Converting Loan Agreements) plus up to that number of Shares which, when multiplied by the issue price of \$0.021 per Share, equals the amount of interest payable under the Converting Loan Agreements;

- (b) the Converting Loan Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the deemed issue price of the Converting Loan Shares will be \$0.021 per Share, being a 30% discount to the price that Shares are issued under the Capital Raising;
- (d) the Converting Loan Shares will be issued to various sophisticated and professional investors introduced to the Company by Peloton. Other than Mr Shane Hartwig, a former Director of the Company, none of the lenders are related parties of the Company (Shareholder approval for the issue of Shares to Mr Hartwig is sought under Resolution 15);
- (e) the Converting Loan Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) as the Converting Loan Shares will be issued upon conversion of Converting Loan Agreements for which the Company has already received funds, no funds will be raised by the issue of Converting Loan Shares to the lenders.

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### **13. RESOLUTION 15 – CONVERSION UNDER CONVERTING LOAN AGREEMENT WITH MR SHANE HARTWIG**

#### **13.1 General**

Mr Shane Hartwig, a former Director of the Company, proposes granting a loan of \$20,000 to the Company under a Converting Loan Agreement (the terms and conditions of which are summarised is set out in Section 1.6(d)).

Resolution 15 seeks Shareholder approval for the issue to Mr Hartwig (or his nominee) of such number of Converting Loan Shares as is required to discharge the Company's obligations to Mr Hartwig under the Converting Loan Agreement to which he is a party.

#### **13.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares constitutes giving a financial benefit and Mr Hartwig is a related party of the Company by virtue of being a former Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Converting Loan Shares to Mr Hartwig because the Shares will be issued to Mr Hartwig on the same terms

as Converting Loan Shares issued to non-related lenders and as such the giving of the financial benefit is on arm's length terms.

### **13.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **13.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 15:

- (a) the Shares will be issued to Mr Shane Hartwig (or his nominee);
- (b) the maximum number of Converting Loan Shares to be issued is 952,381 Shares (being the number of Shares required to convert the face value of the Converting Loan Agreement with Mr Hartwig) plus up to that number of Shares which, when multiplied by the issue price of \$0.021 per Share, equals the amount of interest payable under the Converting Loan Agreement with Mr Hartwig;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (d) the deemed issue price of the Converting Loan Shares will be \$0.021 per Share, being a 30% discount to the price that Shares are issued under the Capital Raising;
- (e) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) as the Converting Loan Shares will be issued upon conversion of Converting Loan Agreements for which the Company has already received funds, no funds will be raised by the issue of Converting Loan Shares to Mr Hartwig.

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## **14. RESOLUTION 16 – ISSUE OF SHARES TO MR STEPHEN BROCKHURST**

### **14.1 General**

Under a services agreement between the Company and Mr Stephen Brockhurst, the Company agreed to issue 1,000,000 Shares to Mr Brockhurst upon the Company completing an acquisition and re-complying with Chapters 1 and 2 of the ASX Listing Rules. This requirement will be triggered at Settlement of the Acquisition.

As such, Resolution 16 seeks Shareholder approval for the issue of 1,000,000 Shares to Mr Stephen Brockhurst (or his nominee).

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 13.2 and 13.3 above respectively.

#### **14.2 Chapter 2E of the Corporations Act**

The issue of Shares constitutes giving a financial benefit and Mr Brockhurst is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Brockhurst who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Shares because the agreement to issue the Shares, reached as part of the remuneration package for Mr Brockhurst, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

#### **14.3 ASX Listing Rule 10.11**

As the issue of Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### **14.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 16:

- (a) the Shares will be issued to Mr Stephen Brockhurst (or his nominee);
- (b) the number of Shares to be issued is 1,000,000;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the Settlement Date;
- (d) the Shares will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Brockhurst (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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### **15. RESOLUTION 17 – ISSUE OF OPTIONS TO MR PETER BENNETTO**

#### **15.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 10,000,000 Options to Mr Peter Bennetto (**Bennetto Options**) on the terms and conditions set out below.

Resolution 17 seeks Shareholder approval for the grant of the Bennetto Options to Mr Bennetto (or his nominee).

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 13.2 and 13.3 above respectively.

## **15.2 Chapter 2E of the Corporations Act**

The grant of the Bennetto Options constitutes giving a financial benefit and Mr Peter Bennetto is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Bennetto who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Bennetto Options because the agreement to grant the Bennetto Options, reached as part of the remuneration package for Mr Bennetto, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

## **15.3 ASX Listing Rule 10.11**

As the grant of the Bennetto Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **15.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 17:

- (a) the Bennetto Options will be granted to Mr Peter Bennetto (or his nominee);
- (b) the number of Bennetto Options to be issued is 10,000,000;
- (c) the Bennetto Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the Bennetto Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Bennetto Options are set out in Schedule 3.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Bennetto Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Bennetto Options to Mr Bennetto (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.



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## **16. RESOLUTION 18 – ISSUE OF PERFORMANCE RIGHTS TO MR ROBERT READ**

### **16.1 General**

As set out in Resolution 10, the Company is seeking shareholder approval to appoint Mr Robert Read as a Director.

As part of Mr Robert Read's remuneration package, the Company has agreed, subject to obtaining Shareholder approval, to issue 42,500,000 Performance Rights (**Read Rights**) to Mr Robert Read (or his nominee) on the terms and conditions set out below.

Resolution 18 seeks Shareholder approval for the grant of the Read Rights to Mr Robert Read (or his nominee).

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in sections 13.2 and 13.3 above respectively.

### **16.2 Chapter 2E of the Corporations Act**

The grant of Read Rights constitutes giving a financial benefit and Mr Robert Read is a related party of the Company by virtue of being a Proposed Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Read Rights because the agreement to grant the Read Rights, reached as part of the remuneration package for Mr Robert Read, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **16.3 ASX Listing Rule 10.11**

As the Read Rights will involve the issue of securities to a related party of the Company in the event that the performance milestones are met, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **16.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 18:

- (a) the Read Rights will be granted to Mr Robert Read (or his nominee);
- (b) the number of Read Rights to be granted is 42,500,000;
- (c) the Read Rights will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Read Rights will occur on the same date;
- (d) the Read Rights will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Read Rights are set out in Schedule 4.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Read Rights as approval is being obtained under ASX Listing Rule 10.11. Accordingly,

the grant of Read Rights to Mr Robert Read (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **17. RESOLUTIONS 19 AND 20 – ACQUISITION OF MEDADVISOR SHARES FROM MESSRS NICK DOWNES AND GEOFF BARNES**

### **17.1 General**

As outlined in Section 1.1 of this Explanatory Statement, the Company has entered into the HOA pursuant to which the Company shall acquire all of the MedAdvisor Shares and MedAdvisor B Class Shares from the Vendors.

Two of the Vendors, Mr Nick Downes and Mr Geoff Barnes, are substantial holders of the Company (see Section 1.17). A summary of the terms and conditions of the HOA is set out in Section 1.6(a) above and a detailed description of MedAdvisor and its business is outlined in Section 1.2 above.

Pursuant to ASX Listing Rule 10.1, for the Company to acquire the MedAdvisor Shares held by Messrs Nick Downes and Geoff Barnes, Shareholder approval must be obtained.

Resolution 19 seeks Shareholder approval for the purpose of ASX Listing Rule 10.1 to allow the Company to acquire 13,548,080 MedAdvisor Shares from Mr Nick Downes (or his associates).

Resolution 20 seeks Shareholder approval for the purpose of ASX Listing Rule 10.1 to allow the Company to acquire 15,048,080 MedAdvisor Shares from Mr Geoff Barnes (or his associates).

### **17.2 ASX Listing Rule 10.1**

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a substantial holder or one of its associates, without the prior approval of holders of the entity's ordinary shareholders.

#### ***Substantial asset***

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the half-year ending 31 December 2014) were \$370,861.

As the value of the MedAdvisor Shares to be acquired from Messrs Nick Downes and Geoff Barnes is more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules, the acquisition of those MedAdvisor Shares will result in the acquisition of a substantial asset.

#### ***Substantial shareholder***

For the purposes of ASX Listing Rule 10.1, a substantial shareholder is a person who has a relevant interest (either directly or through its associates), or had at

any time in the 6 months before the transaction, in at least 10% of the total votes attaching to the voting securities.

As stated in Section 17.1, the Vendors the subject of Resolutions 19 and 20 are substantial holders of the Company.

### ***Requirement for shareholder approval***

As a result of the above conclusions, the completion of the acquisition of those MedAdvisor Shares held by Messrs Nick Downes and Geoff Barnes will result in the acquisition of a substantial asset from substantial holders of the Company and the Company is required to seek Shareholder approval under ASX Listing Rule 10.1.

## **17.3 Independent Expert's Report**

ASX Listing Rule 10.10.2 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report set out in Annexure 1 sets out a detailed independent examination of the proposed Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve the Acquisition.

To the extent that it is appropriate, the Independent Expert's Report enclosed with this Notice of Meeting sets out further information with respect to the acquisition of the MedAdvisor Shares from Messrs Nick Downes and Geoff Barnes, and concludes that it is **fair and reasonable** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

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## GLOSSARY

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**\$** means Australian dollars.

**Acquisition** has the meaning given at Section 1.1.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

**Bennetto Options** means the options proposed to be offered to Mr Peter Bennetto on the terms set out in Schedule 3.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** has the meaning given at Section 1.1.

**Chair** means the chair of the Meeting.

**Company** or **Exalt** means Exalt Resources Limited (ACN 145 327 617).

**Constitution** means the Company's constitution.

**Converting Loan Agreements** has the meaning given in Section 1.6(d).

**Converting Loan Shares** has the meaning given in Section 12.1.

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

**Directors** mean the current directors of the Company.

**Essential Resolutions** means all Resolutions other than Resolutions 13, 16 and 17.

**EST** means Eastern Standard Time as observed in Sydney, New South Wales.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Financial Target** means the aggregate of:

- (a) gross revenue (inclusive of commissions, if any, to be paid to MMG) derived and received by MedAdvisor (that is, paid to MedAdvisor) from the HMR Program;
- (b) revenue received by MAI from pharmacies introduced by MMG less the Guildlink Fee and the Promotional Portion; and
- (c) all other revenue earned by MAI from GPs introduced by MMG,

during the period commencing on the date of the HMR Launch and ending on the date that is two (2) years after that date.

**Founders** means each of Viv Swinnerton, Provare Pty Ltd, Kojent Pty Ltd, Romida Enterprises Pty Ltd and entities associated with Peloton (or their respective nominees).

**Founder Performance Shares** means the performance shares to be issued to the Founders at Settlement in consideration for 100% of the MedAdvisor B Class Shares with terms set out in Schedule 1.

**General Meeting or Meeting** means the meeting convened by the Notice.

**Guildlink Fee** means a fee of \$25 payable to Guildlink Pty Ltd (ACN 090 249 960) for supply of support of the GuildCare software platform and the bundled inclusion of Guildlink's proprietary SMS reminder software product known as MemoCare along with the Platform.

**HMR** has the meaning given at Section 1.6(b).

**HMR Program** has the meaning given at Section 1.6(b).

**HOA** has the meaning given at Section 1.1.

**MedAdvisor** means MedAdvisor International Pty Ltd (ACN 161 366 589).

**MedAdvisor B Class Shares** means shares in the capital of MedAdvisor held by the Founders which carry a right to receive Founder Performance Shares.

**MedAdvisor Convertible Notes** means the notes convertible into MedAdvisor Shares to be issued by MedAdvisor prior to the date of this Meeting, the terms of which are summarised in Section 1.6(c).

