



**Reclaim Industries Limited
ACN 090 671 819**

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

**General Meeting to be held at Trident Capital, Level 24, 44 St Georges Terrace,
Perth, Western Australia on 22 December 2015 commencing at 10.00am (WST).**

The Independent Expert reporting on Resolutions 4(a), 4(b) and 6 and concludes that the acquisition is NOT FAIR BUT REASONABLE to the non-associated Shareholders of the Company.

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

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Reclaim Industries Limited (**Company**) will be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia on 22 December 2015, commencing at 10.00 am (WST).

SPECIAL BUSINESS

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

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

“That, subject to Resolutions 2 to 21 (inclusive) being passed, in accordance with ASX Listing Rule 11.1.2, and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.”

2. Resolution 2 – Capital Consolidation

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

“That subject to Resolutions 1 and 3 to 21 (inclusive) being passed, in accordance with section 254H of the Corporations Act, and for all other purposes, approval be given for the Company to consolidate its existing securities on a 1 for 2 basis, with any fractional entitlements being rounded down, as set out in the Explanatory Statement.”

3. Resolution 3 – Approval of Performance Shares

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

“That, subject to Resolutions 1,2 and 4 to 21 (inclusive) being passed, for the purposes of Section 246B(1) and 246C(5) of the Corporations Act and Rule 3.1 of the Constitution of the Company and for all other purposes, the Company be authorised to issue the Performance Shares, the terms of which are set out in the Explanatory Statement accompanying this notice.”

4. Resolution 4 – Issue of Consideration Shares to Vendors

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

(a) *“That, subject to Resolutions 1 to 3 (inclusive) and 4(b) to 21 (inclusive) being passed, and in accordance with Item 7 of section 611 and section 208 of the Corporations Act and for all other purposes, approval be and is hereby given to the issue of 128,308,962 New Shares at a deemed issue price of \$0.02 each to the Related Vendors (as that term is defined in the Explanatory Statement) under the Prospectus, 32,077,241 Performance Shares as part consideration for the Company acquiring 100% of the issued capital of Rision Pty Ltd and 32,077,241 New Shares upon the Performance Shares converting upon the Milestone being achieved, and for the acquisition by the Related Vendors of a Relevant Interest (details of which are set out in Annexure D to the Explanatory Statement) in the New Shares to be issued to them as contemplated by this Resolution 4(a), further details of which are contained in the Explanatory Statement.”*

(b) *“That, subject to Resolutions 1 to 4(a) (inclusive) and 5 to 21 (inclusive) being passed, and in accordance with Item 7 of section 611 of the Corporations Act, and for all other purposes, approval be and is hereby given to the issue of 71,691,038*

New Shares at a deemed issue price of \$0.02 to the Unrelated Vendors (as that term is defined in the Explanatory Statement), 17,922,759 Performance Shares, under the Prospectus, as part consideration for the Company acquiring 100% of the issued capital of Rision Pty Ltd and 17,922,759 New Shares upon the Performance Shares converting upon the Milestone being achieved, and for the acquisition by the Unrelated Vendors of a Relevant Interest (details of which are set out in Annexure D to the Explanatory Statement) in the New Shares to be issued to them as contemplated by this Resolution 4(b), further details of which are contained in the Explanatory Statement.”

5. Resolution 5 – Issue of New Shares pursuant to the Capital Raising

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

“That, subject to Resolutions 1 to 4(b) (inclusive) and 6 to 21 (inclusive) being passed, and in accordance with ASX Listing Rule 7.1, and for all other purposes, approval be and is hereby given to issue of up to 150,000,000 New Shares at an issue price of \$0.02 per New Share to raise a minimum of \$3,000,000 under a Prospectus, with provision to accept oversubscriptions of a further 150,000,000 New Shares to raise up to a total of \$6,000,000, further details of which are contained in the Explanatory Statement.”

6. Resolution 6 (a), (b), (c), (d) and (e) – Right to apply under the Prospectus by any Proposed Directors

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