**MedAdvisor Noteholders** means the holders of the MedAdvisor Convertible Notes.

**MedAdvisor Noteholder Shares** has the meaning given to it at Section 1.1.

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

**MMG** means MacMillan Gold & Associates Pty Limited.

**MMG Agreement** means the heads of agreement entered into between MedAdvisor and MMG dated 19 May 2015.

**MMG Performance Shares** means the performance shares proposed to be offered to MMG in accordance with the HOAs and on the terms set out in Schedule 2.

**Notice or Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Official List** means the official list of ASX.

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

**Peloton** means Peloton Capital Pty Ltd

**Performance Shares** mean each of the Founder Performance Share and the MMG Performance Shares.

**Pilot Study** means the pilot study for the commercial and operational viability of the HMR Program, as detailed in Section 1.6(b).

**Platform or MedAdvisor Platform** has the meaning given in Section 1.2

**Promotional Proportion** means 25% of the gross Subscription Fee less 50% of each of the following:

- (a) any applicable 'bundle discount';
- (b) any applicable 'group discount';
- (c) credit card fees and charges; and
- (d) handling fees.

**Proposed Constitution** has the meaning given at Section 11.1.

**Proposed Directors** means Mr Robert Read, Mr Joshua Swinnerton and Jim Xenos.

**Prospectus** means the prospectus prepared by the Company in accordance with Chapter 6D of the Corporations Act, pursuant to which the Capital Raising will be undertaken.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice or any one of them, as the context requires.

**Securities** mean all securities of the Company, including a Share, an Option, a Founder Performance Share, or a MMG Performance Share (as the context requires).

**Settlement** means settlement of the Acquisition in accordance with the terms of the HOA.

**Settlement Date** means the date on which Settlement occurs under the HOA.

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

**Shareholder** means a registered holder of a Share.

**Stantons International** means Stantons International Securities Pty Ltd (trading as Stantons International Securities).

**Subscription Fees** means subscription fees payable by pharmacies introduced by MMG in respect of the Platform.

**Vendor Consideration Securities** has the meaning given at Section 1.1.

**Vendors** has the meaning given at Section 1.1.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF FOUNDER PERFORMANCE SHARES

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### 1. Terms of Founder Performance Shares

- (a) **(Performance Shares):** Each Founder Performance Share is a share in the capital of the Company.
- (b) **(General Meetings):** The Founder Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of the Company.
- (c) **(No Voting Rights):** The Founder Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No Dividend Rights):** The Founder Performance Shares do not entitle the Holder to any dividends.
- (e) **(No Rights on Winding Up):** Upon winding up of the Company, the Founder Performance Shares may not participate in the surplus profits or assets of the Company.
- (f) **(Transfer of Performance Shares):** The Founder Performance Shares are not transferable.
- (g) **(Reorganisation of Capital):** In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (h) **(Application to ASX):** The Founder Performance Shares will not be quoted on ASX. Upon conversion of the Founder Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in Entitlements and Bonus Issues):** Subject always to the rights under item (g) (Reorganisation of Capital), holders of Founder Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(Amendments required by ASX):** The terms of the Founder Performance Shares may be amended as necessary by the Company board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

- (k) **(No Other Rights):** The Founder Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## 2. Conversion of the Founder Performance Shares

- (a) **(Milestones):** The Founder Performance Shares will convert upon satisfaction of any one of the following milestones:
- (i) 50% of the Founder Performance Shares shall convert upon the “Medadvisor Platform” being activated at 2,500 pharmacies within a period of 2 years from the issue of the Founder Performance Shares; and
  - (ii) 50% of the Founder Performance Shares shall convert upon the Company receiving annualised revenue in connection with the MedAdvisor business (calculated over two consecutive calendar quarters) of no less than \$5,000,000, within a period of 3 years from the issue of the Founder Performance Shares,
- (each referred to as a **Milestone**).
- (b) **(Conversion of Founder Performance Shares):** In the event a Milestone is satisfied, all of the Founder Performance Shares held by the Holder will convert into an equal number of Shares.
- (c) **(No Conversion if Milestone not Achieved):** Any Founder Performance Share not converted into a Share within the period required under the relevant Milestone will lapse.
- (d) **(After Conversion):** The Shares issued on conversion of the Founder Performance Shares will, as and from 5.00pm (AEST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (e) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Founder Performance Shares into Shares.
- (f) **(Ranking of Shares)** The Shares into which the Founder Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.



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## SCHEDULE 2 – TERMS AND CONDITIONS OF MMG PERFORMANCE SHARES

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### 1. Terms of MMG Performance Shares

- (a) **(Performance Shares):** Each MMG Performance Share is a share in the capital of the Company.
- (b) **(General Meetings):** The MMG Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. Holders have the right to attend general meetings of the Company.
- (c) **(No Voting Rights):** The MMG Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No Dividend Rights):** The MMG Performance Shares do not entitle the Holder to any dividends.
- (e) **(No Rights on Winding Up):** Upon winding up of the Company, the MMG Performance Shares may not participate in the surplus profits or assets of the Company.
- (f) **(Transfer of Performance Shares):** The MMG Performance Shares are not transferable.
- (g) **(Reorganisation of Capital):** In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (h) **(Application to ASX):** The MMG Performance Shares will not be quoted on ASX. Upon conversion of the MMG Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in Entitlements and Bonus Issues):** Subject always to the rights under item (g) (Reorganisation of Capital), holders of MMG Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(Amendments required by ASX):** The terms of the MMG Performance Shares may be amended as necessary by the Company board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

- (k) **(No Other Rights):** The MMG Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## 2. Conversion of the MMG Performance Shares

- (a) **(Milestones):** The MMG Performance Shares will convert upon satisfaction of any one of the following milestones:

- (i) 5,000,000 of the MMG Performance Shares will convert upon:
- (A) the Company completing the Pilot Study; and
- (B) MedAdvisor raising at least \$750,000 by way of an issue of MedAdvisor Convertible Notes (which milestone is expected to be satisfied prior to Settlement);
- (ii) 10,000,000 of the MMG Performance Shares will convert upon MedAdvisor meeting a Financial Target of \$1,000,000 within a period of 2 years from the HMR Commencement Date;
- (iii) 10,000,000 of the MMG Performance Shares will convert upon MedAdvisor meeting a financial target of \$2,000,000 within a period of 2 years from the HMR Commencement Date;
- (iv) 12,500,000 of the MMG Performance Shares will convert upon MedAdvisor meeting a financial target of \$4,000,000 within a period of 2 years from the HMR Commencement Date; and
- (v) 17,500,000 of the MMG Performance Shares will convert upon MedAdvisor meeting a financial target of \$7,000,000 within a period of 2 years from the HMR Commencement Date;

(each referred to as a **Milestone**).

- (b) **(Conversion of MMG Performance Shares):** In the event a Milestone is satisfied, all of the MMG Performance Shares held by the Holder will convert into an equal number of Shares.

- (c) **(No Conversion if Milestone not Achieved):** Any MMG Performance Share not converted into a Share within the period ending on the earlier of:

- (i) 3 years from the date of issue of the MMG Performance Shares; and
- (ii) the period required under the relevant Milestone (if any),

will lapse.

- (d) **(After Conversion):** The Shares issued on conversion of the MMG Performance Shares will, as and from 5.00pm (AEST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

- (e) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the MMG Performance Shares into Shares.
- (f) **(Ranking of Shares)** The Shares into which the MMG Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

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## SCHEDULE 3 – TERMS AND CONDITIONS OF BENNETTO OPTIONS

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### 1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

### 2. Exercise Price

Subject to paragraph 10, the amount payable upon exercise of each Option will be equal to the issue price under the Capital Raising (**Exercise Price**).

### 3. Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is 3 years from the date they are issued (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### 4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### 5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### 6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

### 7. Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

- (d) If a notice delivered under 7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**8. Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

**9. Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

**10. Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**11. Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**12. Change in exercise price**

An 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. Unquoted**

The Company will not apply for quotation of the Options on ASX.

**14. Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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## SCHEDULE 4 – TERMS AND CONDITIONS OF READ RIGHTS

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A summary of the terms and conditions of the Read Rights is set out below:

(a) **(Milestones):** The Read Rights shall have the following milestones attached to them:

(i) **Tranche 1 Read Rights**

- (A) 5,000,000 Read Rights shall convert into Shares upon the Company receiving revenue of \$5,000,000 from the MedAdvisor business and such revenue is confirmed by the signed attestation of a registered company auditor or included in the Company's audited financial statements;
- (B) 5,000,000 Read Rights shall convert into Shares upon the Company receiving revenue of \$6,500,000 from the MedAdvisor business and such revenue is confirmed by the signed attestation of a registered company auditor or included in the Company's audited financial statements;
- (C) 2,500,000 Read Rights shall convert into Shares upon the Company receiving revenue of \$8,000,000 from the MedAdvisor business and such revenue is confirmed by the signed attestation of a registered company auditor or included in the Company's audited financial statements;
- (D) 5,000,000 Read Rights shall convert into Shares upon the Company logging 500,000 active patients to the MedAdvisor platform;
- (E) 5,000,000 Read Rights shall convert into Shares upon the Company logging 750,000 active patients to the MedAdvisor platform;
- (F) 2,500,000 Read Rights shall convert into Shares upon the Company logging 1,000,000 active patients to the MedAdvisor platform;
- (G) 5,000,000 Read Rights shall convert into Shares upon the Company logging 2,500 active general practitioners to the MedAdvisor platform;
- (H) 5,000,000 Read Rights shall convert into Shares upon the Company logging 3,750 active general practitioners to the MedAdvisor platform;
- (I) 2,500,000 Read Rights shall convert into Shares upon the Company logging 5,000 active general practitioners to the MedAdvisor platform; and

(ii) **Tranche 2 Read Rights**

5,000,000 Read Rights shall convert into Shares upon Mr Read being continuously by the Company for the following periods:

- (A) 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 6 months;

- (B) 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 18 months;
- (C) 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 36 months;
- (D) 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 48 months; and
- (E) 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 60 months,

**(Milestones).**

- (b) **(Notification to holder):** The Company shall notify the holder in writing when the relevant Milestones have been satisfied.
- (c) **(Vesting):** The relevant Read Rights shall vest on the date that the Milestone relating to that Read Right has been satisfied, provided that if a change in control occurs in relation to the Company, the Read Rights shall vest automatically regardless of whether the relevant Milestone has been achieved.
- (d) **(Consideration):** The Read Rights will be issued as consideration for Mr Read's employment as Managing Director of the Company, and no consideration will be payable upon the vesting of the Read Rights.
- (e) **(Conversion):** Upon the relevant Read Rights vesting, each Read Right will, at the election of the holder, vest and convert into one Share.
- (f) **(Lapse of a Read Right):** If the Milestone attaching to a Read Right has not been satisfied in the time periods set out below, it will automatically lapse:
  - (i) **Tranche 1 Read Rights:** the earlier of:
    - (A) 36 months from the commencement of Mr Read's employment by the Company (**Commencement Date**); and
    - (B) the date that Mr Read ceases to be employed by the Company; and
  - (ii) **Tranche 2 Read Rights:** upon Mr Read ceasing to be employed by the Company.
- (g) **(Share ranking):** All Shares issued upon the vesting of Read Rights will upon issue rank pari passu in all respects with other Shares.
- (h) **(Listing of Shares on ASX):** The Company will not apply for quotation of the Read Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Read Rights on ASX within the period required by ASX.
- (i) **(Transfer of Read Rights):** A Read Right is not transferable (including encumbering the Read Rights) except with the prior written consent of the board of the Company.
- (j) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Read Rights and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Read Rights.

- (k) **(Adjustment for reconstruction):** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Read Right (including the Vesting Conditions) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
  
- (l) **(Dividend and Voting Rights):** A Read Right does not confer upon the holder an entitlement to vote or receive dividends



19 August 2015

The Directors  
Exalt Resources Limited  
C/- Mining Corporate Pty Ltd  
Level 11 London House  
216 St Georges Terrace  
PERTH WA 6000

**The Independent Expert has concluded that the transactions related to the issues of a total of 106,837,500 Consideration Shares in Exalt and the issue of 68,225,102 Founder Performance Shares in Exalt (as part consideration for the Acquisition of MedAdvisor International Pty Ltd) to Swinnerton (and allow the 68,225,002 Founder performance Shares to convert to ordinary shares in Exalt on meeting milestone conditions), the subject of Resolution 5 as outlined in the Notice of General Meeting are fair and reasonable to the shareholders of the Company (not associated with Viv and Joshua Swinnerton and their associates) as at the date of this report.**

**The Independent Expert has concluded that the transactions related to the issues of a total of 28,588,160 Consideration Shares in Exalt (as part consideration for the Acquisition of MedAdvisor International Pty Ltd) to Nick Downes (13,549,080 Consideration Shares) and Geoff Barnes (15,040,080 Consideration Shares), the subject of Resolutions 19 and 20 respectively as outlined in the Notice of General Meeting are fair and reasonable to the shareholders of the Company (not associated with Nick Downes and Geoff Barnes and their associates) as at the date of this report.**

Dear Sirs

**Re: EXALT RESOURCES LTD (ACN 145 327 617) ON THE PROPOSAL TO ISSUE A TOTAL OF 106,837,500 ORDINARY SHARES AND 68,225,102 FOUNDER PERFORMANCE SHARES TO VIV SWINNERTON AS TRUSTEE FOR THE JOSHUA SWINNERTON TRUST (“SWINNERTON”) AS PART CONSIDERATION TO ACQUIRE 100% OF MEDADVISOR INTERNATIONAL PTY LTD (“MEDADVISOR” OR “MAI”) AND ALLOW THE ISSUE OF UP TO 68,225,102 ORDINARY SHARES TO SWINNERTON ON CONVERSION OF 68,522,102 FOUNDER PERFORMANCE SHARES AFTER MEETING VARIOUS MILESTONES) - SHAREHOLDERS MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 (“TCA”)**

**PROPOSAL TO ISSUE A TOTAL OF 13,548,080 ORDINARY SHARES TO NICK DOWNES AND 15,040,080 ORDINARY SHARES TO GEOFF BARNES AS PART CONSIDERATION TO ACQUIRE 100% OF MEDADVISOR - SHAREHOLDERS MEETING PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE (“ASX”) LISTING RULE 10.1**

## **1. Introduction**

- 1.1 It is proposed that Exalt Resources Limited (“Exalt” or “the Company”) will acquire 100% of the issued capital of MedAdvisor as announced to the market on 11 June 2015.

The proposal to acquire 100% of the shares in MedAdvisor is known in this report as the Acquisition. MedAdvisor operates in the medication platform management sector via

development of a software system for medication management on mobile and internet devices. Further details are outlined below and in the Explanatory Statement (“ES”) attached to the Notice of Meeting (“the Notice”) to be forwarded to shareholders in August 2015.

1.2 The final Consideration for the Acquisition is as follows:

- 385,064,105 shares (“Consideration Shares”) in Exalt to the shareholders of MedAdvisor; and
- 195,000,000 performance Shares (“Founder Performance Shares”) to the Founders of MedAdvisor.

Resolution 4 in the Notice and the ES refers to the Acquisition and proposed issue of Consideration Shares and Founder Performer Shares.

1.3 The Founder Performance Shares will convert to fully-paid ordinary shares in Exalt upon the achievement of Milestones 1 and 2 as noted below.

- Milestone 1 – 50% of the Founder Performance Shares shall convert upon the “Medadvisor Platform” being activated at 2,500 pharmacies within a period of two years from the issue of the Founder Performance Shares and
- Milestone 2 – 50% of the Performance Shares shall convert upon the Company receiving annualised revenue (calculated over two consecutive calendar quarters) of no less than \$5,000,000, within a period of 3 years from the issue of the Performance Shares.

1.4 The conditions precedent, include:

- i. completion of due diligence by the Company and MAI in respect of one another’s business and operations;
- ii. the Company and MAI entering into agreements with the holders of notes convertible into MAI shares (“MAI Noteholders”) (on terms reasonably acceptable to the parties) pursuant to which the Company agrees to issue Shares to the MAI Noteholders in place of MAI shares and the MAI Noteholders agree to receive Shares at Settlement in satisfaction of MAI’s obligations under the convertible notes (it is expected that the convertible note debt in MAI will be \$1,000,000 at the date of Acquisition and under the Convertible Note Deed terms, Exalt will issue up to 62,500,000 shares (at 80% of the Capital Raising issue price that is not less than 2 cents) at 1.6 cents each (“Note Shares”) (the actual number of Note Shares issued may be less as the Capital Raising issue price may be more than 2 cents – refer paragraph 2.3 below- the Capital Raising Price has now been set at 3.0 cents);
- iii. the Company and MAI entering into an agreement with MacMillanGold & Associates Pty Ltd (“MMG”) under which the Company agrees to issue 55,000,000 performance shares to MMG, which shall convert into Shares upon satisfaction of the following milestones:
  - A. 5,000,000 of the performance shares will convert upon satisfaction of each of the following milestones:

- a. the Company completing a pilot study for the commercial and operational viability of its “Home Medication Review Platform”; and
  - b. MMG assisting MAI to raise at least \$750,000 from MAI Noteholders by way of an issue of notes convertible into MAI shares (which milestone is expected to be satisfied prior to settlement of the Acquisition),
- B. 10,000,000 of the MMG Performance Shares will convert upon MedAdvisor receiving gross revenue in respect of the home medication review program being developed with MMG (“HMR Program”) of \$1,000,000 within 2 years of the HMR Program commencing;
- C. 10,000,000 of the MMG Performance Shares will convert upon MedAdvisor receiving gross revenue in respect of the HMR Program of \$2,000,000 within 2 years of the HMR Program commencing;
- D. 12,500,000 of the MMG Performance Shares will convert upon MedAdvisor receiving gross revenue in respect of the HMR Program of \$4,000,000 within 2 years of the HMR Program commencing; and
- E. 17,500,000 of the MMG Performance Shares will convert upon MedAdvisor receiving gross revenue in respect of the HMR Program of \$7,000,000 within 2 years of the HMR Program commencing;
- (“MMG Performance Shares”) and MMG agrees to accept the MMG Performance Shares in satisfaction of MAI’s obligations to issue MAI shares to MMG;
- iv. ASX approving the terms of the Performance Shares and MMG Performance Shares under ASX Listing Rules 6.1 and 6.2;
  - v. ASX granting a waiver of the ASX Listing Rules to permit the Company’s re-compliance with Chapters 1 and 2 of the ASX Listing Rules to occur despite the price of Shares being less than \$0.20 per Share (being a price of no less than \$0.02 per Share);
  - vi. the conditional approval by ASX to reinstate the Company’s securities to trading on ASX (after the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being to the reasonable satisfaction of the Company and MAI; and
  - vii. the Company undertaking a capital raising to raise not less than \$3,000,000; and
  - viii. the Company and MAI receiving all shareholder and regulatory approvals required to complete the Acquisition; and

Board Changes: upon settlement of the Acquisition, two existing directors of the Company will retire and three nominees of MAI will be appointed to the board of the Company.

- 1.5 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that person’s or someone else’s voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

- 1.6 Ms Viv Swinnerton holds MedAdvisor shares as trustee for the Joshua Swinnerton Family Trust. Josh Swinnerton is one of the founders and a director of MedAdvisor and Viv Swinnerton as trustee for the Joshua Swinnerton Trust is a shareholder of MedAdvisor and as trustee is to receive 106,837,500 Consideration Shares and 68,225,102 Founder Performance Shares and may be issued 68,225,102 ordinary shares in Exalt if Milestones 1 and 2 are met. Joshua Swinnerton is also to become a Director of Exalt.

Resolution 5 refers to the proposals with Swinnerton. Swinnerton could initially increase its shareholding in Exalt from nil% as at 19 August 2015 to approximately 17.16% after the issue of all of the Capital Raising Shares (at 3 cents each to raise the minimum amount of \$3,000,000), Consideration Shares, Note Shares, Brockhurst Shares and Converting Note Shares (refer paragraph 1.12 below) and its shareholding may increase to approximately 25.83% if all Founder Performance Shares are converted to ordinary shares in Exalt after meeting the milestone conditions.

Swinnerton could initially increase its shareholding in Exalt from nil% as at 19 August 2015 to approximately 15.50% after the issue of all of the Capital Raising Shares (at 3 cents each to raise the maximum amount of \$5,000,000), Consideration Shares, Note Shares, Brockhurst Shares and Converting Note Shares (refer paragraph 1.12 below) and its shareholding may increase to approximately 23.52% if all Founder Performance Shares are converted to ordinary shares in Exalt after meeting the milestone conditions.

Its shareholding would decrease if all MMG Performance Shares and Read Rights convert to ordinary shares in Exalt after meeting the milestone conditions relating to the MMG Performance Shares and Read Rights and the Bennetto Options are exercised.

- 1.7 As Swinnerton's shareholding interest in Exalt could exceed 20%, an independent expert's report should accompany the Notice of Meeting stating whether the proposals to issue a total of 106,837,500 Consideration Shares and 68,225,102 Founder Performance Shares Consideration Shares to Swinnerton and allow the issue of 68,225,102 ordinary shares in Exalt if Milestones 1 and 2 are met to Swinnerton as noted above are fair and/or reasonable to the shareholders of Exalt not associated with Swinnerton.
- 1.8 ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons, a substantial holder or one of its associates, without the prior approval of holders of the entity's ordinary shareholders.

***Substantial asset***

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the half-year ending 31 December 2014) were \$370,861.

As the value of the MedAdvisor Shares to be acquired from Messrs Nick Downes and Geoff Barnes is more than 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the ASX Listing Rules, the acquisition of those MedAdvisor Shares will result in the acquisition of a substantial asset.

Parties associated with Nick Downes own 6,765,191 shares in Exalt and including a joint holding in another company owning 2,660,976 shares in Exalt (with Geoff Barnes), associates of Nick Downes have a beneficial shareholding interest in Exalt of approximately 11.06%. Nick Downes also owns shares in MedAdvisor and a company also associated with Geoff Barnes owns shares in MedAdvisor and as a result, the interests of Nick Downes will be issued 13,548,080 Consideration Shares in Exalt (as noted in Resolution 19).

Parties associated with Geoff Barnes own 8,875,435 shares in Exalt and including a joint holding in another company owning 2,660,976 shares in Exalt (with Nick Downes), associates of Geoff Barnes have a beneficial shareholding interest in Exalt of approximately 13.53%. A company also associated with Geoff Barnes owns shares in MedAdvisor as well as a share in another company owing shares in MedAdvisor with Nick Downes and as a result, the interests of Geoff Barnes will be issued 15,040,080 Consideration Shares in Exalt (as noted in Resolution 20).

Messrs Downes and Barnes are deemed substantial shareholders of Exalt and thus as parties associated with Downes and Barnes are to receive Consideration Shares from the Acquisition (of MedAdvisor), ASX Listing Rule applies and approval by shareholders is required to approve the issue of Consideration Shares to such parties. ASX Listing Rule requires an independent expert to report on the fairness and reasonableness of issuing Consideration Shares to parties associated with Downes and Barnes.

- 1.9 We have been requested by the Directors of Exalt to prepare an Independent Expert's Report (this report) to determine the fairness and reasonableness as noted in Resolution 5 (the issue of 106,837,500 Consideration Shares and 68,225,102 Founder Performance Shares Consideration Shares to Swinnerton and allow the issue of 68,225,102 ordinary shares in Exalt if Milestones 1 and 2 are met to Swinnerton and as referred to in the Notice and Section 5 of the ES attached to the Notice to be forwarded to shareholders in August 2015.

We have also been requested to report on the fairness and reasonableness of the proposed issue of a total of 13,548,080 Consideration Shares to Nick Downes and 15,040,080 Consideration Shares to Geoff Barnes. Resolutions 19 and 20 refer to these issues.

- 1.10 The minimum Capital Raising is \$3,000,000 (before costs) and if this is the amount raised, the Company will issue 150,000,000 Capital Raising Shares (we have assumed 2 cents each but the actual issue price may be higher). The maximum Capital Raising is \$5,000,000 (before costs) and if this is the amount raised, the Company will issue 166,666,667 Capital Raising Shares (at 3 cents each). Resolution 8 refers to the proposed issue of Capital Raising Shares (at 3 cents per share). The Minimum Subscription under the Capital Raising is \$3,000,000 and if this occurred, 100,000,000 Capital Raising Shares would be issued.
- 1.11 Post issue of all shares as noted above and assuming the minimum Capital Raising of \$3,000,000 is achieved at 3 cents each, there will, in addition to 622,695,464 ordinary shares, be 195,000,000 Founder Performance Shares, 55,000,000 MMG Performance Shares, 42,500,000 performance rights issued to Robert Read (refer below) and 10,000,000 share options issued to Peter Bennetto (refer below) on issue. Post issue of all shares as noted above and assuming the maximum Capital Raising of \$5,000,000 is achieved at 3 cents each, there will be 689,362,131 ordinary shares on issue, 195,000,000 Founder Performance Shares, 55,000,000 MMG Performance Shares, 42,500,000 performance rights

issued to Robert Read (refer below) and 10,000,000 share options issued to Peter Bennetto (refer below) on issue.

- 1.12 In addition, there will be 16,008,568 share options outstanding, exercisable at 20 cents each, on or before 31 December 2015. It is expected that the 31 December 2015 share options will expire unexercised.
- 1.13 There are 20 resolutions being put to the shareholders. Resolution 1 relates to the change of nature and scale of activities of the Company; Resolution 2 relates to the creation of a new calls of securities- Founder Performance Shares; Resolution 3 relates to the creation of a new calls of securities- MMG Performance Shares; Resolution 4 relates to the proposal to the issue of 385,064,105 Consideration Shares and 195,000,000 Founder Performance Shares to the Shareholders and Founders of MedAdvisor; Resolution 5 relates to the proposal to the issue of 106,837,500 Consideration Shares and 68,225,102 Founder Performance Shares Consideration Shares to Swinnerton and allow the issue of 68,225,102 ordinary shares in Exalt to Swinnerton if Milestones 1 and 2 are met to Swinnerton; Resolution 6 relates to the issue of 55,000,000 MMG Performance Shares to MMG; Resolution 7 relates to the issue of Note Conversion Shares to the MedAdvisor Noteholders; Resolution 8 relates to the issue of shares at 3 cents per share to raise up to a gross \$5,000,000 (and a minimum of \$3,000,000) as part of the Capital Raising; Resolution 9 relates to the change of name of the Company to MedAdvisor Limited; Resolution 10 relates to the election of Robert Read as a director of the Company from the date of settlement of the Acquisition; Resolution 11 relates to the election of Josh Swinnerton as a director of the Company from the date of settlement of the Acquisition; Resolution 12 relates to the election of Jim Xenos as a director of the Company from the date of settlement of the Acquisition; Resolution 13 relates to the replacement of the Constitution; Resolution 14 relates to the issue of such number of shares, when multiplied by the issue price, will be equivalent to the amount payable by the Company at Settlement under the Converting Loan Agreements (up to a total of \$180,000 is to be raised from the Converting Notes, excluding the \$20,000 of converting notes from Shane Hartwig and the maximum interest accrued may total \$4,000 – including Shane Hartwig); Resolution 15 relates to the issue of such number of shares, when multiplied by the issue price will be equivalent to the amount payable by the Company at Settlement under the Converting Loan Agreement with Shane Hartwig; Resolution 16 relates to the proposed issue of 1,000,000 ordinary shares to Stephen Brockhurst (the Brockhurst Shares) on settlement of the Acquisition; Resolution 17 relates to the issue of 10,000,000 share options to Peter Bennetto (exercisable within 3 years of issue date and exercisable at the same price as the issue price of the Capital Raising Shares (“Bennetto Options”)); Resolution 18 relates to the issue of 42,500,000 performance rights to Robert Read (“Read Rights”); Resolution 19 relates to the proposal to issue 13,548,080 Consideration Shares to Nick Downes and Resolution 20 relates to the proposal to issue 15,040,080 Consideration Shares to Geoff Barnes. Messrs Downes and Barnes are substantial shareholders in Exalt.
- 1.14 In relation to Resolutions 14 and 15, the Company in June and July 2015 issued \$200,000 of new converting notes, with an interest rate of 8% per annum and the Converting Notes convert at Settlement at 70% of the issue price of the Capital Raising Shares. As the issue price of the Capital Raising Shares is to be 3 cents, the conversion price of the Converting Notes will be 2.8 cents.

1.15 The Read Rights vest as follows:

Tranche 1 Read Rights

- 5,000,000 Read Rights shall convert into Shares upon the Company receiving revenue of \$5,000,000 from the MedAdvisor business and such revenue is confirmed by the signed attestation of a registered company auditor or included in the Company's audited financial statements;
- 5,000,000 Read Rights shall convert into Shares upon the Company receiving revenue of \$6,500,000 from the MedAdvisor business and such revenue is confirmed by the signed attestation of a registered company auditor or included in the Company's audited financial statements;
- 2,500,000 Read Rights shall convert into Shares upon the Company receiving revenue of \$8,000,000 from the MedAdvisor business and such revenue is confirmed by the signed attestation of a registered company auditor or included in the Company's audited financial statements;
- 5,000,000 Read Rights shall convert into Shares upon the Company logging 500,000 active patients to the MedAdvisor platform;
- 5,000,000 Read Rights shall convert into Shares upon the Company logging 750,000 active patients to the MedAdvisor platform;
- 2,500,000 Read Rights shall convert into Shares upon the Company logging 1,000,000 active patients to the MedAdvisor platform;
- 5,000,000 Read Rights shall convert into Shares upon the Company logging 2,500 active general practitioners to the MedAdvisor platform;
- 5,000,000 Read Rights shall convert into Shares upon the Company logging 3,750 active general practitioners to the MedAdvisor platform;
- 2,500,000 Read Rights shall convert into Shares upon the Company logging 5,000 active general practitioners to the MedAdvisor platform; and

Tranche 2 Read Rights

- 5,000,000 Read Rights shall convert into Shares upon Mr Read being continuously by the Company for the following periods:
- 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 6 months;
- 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 18 months;
- 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 36 months;
- 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 48 months; and
- 1,000,000 Read Rights shall convert into Shares upon Mr Read being continuously employed for a period of 60 months,

(Milestones)

Further details on the Read Rights are set out in Schedule 4 of the ES.

We are not reporting on the merits or otherwise of Resolutions 1 to 4 and 6 to 18 but do note that to arrive at our conclusions on Resolutions 5 (and Resolutions 19 and 20), we are required to consider Resolution 4 as they also relate to the Consideration offered to acquire 100% of the issued capital of MedAdvisor.

1.16 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Exalt and MedAdvisor
- Future direction of Exalt
- Basis of valuation of Exalt shares
- Value of consideration
- Basis of valuation of MedAdvisor
- Fairness of the Acquisition
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness
- Sources of information
- Appendix A and our Financial Services Guide

1.17 In determining the fairness and reasonableness of the acquisition of 100% of the shares of MedAdvisor, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111, “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair.

1.18 An offer may also be reasonable, if despite not being “fair”, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the proposed acquisition of MedAdvisor is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness.

1.19 **In our opinion, the proposal as outlined in paragraph 1.6 and Resolution 5 may, on balance, taking into account the factors referred to in 11 below and elsewhere in this report, be considered to be fair and reasonable to the shareholders of Exalt (not associated with Swinnerton) as at the date of this report.**

**In our opinion, the proposal as outlined in paragraph 1.8 and Resolutions 19 and 20 may, on balance, taking into account the factors referred to in 11 below and elsewhere in this report, be considered to be fair and reasonable to the shareholders of Exalt (not associated with Nick Downes and Geoff Barnes respectively) as at the date of this report.**

1.20 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.



2. **Implications of the Proposals**

- 2.1 As at 19 August 2015, there are 85,250,406 ordinary fully paid pre-consolidated shares on issue in Exalt. The top 20 shareholders list as at 24 July 2015 discloses the following:

Shareholder	No. of fully paid shares	% of issued fully paid shares
GXB Pty Ltd	5,599,997	6.57
Alastair R Brown Pty Ltd	4,604,543	5.40
Vertigo Trading Pty Limited	4,136,637	4.85
Sanford Pte Ltd	3,070,000	3.60
GEBA Pty Ltd	2,969,349	3.48
	<u>20,380,526</u>	<u>23.90</u>

- 2.2 The top 20 shareholders as per the top 20 shareholders list at 24 July 2015 owned approximately 56.12% (47,842,826 shares) of the ordinary issued capital of the Company.
- 2.3 The movement in the issued capital of the Company on the basis of a minimum Capital Raising of \$3,000,000 at 3 cents per share (and a maximum of \$5,000,000) and allowing for a maximum of three months interest on the Converting Shares of \$4,000 and all principal and interest also being satisfied by the issue of Note Shares and Converting Shares may be:

	<b>Raise \$3 million</b>	<b>Raise \$5 million</b>
	<b>Number</b>	<b>Number</b>
Shares on issue at 19 August 2015	85,250,406	85,250,406
Capital Raising Shares	100,000,000	166,666,667
Consideration Shares	385,064,105	385,064,105
Note Shares	41,666,667	41,666,667
Converting Note Shares	9,714,286	9,714,286
Brockhurst Shares	<u>1,000,000</u>	<u>1,000,000</u>
<b>Ordinary shares on Issue post Acquisition but Before the issue of various classes of Performance Shares, Read Rights and exercise of Bennetto Options</b>	<b><u>622,695,464</u></b>	<b><u>689,362,131</u></b>

If all performance shares (Consideration Performance Shares and MMG Performance Shares) are able to be converted to ordinary shares by meeting the various milestones, the number of shares on issue would increase to 872,695,464 (Minimum Capital Raising) and 939,262,131 (Maximum Capital Raising). If all Bennetto Options were exercised and all Read Rights were converted to ordinary shares, the number of shares on issue would increase to 925,195,464 (Minimum Capital Raising) and 991,862,131 (Maximum Capital Raising)

The ES in section 5.3 refers to potential shares on issue (and Swinnerton's potential shareholding) based on the Capital Raising Shares at 3 cents each but excludes issue of shares relating to the interest of \$4,000 as noted above.

- 2.4 The current Board of Directors is expected to change in the near future as a result of the Acquisition. The Board is currently Peter Bennetto (Non Executive Chairman), Stephen Brockhurst (Non-executive Director) and Peter Dykes (Non-executive Director). The Company Secretary is Stephen Brockhurst. Messrs Robert Read, Josh Swinnerton and Jim

Xenos will become new directors of the Company from Completion (as defined) of the Acquisition. Messrs Peter Dykes and Stephen Brockhurst will resign following completion of the Acquisition. Additional Board members may be added as the MedAdvisor Platform develops.

- 2.5 MedAdvisor will become legally wholly owned subsidiary of the Company.
- 2.6 In the event that the Consideration Shares are issued to the MedAdvisor shareholders (and they or their associates and Founders are issued a total of 195,000,000 Founder Performance Shares and these are converted to ordinary shares after meeting the Milestones), the MedAdvisor collective ex shareholders/founders/noteholders would own approximately between 71.38% and 77.20% of the expanded issued ordinary capital of the Company, depending on the amount of the Capital Raising (approximately between 63.28% and 70.06% excluding the Founder Performance Shares). These percentages exclude the shares held beneficially by Downes and Barnes and other Exalt shareholders who will also receive Consideration Shares or Founders Shares in Exalt on Acquisition and assumes a Capital Raising of \$3,000,000 or \$5,000,000 at 3 cents per Capital Raising Share.

The collective shareholding of the ex shareholders/founders/Noteholders would reduce if the MMG Performance Shares and Read Rights were converted to ordinary shares and the Bennetto Options were exercised into ordinary shares in Exalt.

- 2.7 The potential shareholding of Swinnerton following the issue of all Consideration Shares, Capital Raising Shares and Founder Performance Shares are outlined in paragraph 1.6 above.
- 2.8 Share Options outstanding would be 16,008,568, exercisable at 20 cents each, on or before 31 December 2015. As these share options are significantly “out of the money” it is expected that they will expire unexercised.

### **3. Corporate History and Nature of Businesses**

#### **Exalt**

#### **3.1 Principal Activities and Significant Assets**

Exalt is an ASX listed mineral exploration and evaluation company. Its only remaining mineral asset is a 100% interest in the Brooklyn Iron Ore Project (Mineral Hill South) and comprises one tenement. Minimal exploration work has been conducted on this project over the past six months and it is expected that the tenement on completion of the Acquisition will be forfeited (or sold to a third party for a minimal amount).

#### **MedAdvisor**

#### **3.2 Information provided by MedAdvisor**

MedAdvisor has developed a world-class software platform that assists individuals in correctly using medication via a ‘virtual pharmacist’, dramatically improving health outcomes through improved medication adherence (“Platform”). The Platform uses a cloud computing approach, in conjunction with optimised user experience on mobile and web devices.

MedAdvisor was founded in 2012 to address gaps in medical self-care. MedAdvisor’s free app connects to pharmacy dispensing systems to automatically retrieve medication records and from this drives an intelligent training, information and reminder system to ensure correct and reliable medication use. Poor medication adherence has been identified as one

of the most significant and costly problems faced by governments and major healthcare providers across many developed nations.

The Platform was the most downloaded pharmacy or medication-related app in Apple and Android stores in Australia in 2014 and 2015. In addition, nearly a quarter of all Australian pharmacies subscribe to the Platform. MedAdvisor has formed important sales and marketing partnerships with Bupa and the Pharmacy Guild of Australia's Guildlink, and has training and service contracts with a number of top tier global pharmaceutical companies.

MedAdvisor is currently developing new systems that will support GPs in improving patient medication adherence, as well as assessing opportunities in the hospital, aged care and nursing home sectors. MedAdvisor has also commenced work identifying international markets where the Platform can be deployed.

MedAdvisor is backed by a strong executive team with a successful track record in management and extensive experience in developing major electronic health (e-health) and mobile health (m-health) software systems for Australian and US clients.

End of extract from information provided by MedAdvisor

Further details are outlined in the ES attached to the Notice and announcements made by Exalt in June, July and August 2015 (to the date of this report). All shareholders should read the ES to gain a fuller picture of the MedAdvisor business and its contract with MMG before voting on Resolutions 4 and 5 (and all other resolutions).

- 3.3 A summary unaudited consolidated balance sheet (consolidated statement of financial position) of the MedAdvisor Group as at 30 June 2015 (after adjusting for the proposed issue of \$1,000,000 of Convertible Notes and allowing for \$230,000 of operating costs estimated between 1 July 2015 and 30 September 2015) is noted elsewhere in this report.

#### 4. **Future Directions of Exalt**

- 4.1 We have been advised by the directors and management of Exalt, that:

- There are no proposals currently contemplated either whereby Exalt will acquire any further assets from MedAdvisor shareholders (however Exalt will issue Consideration Shares and Founder Performance Shares to the MedAdvisor shareholders and Founders and issue Note Shares to the Convertible Noteholders as outlined above in relation to the Acquisition) or where Exalt will transfer any of its property or assets to MedAdvisor shareholders, Founders and Convertible Noteholders). In addition, MMG will receive 55,000,000 MMG Performance Shares, Read will receive 42,500,000 Read Rights, Brockhurst will receive 1,000,000 shares and Bennetto will receive 10,000,000 Bennetto Options;
- The composition of the Board will change in the short term as noted above;
- The Company is to shortly raise a minimum of \$3,000,000 and a maximum of \$5,000,000 via a Capital Raising with such funds being primarily used to develop and progress the MedAdvisor business;
- The Company proposes to change its name to MedAdvisor Limited;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in its existing mineral asset by sale and will concentrate on its investment in MedAdvisor, once acquired.

5. **Basis of Valuation of Exalt Shares**

5.1 Shares

5.1.1 In considering the proposal to acquire all of the shares in MedAdvisor, we have sought to determine if the consideration payable by Exalt to the MedAdvisor shareholders are fair and reasonable to the existing non-associated shareholders of Exalt.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the ordinary shares in MedAdvisor being acquired by Exalt is greater than the implicit value of the Consideration Shares (ordinary shares) (and Founder Performance Share and Note Shares in Exalt) being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Exalt shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of an Exalt ordinary share (and also a MedAdvisor share) are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of Exalt shares (and MedAdvisor shares).

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Exalt's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. Exalt made a loss of \$189,222 for the six months ended 31 December 2014 and as at 31 December 2014 has accumulated losses of \$11,748,016.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Exalt could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Exalt have formed the view that there are unlikely to be any takeover bids made for Exalt in the immediate future. However, if the agreement to acquire MedAdvisor is completed, Swinnerton may initially control approximately between 15.30% and 18.27% of the expanded ordinary issued capital of Exalt (before conversion of Founder Performance Shares) if we assumed a \$3,000,000 or \$5,000,000 Capital Raising.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an unaudited balance sheet (statement of financial position) of Exalt (Balance Sheet "A") as at 30 June 2015, adjusted for incurring estimated administration, due diligence and other costs of \$75,000 for the period 1 July 2015 to 30 September 2015 and allowing for raising further Converting Notes of \$90,000 plus interest of \$4,000.

In addition, we disclose a pro-forma consolidated Balance Sheet "B" assuming the following:

- The completion of the Capital Raising assumed to be the minimum gross amount of \$3,000,000 and incurring capital raising costs of \$390,000;

- The acquisition of all of the shares in MedAdvisor by way of an issue of 385,064,105 Consideration Shares at a deemed issue price of 2 cents per share for a total deemed consideration of \$7,701,282 (however \$1,705,008 is allocated using reverse acquisition accounting principles and expensing approximately \$1,897,000 as MedAdvisor Listing Expenses);
- The issue of 41,666,667 Note Shares to extinguish convertible note liabilities of MedAdvisor of \$1,000,000;
- The issue of 195,000,000 Founder Performance Shares for incentivising the Founders (including Swinnerton) of MedAdvisor. Due to the inability to determine whether the Milestone conditions attached to such shares will be met, we have not ascribed any value as Consideration (however, if the Milestones are met, the Founder Performance Shares would have considerable value);
- The issue of 55,000,000 MMG Performance Shares for incentivising MMG and the issue of 42,500,000 Read Rights. Due to the inability to determine whether the Milestone conditions attached to such shares and rights will be met, we have not ascribed any values (however, if the Milestones are met, the MMG Performance Shares and Read Rights would have considerable value);
- The issue of 1,000,000 Brockhurst Shares at a deemed value of \$20,000;
- The issue of 9,714,286 Converting Note Shares to various parties (including Shane Hartwig) to extinguish the Converting Notes of \$204,000 (including accrued interest of \$4,000);
- The issue of 10,000,000 Bennetto Options at a deemed fair value of \$101,088 (the final fair value may be different).

In addition, we disclose the unaudited consolidated statement of financial position of the MedAdvisor Group as at 30 June 2015 (after adjusting for the proposed issue of \$1,000,000 of Convertible Notes of which \$655,000 is to be raised post 30 June 2015 and disclosing the gross \$1,000,000 as a liability and assuming further losses post 30 June 2015 to 30 September 2015 of say \$230,000- added to creditors) is noted elsewhere in this report.

	Unaudited Adjusted 30 June 2015 Exalt \$000 "A"	Unaudited Pro-forma 30 June 2015 Exalt (including consolidation of MedAdvisor) \$000 "B"	Unaudited Adjusted MedAdvisor 30 June 2015 \$000
<b>Current Assets</b>			
Cash assets	180	4,016	1,226
Trade receivables/prepayments	5	150	145
<b>Total Current Assets</b>	<b>185</b>	<b>4,166</b>	<b>1,371</b>
<b>Non Current Assets</b>			
Plant and equipment	-	9	9
Other assets	20	20	-
Intangible assets- IP	-	78	78
Capitalised exploration costs	-	-	-
<b>Total Non Current Assets</b>	<b>20</b>	<b>107</b>	<b>87</b>
<b>Total Assets</b>	<b>205</b>	<b>4,273</b>	<b>1,458</b>

	Unaudited Adjusted 30 June 2015 Exalt \$000 "A"	Unaudited Pro-forma 30 June 2015 Exalt (including consolidation of MedAdvisor) \$000 "B"	Unaudited Adjusted MedAdvisor 30 June 2015 \$000
<b>Current Liabilities</b>			
Trade and other payables	193	717	524
Employee entitlements	-	6	6
Income in advance	-	126	126
Note liabilities	204	-	1,000
<b>Total Current Liabilities</b>	<b>397</b>	<b>849</b>	<b>1,656</b>
<b>Total Liabilities</b>	<b>397</b>	<b>849</b>	<b>1,630</b>
<b>Net Assets (Liabilities)</b>	<b>(192)</b>	<b>3,424</b>	<b>(198)</b>
<b>Equity</b>			
Issued Capital	11,940	7,161	1,622
Reserves	178	100	-
Accumulated Losses	(12,310)	(3,837)	(1,820)
<b>Total Equity (Deficiency)</b>	<b>(192)</b>	<b>3,424</b>	<b>(198)</b>

The net asset (book value) backing per fully paid (pre acquisition of MedAdvisor) ordinary Exalt share as at 30 June 2015 based on the unaudited adjusted balance sheet (Balance Sheet "A") and 85,250,406 ordinary shares on issue is nil cents (refer paragraph 5.4.2 below).

Based on the unaudited pro-forma consolidated net asset book values (using reverse acquisition accounting principles and assuming a minimum Capital Raising of \$3,000,000 at 3 cents each, resulting in 622,695,464 ordinary shares on issue), this equates to a value per fully paid ordinary share post the Acquisition of approximately 0.549 cents (ignoring the value, if any, of non-booked tax benefits).

The pro-forma net asset backing per share may approximate 0.769 cents in the event of a \$5,000,000 Capital Raising (and Capital Raising costs increased by \$122,000 to approximately \$512,000) as there would be 689,362,131 ordinary shares on issue.

- 5.4.2 We have accepted the Exalt amounts as disclosed for all current assets and non-current assets. As discussed above, it is expected that the one remaining mineral asset tenement will either be sold or joint ventured out for minimal value or the tenement forfeited.
- 5.4.3 Using the adjusted book values of the assets and liabilities of Exalt as at 30 June 2015 as per Balance Sheet A above, the net fair value of the Exalt Group is nil.
- 5.5.4 We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Exalt and other parties. We also note it is not the present intention of the Directors of Exalt to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Exalt based on the market perceptions of what the market considers an Exalt share to be worth. It is noted that as Exalt is to divest itself of all mineral interests, the potential value of an Exalt share would be the issue price that the Capital Raising is to be undertaken to finance the expansion of MedAdvisor on the assumption the Acquisition proceeds, being 3 cents.

- 5.4.4 The market has either generally valued the vast majority of mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Exalt shares and the market is kept fully informed of the activities of the Company. However, it is noted that from Exalt’s point of view as the legal parent company, the value ascribed to the 380,064,105 Consideration Shares to be issued to the shareholders of MedAdvisor would be accounted for at the market value of an Exalt share at date of issue.

The Founder Performance Shares (and the MMG Performance Shares and the Read Rights) would also be accounted for using ASX market prices but may be adjusted for probability of meeting milestone targets as noted above.

The actual share price at the date of acquisition of MedAdvisor cannot be determined at this point of time. For accounting purposes under Australian Equivalents to International Financial Reporting Standards (“IFRS”), the consideration for the issue of Exalt shares to acquire the shares in MedAdvisor will be booked at the fair value of the shares in MedAdvisor or at the share price of an Exalt share at the date of Acquisition and not any perceived technical value.

5.5 Market Price of Exalt Fully Paid Ordinary Shares

- 5.5.1 Share prices in Exalt as recorded on the ASX since January 2015 up to and including 27 May 2015 (last sale before the announcement of the proposed Acquisition on 11 June 2015) have been as follows:

2015	High Cents	Low Cents	Closing Price Cents	Volume 000’s
January	2.0	1.2	1.2	310
February	1.5	1.2	1.2	245
March	1.5	1.2	1.5	290
April	1.6	1.5	1.5	357
May	1.5	1.5	1.5	593
June (to 10 <sup>th</sup> )	n/a	n/a	n/a	0

As can be seen from the trading volume on ASX, there was very little trading of the Exalt shares before the announcement of the Acquisition. The MedAdvisor acquisition was announced to the market on 11 June 2015. There were numerous trading days over the 10 months to 11 June 2015 where there were no trades of Exalt shares on ASX.

As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for an Exalt share, particularly in light of the extremely low trading volumes. Due to the modest volumes (no Deep Market exists), varying share price and the Company’s relatively low cash position and lack of exploration assets that may be affecting the share price, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance.

Subsequent to the announcement of the Acquisition, the shares in Exalt have traded on ASX mainly at between 2.4 cents and 3.1 cents with a last sale on 18 August 2015 of 3.1 cents.

**6. Preferred valuation method of valuing a Exalt Share**

6.1 In assessing the fair value of Exalt and a Exalt ordinary share pre the Acquisition of MedAdvisor we have selected the net assets on a going concern methodology as the preferred methodology as:

- Exalt does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2013 and 2014. Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- Although the shares of Exalt are listed, as there is only moderate trading volumes on ASX and the share prices in recent times may be affected by the lack of cash resources it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposals with the Vendors of MedAdvisor (and in particular with Swinnerton).

6.2 As stated at paragraph 5.4.1 we have assessed the value of an Exalt share prior to the proposed Acquisition of MedAdvisor on a net asset basis on a going concern basis is minimal.

We note that, the technical net asset value may not necessarily reflect fair values in the current economic circumstances of the Company. It is noted that values of shell companies vary considerably but for small cap companies may vary between \$250,000 and \$500,000 (assuming no or immaterial debt). However it is noted that the Company cannot sell itself and parties are only prepared to place funds in a company shell on the back of a firm proposal (as is the case with Exalt). The amount payable is dependent on a number of factors including shareholder spread, ASX compliance matters and extent of debt amongst many factors. In our view a Company such as Exalt may have a shell value not exceeding \$300,000.

We have conducted a number of expert's reports involving companies being recapitalised and in all cases the "shell value" was based on no or minimal debt. In view of a poor market and lack of investor sentiment for small cap companies over the past several years, a potential "shell value" may be on the lower side of the above range. Shell value is only paid for on the basis of a recapitalisation proposal and not in isolation. We reiterate that "shell value" is dependent on a commercial recapitalisation proposal and if shareholders do not approve the capital Raising, Acquisition and other proposals or a more superior offer (made before shareholders vote on Resolutions 1 to 20), then shell value does not exist.

6.3 As noted above the estimated net asset price per share is nil or minimal value which is less than the last ASX share price of 1.5 cents on 27 May 2015 (the last trading share price date before of the announcement of the Acquisition on 11 June 2015).

6.4 The future value of an Exalt share will depend upon, inter alia:

- the future success of the business of MedAdvisor being obtained via the Acquisition;
- the state of Australian and overseas stock markets;
- the strength and performance of the Board and management and/or who makes up the Board and management;
- Foreign exchange rates;
- general economic conditions;
- the liquidity of shares in Exalt; and
- possible ventures and acquisitions entered into by Exalt and MedAdvisor.



**7. Premium for Control**

- 7.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.
- 7.2 Under the Corporations Act 2001 (“TCA”), control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, Swinnerton’s voting shareholding in Exalt could increase from approximately nil% as at 19 August 2015 to approximately 17.16% after the issue of the Consideration Shares, Capital Raising Shares (at 3 cents each to raise a gross \$3,000,000), Note Shares, Converting Shares and Brockhurst Shares and approximately 25.83% including after conversion of all Founder Performance Shares.
- 7.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company, and shareholding percentages. It is our view that a control premium of 20% is reasonable in these circumstances.
- 7.4 Our preferred methodology is to value Exalt and an Exalt share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.1 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Transactions (Acquisition) control basis.
- 7.5 We set out below the comparison of the low, preferred and high values of an Exalt share compared to the potential issue price for the ordinary Consideration Shares based on ASX share prices in January 2015 and to 27 May 2015.

	<b>Para.</b>	<b>Low (cents)</b>	<b>Preferred (cents)</b>	<b>High (cents)</b>
Estimated fair value of a Exalt ordinary Share	5.4.4	nil	nil	0.35
Issue price of the ordinary Consideration Shares		1.2	1.5	1.5
Excess/(shortfall) between Issue Price and fair value		1.2	1.5	1.15

The high price regarding fair value assumes a shell value to Exalt of \$300,000 (refer paragraph 6.2 above).

On a pre Acquisition control basis, the technical value (not market value based on ASX share trades) of an Exalt share approximates nil cents.

The Consideration Shares are to be issued at market using subsequent to announcement of the Acquisition share prices may fall in the range of 2.4 cents to 3.1 cents.

- 7.6 We note that MedAdvisor does not have Board control of Exalt before the Acquisition pursuant to Resolutions 1 to 14. Post the Acquisition, MedAdvisor will appoint three persons to the Board of Exalt (Messrs Robert Read, Josh Swinnerton and Jim Xenos) and thus have Board control as two of the three existing Directors of Exalt will resign. The new Board will comprise of four members.

8. **Value of Consideration**

8.1 Based on the pre-announcement assessed preferred fair value of an ordinary share in Exalt (not ASX share prices), the ordinary share consideration would be:

	<b>Preferred</b>	<b>High</b>
385,064,105 Consideration Shares	<u>\$nominal</u>	<u>\$1,347,724</u>
Assumed post consolidated share issue price based on assessed fair values (paragraph 7.5)	<u>nominal</u>	<u>0.35 cents</u>

We have excluded the indirect costs and legal and other fees.

8.2 It is noted that at the time of negotiation of the Acquisition, the Exalt directors considered that the fair market value of an Exalt ordinary share may have been around 1.5 cents. If we used the 1.5 cent ASX share price prior to the announcement of the proposed Acquisition as noted above, the amount attributable to the Consideration Shares would approximate \$5,775,962. 2.4 cents is the possible conversion price relating to the \$1,000,000 of Convertible Notes that MedAdvisor will owe at the date of Acquisition being 80% of the Capital Raising issue price (at 3 cents each).

8.3 If we used the 2.4 cent to 3.1 cent ASX share price since the announcement of the proposed Acquisition as noted above, the amounts attributable to the Consideration Shares by Exalt as the parent entity would lie in the range of \$9,241,539 to \$11,936,987. Based on the last sale price on 18 August 2015, the deemed accounting consideration (for the ordinary Consideration Shares only) may approximate \$11,936,987 (3.1 cents per share). Using the 3 cents Capital Raising issue price, the deemed Consideration attributable to the 385,064,105 Consideration Shares would be \$11,551,923.

8.4 In addition to the 385,064,105 Consideration Shares, the Company is to issue the 2 Tranches of Founder Performance Shares.

8.5 Using the high assessed fair value of an ordinary pre-consolidated share in Exalt at 0.35 cents (effectively shell value) results in a possible undiscounted value attributable to the Founder Performance Shares and MMG Performance Shares to be issued are as follows:

	<u>Value</u>
195,000,000 Founder Performance Shares	\$682,500
<b>Total possible Value relating to the issue of 68,225,102 Founder Performance Shares to Swinnerton</b>	<b><u>\$238,788</u></b>

If we used the range of share prices (2.4 cents to 3.1 cents) of an Exalt share as traded on ASX post the announcement of the proposed Acquisition, the value (undiscounted) of issuing Founder Performance Shares may be as follows:

	Low	Mid	High
	2.4 cents	2.75 cents	3.1 cents
<b>195,000,000 Founder Performance Shares</b>	<b><u>\$4,680,000</u></b>	<b><u>\$5,362,500</u></b>	<b><u>\$6,045,000</u></b>

**68,225,102 Founder  
Performance Shares to  
Swinnerton**

**\$1,637,402    \$1,876,190    \$ 2,114,978**

The above values are before any discount being applied to the risk that the Milestone Conditions will not be met.

The issue of the MMG Performance Shares are not part of the Consideration payable by Exalt to acquire 100% of MedAdvisor. They are in effect performance incentives to MMG as advisors/consultants of the MedAdvisor Group. The total fair value of the MMG Performance Shares will be expensed over the estimated vesting periods and probably taken up in the books of MedAdvisor. The estimated range of costs (not taking into account probability discounts) using subsequent to the announcement of the Acquisition ASX share price values would be as follows:

	Low	Mid	High
	2.4 cents	2.75 cents	3.1 cents
Using share prices as noted above	<b><u>\$1,320,000</u></b>	<b><u>\$1,512,500</u></b>	<b><u>\$1,705,000</u></b>

- 8.6 We are not sure as to what values the Exalt Directors will finally ascribe to the two tranches of Founder Performance Shares and the five tranches of the MMG Performance Shares for share based payments purposes. It is noted that if the individual Milestone Conditions are met, the share prices of an ordinary share in Exalt at the vesting dates would be higher than the ASX share prices of June/July/mid August 2015. This also applies to the 42,500,000 Read Rights that may be issued.

**9. Fairness of the proposals with the Vendors of MedAdvisor**

- 9.1 In arriving at our conclusion on fairness, we considered whether the transaction is “fair” by comparing:
- (a) the fair market value of a Exalt share pre-transaction on a control basis; versus
  - (b) the fair market value of a Exalt share post-transaction on a minority basis, taking into account the additional cash raised via the Capital Raising and the associated dilution resulting from the issue of new ordinary shares under the proposed Acquisition.
- 9.2 The preferred value of an Exalt share **pre the Proposed Acquisition on a control basis** as noted in paragraph 5.4.5 is minimal and may have a shell value per share of around 0.35 cents.
- 9.3 We set out below the range of estimated technical net asset values of Exalt based on Pro-forma Balance Sheet A as detailed in paragraph 5.4.1 and after adjusting for the following transactions:
- The completion of the Capital Raising assumed to be the maximum gross amount of \$3,000,000 and incurring capital raising costs and other costs of \$390,000; and
  - The acquisition of all of the shares in MedAdvisor by way of an issue of 385,064,105 ordinary Consideration Shares. However, as noted below we cannot currently ascribe a fair value to MedAdvisor and its businesses. It is noted that the pro-forma consolidated balance sheet of MedAdvisor discloses net liabilities of \$(198,000) as at 30 June 2015 (as adjusted). The ultimate fair value of MedAdvisor may materially exceed the book liability position if preliminary projections made by MedAdvisor management are achieved (refer section 10 of this report).

	<b>Preferred \$</b>
Net assets at fair values pre Acquisition and other transactions	nil
Net Cash raised from the Capital Raising	2,610,000
Book Value of MedAdvisor at book values after eliminating the Convertible Notes of \$1,000,000 (refer paragraph 10.12)	<u>802,000</u>
<b>Total post Acquisition Value</b>	<b><u>3,412,000</u></b>
Number of ordinary shares on issue (see below)	
Assumed no conversion of Founder Performance Shares and MMG Performance Shares	622,695,464
Net asset value per share	0.547
Minority interest discount	16.67%
<b>Minority value per share (cents)</b>	<b>0.456</b>

If the number of Capital Raising Shares issued was 166,666,667 (instead of 100,000,000) to raise a net \$4,488,000, the net Minority Value per share (698,362,131 shares) would approximate 0.942 cents.

Both of the above calculation tables takes into account the Capital Raisings (at 3 cents per share) as part and parcel of the Acquisition.

Shareholders must approve the Acquisition before the Capital Raising proceeds. In the absence of the Acquisition approval, the Acquisition will not proceed and Exalt will end up as virtually a cash box with still possible ownership of the one mineral project.

The value Post Acquisition would be further enhanced if we could ascribe a value to MedAdvisor (refer section 10 below).

- 9.4 We have excluded the existing share options on issue that are exercisable at 20 cents each as they are considered to be materially “out of the money” and unlikely to be exercised by 31 December 2015 (expiry date). We have also excluded the Founder Performance Shares, MMG Performance Shares and Read Rights as they are subject to Milestone Conversion Conditions that are not guaranteed to be met. If the Milestone Conditions were met, it would be fair to assume that the net assets (and SASX share price) would increase.

In the event that the Bennetto Options were exercised, the Company would receive cash of between \$300,000 (based on an exercise price of 3 cents). The net Minority interest may fall between 0.488 cents and 0.977 cents depending on the extent of the Capital Raising (assumed to be between \$3,000,000 and \$5,000,000).

- 9.5 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 7.3.

- 9.6 Using the preferred net asset fair values, the estimated fair value of an Exalt share, pre the Proposed Acquisition on a control basis, is less than the estimated fair value of an Exalt share post the proposals on a minority basis, and on the preferred methodology basis, the issue of 385,064,105 Consideration shares would be fair.

As we cannot ascribe a fair value to MedAdvisor (other than using net book value as noted above), the above exercise is somewhat superfluous however as the current value of a share in Exalt is minimal and the post Acquisition value on a minority basis is higher, we would conclude the proposals with the Vendors of MedAdvisor (including Swinnerton) are fair.

- 9.7 If we used the deemed fair value of \$5,775,961 to MedAdvisor as ascribed to it by Exalt in negotiations with MedAdvisor (at 1.5 cents per Exalt share as trading on ASX), the value of a Exalt share post Acquisition and Capital Raising (at 3 cents per share) would equate to approximately 1.47 cents and the minority non-controlling interest may approximate 1.22 cents on the basis of 622,695,464 shares on issue or approximately 1.98 cents and the minority non-controlling interest may approximate 1.65 cents on the basis of 698,362,131 shares on issue (assumes a Capital Raising of \$5,000,000 at 3 cents each).

#### 10. **Basis of Valuation of MedAdvisor**

- 10.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.
- 10.2 MedAdvisor is an unlisted private company and therefore valuing the shares on a takeover basis and on a market based approach are not relevant. There are no indications that other parties wished to acquire all of the shares in MedAdvisor other than Exalt. The shareholder in MedAdvisor does not have an active market to trade its shares.
- 10.3 The adjusted consolidated balance sheet of MedAdvisor at 30 June 2015 is disclosed under paragraph 5.4.1 above. This adjusted consolidated balance sheet shows the MedAdvisor Group net liabilities of approximately \$198,000 with capitalised intangible assets (intellectual property) carried at a book value of \$78,000. All research and developments costs have been expensed as incurred.
- 10.4 Completion of the Acquisition is conditional on all necessary due diligence being successfully completed on the ownership interests of MedAdvisor, MedAdvisor's shareholding and interests and ownership of the technology behind the business. We advise that we have not undertaken any further steps to ascertain ownership of MedAdvisor and its assets and liabilities.
- 10.5 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. To estimate the fair market value of the shares in MedAdvisor, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.
- 10.6 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings methods estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where the company's earnings are relatively stable. The most recent share trading history provides evidence on the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. Industry-specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors.

#### 10.7 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

#### 10.8 Asset-based methods

Asset-based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset-based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net asset on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter timeframe. Since winding up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis, estimates the market values of the net assets of the company but does not take account of realisation costs.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets. Asset-based methods are appropriate when companies are not profitable or a significant proportion of a company's assets are liquid.

#### 10.9 Selection of Valuation Methodologies

All of the valuation methodologies considered above have significant limitations or restrictions in their application to the MedAdvisor Group.

Capitalisation of maintainable earnings is not appropriate because MedAdvisor is not presently profitable. The discounted cash flow method has not been applied because no reliable prospective financial information is available (refer below). An asset-based method is limited by the fact that the MedAdvisor Group's primary asset is the technology that drives the business model that has yet to be fully commercially exploited due to a lack of significant working capital. The book values of the MedAdvisor Group's assets and liabilities as at 30 June 2015, as adjusted, is noted in paragraph 5.4.1 and net liabilities disclosed at approximately \$198,000.

10.10 In this section we consider the valuation of MedAdvisor. We have considered the valuation of MedAdvisor in assessing whether or not the proposal outlined in Resolutions 4 and 5 are fair and reasonable for Exalt's non-associated shareholders. In forming our opinion on the value of MedAdvisor we have, inter-alia:

- Considered the stage of development of MedAdvisor and the prospective financial information available;
- Considered the appropriateness of the valuation methodologies available; and
- Considered the ability of MedAdvisor to continue as a going concern without funding.

10.11 Valuation of MedAdvisor

As discussed, the capitalisation of maintainable earnings and discounted cash flow methodologies, have limitations in their application to MedAdvisor. It is noted that there are no internal valuations prepared and no formal adoption of cash flow and profit and loss forecasts (other than preliminary cash flow projections to March 2018 that are dependent on MedAdvisor raising sufficient capital to meet its projected revenue targets).

The net book liabilities approximate \$198,000 and thus arguably the current value of MedAdvisor at this point of time is minimal.

10.12 Summary of valuation methodology and conclusion

We are unable to conclude upon a meaningful valuation range for MedAdvisor due to the lack of readily available and reliable financial projections and information but note that the net liabilities total approximately \$198,000.

MedAdvisor does currently not generate sufficient revenues to meet all costs and thus to 30 June 2015 losses have been incurred. We have not relied on the preliminary projections and cannot reliably assess the assumptions behind them.

It is noted that the MedAdvisor Group has estimated cash reserves of \$1,226,000 and receivables/prepayments of approximately \$145,000 (after the proposed receipt of \$1,000,000 from the issue of Convertible Notes) but current liabilities totalling \$1,656,000 (including the proposed \$1,000,000 of Convertible Notes). If the acquisition of MedAdvisor by Exalt is achieved, Exalt may need to meet the existing and future liabilities of MedAdvisor. Exalt does not have large cash reserves and is in the process of raising a gross \$3,000,000 to \$5,000,000 and as noted elsewhere in this report the majority will be utilised to develop and progress MedAdvisor's businesses. If the Convertible Notes are converted to ordinary shares in Exalt, the net assets (before allowing for an amount owing to Exalt of \$1,000,000 as MedAdvisor would then owe Exalt \$1,000,000) would approximate \$802,000.

## 11. **Conclusion as to Fairness**

11.1 The proposals pursuant to Resolution 5 (and 4) is believed fair to Exalt's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in MedAdvisor (100%) to be acquired.

11.2 Owing to the nature of the business of MedAdvisor, valuations depend on the value placed on the technology interests of the company. The valuation of technology interests and valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation.

11.3 We have been unable to determine a fair value for MedAdvisor. In arriving at our view that we are unable to form an opinion on the value of MedAdvisor (but noting that net liabilities total approximately \$198,000), we have, inter-alia, referred to the following factors:

- The relative newness of the business and insufficient revenues to meet all costs;
- The ability to produce positive cash flow and profits over a period of time is still uncertain (although it is expected to be profitable in the future);
- MedAdvisor needs to obtain sufficient working capital to meet its planned objectives;
- The lack of longer term cash flow models that can be reliably substantiated; and
- The risks associated with commercialisation of the business model.

11.4 Notwithstanding that we are unable to ascribe a fair value to MedAdvisor shares (other than noting its net liabilities approximate \$198,000 and thus the current value of a MedAdvisor share is minimal), the value of an ordinary share post Acquisition to a minority shareholder is in excess of the current value of an Exalt Share on a control basis, **we conclude that the proposals pursuant to Resolution 5 are fair. In addition, the proposals pursuant to Resolutions 19 and 20 are also fair.**

## 12. **Reasonableness of the MedAdvisor Acquisition**

12.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition that we considered in arriving at our conclusion on the reasonableness of the Acquisition and in particular the proposals pursuant to Resolutions 4 and 5 (and Resolutions 19 and 20).

### **Advantages**

12.2 The Company, in effect moves from a near cash box company with only one mineral asset (to be sold or forfeited) to a technology driven company in the medical adherence sector (refer section 1 of the ES attached to the Notice) with some opportunities to move into the earning of profits and positive cash flows if the MedAdvisor business can be successfully commercialised.

12.3 The Company may be better placed to raise further funds by way of share equity as a result of acquiring all of the shares in MedAdvisor. It is noted that a minimum gross \$3,000,000 (and up to a gross \$5,000,000) is being raised on the back of the proposed acquisition of MedAdvisor and if commercial success comes MedAdvisor's way, Exalt may be able to raise further funds for expansion of the MedAdvisor business.

12.4 There is an incentive to Exalt and MedAdvisor, to successfully exploit the MedAdvisor's business as Swinnerton (and certain key management personal of MedAdvisor and MMG) will or may have collectively significant shareholding interests in Exalt. The Founder Performance Shares, MMG Performance Shares and Read Rights as noted above vest on meeting the Milestone Conditions and Swinnerton and MMG will then increase their ordinary shares held in Exalt. All shareholders would benefit from an increased share price which would be expected if the Milestone Conditions were achieved.

12.5 Exalt currently has one remaining mineral project and no cash and this project will soon be sold or forfeited. Diversification into the medical adherence sector by acquiring 100% of MedAdvisor may reduce the risk of the Company being suspended from trading and remaining in effect a cash box. Currently capital raisings for small junior exploration companies is extremely difficult and by diversifying into other businesses, increases the scope for new capital raisings.



- 12.6 Existing shareholders may be given the opportunity to sell their shares in excess of the share prices existing prior to the Acquisition announcement. However, those shareholders who consider the risk of entering into a new business outside mineral exploration mineral to be too high may wish to sell their shareholdings in Exalt.

#### **Disadvantages**

- 12.7 Currently, Swinnerton and the key management personal of MedAdvisor have a beneficial interest in nil shares in the Company and if Resolutions 1 to 15 are passed, the MedAdvisor interests (shareholders, founders and noteholders) will increase their collective ordinary shareholding interest in Exalt to approximately between 63.28% and 70.06% (and a collective 71.38% to 77.20% if all Founder Performance Shares are issued and converted to ordinary shares in Exalt- this excludes the current shareholdings of Downes and Barnes and other shareholders of Exalt). The existing shareholders will be diluted from owning a current 100% shareholding interest in Exalt and its underlying assets to a smaller shareholding of approximately 12.37% to 13.69% post the Acquisition and Capital Raising of \$3,000,000 at 3 cents each (assumes the issue and conversion of the Founder Performance Shares). The new investors from the Capital Raising will own approximately between 16.06% and 24.18% of the expanded issued capital of Exalt (before the issue of ordinary shares on conversion of the Founder Performance Shares, MMG Performance Shares and Read Rights and exercise of the Bennetto Options).
- 12.8 The business operated by MedAdvisor may not turn out to be commercially viable and thus losses may continue to be incurred. Loans will be made by Exalt to MedAdvisor and these plus the investment cost may need to be impaired if MedAdvisor does not record sufficient profits and positive cash flows in the future.
- 12.9 MedAdvisor will, after the receipt of \$1,000,000 of Convertible Notes, have estimated cash reserves, receivables and prepayments of approximately \$1,371,000 but current liabilities totalling approximately \$1,656,000. If the acquisition of MedAdvisor by Exalt is achieved, Exalt may need to meet the liabilities (current and future) of MedAdvisor that may be material in nature. Additional capital may need to be raised at a later date. The majority of the net funds raised from the Capital Raising will be advanced to MedAdvisor.

#### **Other Factors**

- 12.10 It is noted that for accounting purposes in the books of Exalt, the ordinary Consideration Shares will be booked at the market value of the ordinary shares in Exalt at the date the ordinary Consideration Shares are issued to the MedAdvisor shareholders. Exalt as the legal parent entity will account for the value of the ordinary Consideration Shares at the market value of the ordinary shares in Exalt that may be considered to be around 3 cents per share. In this report, we have noted a potential undiscounted cost to the Founder Performance Shares and the MMG Performance Shares Shares but there is some risk that the Milestone Conditions attached to each class of performance share will not be met. The ultimate fair value of an investment in MedAdvisor is at this stage unknown and write downs in the investment may be required at a later stage (particularly if commercial success is not forthcoming).
- 12.11 The proposed Acquisition provides the Company with a clear strategic direction as compared with the existing position of shareholders owning shares in a near dormant company with minimal cash and no clear vision. The Company requires a business that will provide it with the opportunity to sustain a viable business and allow the Company to be a going concern in the longer term.

- 12.12 The number of fully paid ordinary shares on issue rises to as noted in paragraph 2.3 of this report. This represents a substantial increase in the ordinary shares of the Company based on the number of shares on issue at the time of the announcement of the Acquisition on 11 June 2015. In addition, if all Milestone Conditions are met, the Company will issue new ordinary shares on conversion of the Founder Performance Shares and MMG Performance Shares and issue new ordinary shares if all Milestone Conditions are met in relation to the Read Rights. However, if this was to occur, it would be expected that the share prices of an Exalt share would be substantially higher than May to mid August 2015 share prices and thus the existing shareholders would benefit.
- 12.13 The proposed new board members, being MedAdvisor Directors brings technical and business experience. Further detail on the proposed new director has been included in Section 10 of the ES.
- 12.14 The ultimate value ascribed to the Founder Performance Shares and MMG Performance Shares (and the Read Rights) may be higher at the time of meeting the various Milestone Conditions, than at the date of this report, based upon the share trading price of an Exalt ordinary Share.
- 12.15 It is the view of the existing Board of Exalt that the investment in MedAdvisor is in the best interests of all shareholders.
- 12.16 The net book assets of Exalt prior to the Capital Raising and Acquisition are estimated at \$nil (negative \$192,000) whilst post the Acquisition, the net book assets of the Exalt Group that will include the MedAdvisor Group is estimated to be an initial \$3,424,000 or \$5,290,000 (assumes a Capital Raising of a gross \$3,000,000 or \$5,000,000 and using reverse acquisition principles). The value attributable to the existing shareholders approximates \$467,000 to \$654,000 compared with a current shareholding book interest of approximately \$nil. However, this is ascribing no value to the business interests of MedAdvisor.
- 12.17 The Company is to issue 10,000,000 Bennetto Options and the exercise price (within 3 years of issue date) would raise \$300,000 (based on the Capital Raising issue price of 3 cents each).
- 12.18 The Consideration Shares being issued to Nick Downes and Geoff Barnes on the same terms and conditions of all other Consideration Shares, including the Consideration Shares to Swinnerton.

13. **Conclusion as to Reasonableness**

- 13.1 **After taking into account the factors referred to in 11 above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed Acquisition as noted in paragraphs 1.2 and 1.3 and Resolution 5 (and 4) in the Notice may be considered, on balance, to be reasonable to the existing non-associated shareholders of Exalt at the date of his report.**

**In addition, it is our opinion that the proposals as outlined in Resolutions 19 and 20 are also reasonable to shareholders at the date of this report (not associated with Nick Downes and Geoff Barnes respectively).**

**14. Shareholder Decision**

14.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of 106,837,500 Consideration Shares to Swinnerton and the issue of a total of 68,225,102 Founder Performance Shares to Swinnerton (and allowing conversion to ordinary shares in Exalt) and the issue of a total of 28,588,160 Consideration Shares to Nick Downes and Geoff Barnes or their associates are fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolutions 5, 19 and 20 (and 4) but we have been requested to determine whether the proposals pursuant to Resolutions 5, 19 and 20 (and 4) are fair and/or reasonable to those shareholders not associated with Swinnerton. The responsibility for such a voting recommendation lies with the directors of Exalt.

14.2 In any event, the decision whether to accept or reject Resolutions 5, 19 and 20 (and 4) (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the proposals under Resolutions 5, 19 and 20 (and 4) (and all other Resolutions), shareholders should consult their own professional adviser.

14.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Exalt. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolutions 4 (and 5, 19 and 20) (and all other resolutions). Shareholders should consult their own professional adviser in this regard.

**15. Sources of Information**

15.1 In making our assessment as to whether the proposed Acquisition as noted in paragraphs 1.2 and 1.3 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, MedAdvisor and the MedAdvisor business that is relevant to the current circumstances. In addition, we have held discussions with the management of Exalt about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Exalt.

15.2 Information we have received includes, but is not limited to:

- a) Drafts of the Notice of Exalt and ES of June and to 19 August 2015;
- b) Discussions and/or correspondence with management of Exalt and MedAdvisor;
- c) Details of historical market trading of Exalt ordinary fully paid shares recorded by ASX for the period 1 July 2014 to 18 August 2015;
- d) Shareholding details of Exalt as supplied by the Company's share registry as at 24 July 2015;
- e) Audited balance sheet of Exalt as at 30 June 2014;
- f) Reviewed balance sheet of Exalt as at 31 December 2014 and unaudited accounts to 30 April 2015 and unaudited balance sheet as at 30 June 2015;
- g) Announcements made by Exalt to the ASX from 1 January 2014 to 18 August 2015;
- h) The unaudited consolidated financial statements of MedAdvisor for the eight months ended 30 April 2015, nine months ended 31 May 2015 and year ended 30 June 2015;
- i) Cash flow forecasts of MedAdvisor for the period 1 April 2015 to 31 March 2017;

- j) Shareholding list of MedAdvisor dated 30 April 2015;
- k) Strategy Presentation Paper re MedAdvisor of 2015;
- l) Deed of Assignment of Intellectual Property and Undertakings (and various annexures) between MedAdvisor, MedAdvisor Pty Ltd and Swinnerton of December 2012 (assigned to MedAdvisor for \$90,000 plus GST);
- m) Copy of one of the Convertible Note Agreements and one of the Converting Note Agreements;
- n) The Binding Heads of Agreement (“HOA”) executed on 10 June 2015 for the proposed acquisition of all of the shares in MedAdvisor; and the Variation to the HOA of 10 June 2015 and
- o) The Heads of Agreement and Deed of Variation between MedAdvisor and MMG.

15.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES PTY LTD**  
**(Trading as Stantons International Securities)**



**J P Van Dieren - FCA**  
**Director**

**AUTHOR INDEPENDENCE AND INDEMNITY**

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 19 August 2015, relating to the issue of a total of 106,837,500 Consideration Shares to be issued to Swinnerton and 68,225,102 Founder Performance Shares to be issued to Swinnerton (and allowing conversion to ordinary shares on meeting Milestone Conditions) as outlined in Section 1 of the report and Resolution 5 and the issue of 13,548,080 Consideration Shares to Nick Downes and 15,040,080 Consideration Shares to Geoff Barnes pursuant to Resolutions 19 and 20 respectively and as disclosed in the Notice of Meeting to Shareholders and the Explanatory Statement proposed to be distributed to the Exalt shareholders in August 2015.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with Exalt and MedAdvisor other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International Securities Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$25,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) do not hold any securities in Exalt and MedAdvisor. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd, Mr J Van Dieren and Mr Martin Michalik have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

**QUALIFICATIONS**

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, and Mr Martin Michalik, ACA, the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

## **DECLARATION**

This report has been prepared at the request of the Directors of Exalt in order to assist them to assess the merits of the proposed issue of a total of 106,837,500 Consideration Shares and 68,225,102 Founder Performance Shares (and conversion thereof) as outlined in Resolution 5 to the Explanatory Statement (to shareholders) and the proposed issue of Consideration Shares to Nick Downes and Geoff Barnes as noted in Resolutions 19 and 20 respectively to which this report relates. This report has been prepared for the benefit of Exalt's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of Exalt and MedAdvisor and its assets, including the value of the MedAdvisor business. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Exalt and MedAdvisor. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

## **DUE CARE AND DILIGENCE**

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolutions 5, 19 and 20 (and 4) to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 5, 19 and 20 (and 4).

## **DECLARATION AND INDEMNITY**

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Exalt and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), Exalt has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Exalt may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Exalt; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Exalt or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Exalt or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd

A draft of this report was presented to Exalt directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE  
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD  
(Trading as Stantons International Securities)  
Dated 19 August 2015**

1. Stantons International Securities Pty Ltd ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

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

8. **Associations and relationships**

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints resolution**

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons International Securities Pty Ltd  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

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



## **9.2 Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399

## **10. Contact details**

You may contact us using the details set out above.

Telephone 08 9481 3188  
Fax 08 9321 1204  
Email [jvdieren@stantons.com.au](mailto:jvdieren@stantons.com.au)





Exalt Resources Limited  
ABN 17 145 327 617

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000



## Proxy Form

For your vote to be effective it must be received by 9.00am (WST) on Wednesday 23 September 2015

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Exalt Resources Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Exalt Resources Limited to be held at Level 11, London House, 216 St George's Tce, Perth, Western Australia on Friday 25 September 2015 at 9.00am (WST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 16, 17 and 18 (except where I/we have indicated a different voting intention below) even though Items 16, 17 and 18 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 16, 17 and 18 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

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

		For	Against	Abstain			For	Against	Abstain
Item 1	Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 11	Election of Director - Mr Joshua Swinnerton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Creation of new class - Founder Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 12	Election of Director - Mr Jim Xenos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Creation of new class - MMG Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 13	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Issue of Consideration Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 14	Conversion under loan agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Approve issue to Mrs Viv Swinnerton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 15	Conversion under loan agreement - Mr Shane Hartwig	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Issue of MMG Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 16	Issue of shares to Mr Stephen Brockhurst	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Conversion under MedAdvisor Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 17	Issue of Options to Mr Peter Bennetto	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Capital raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 18	Issue of Performance Rights to Mr Robert Read	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 9	Change of company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 19	Acquisition of shares from Mr Nick Downes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 10	Election of Director - Mr Robert Read	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 20	Acquisition of shares from Mr Geoff Barnes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /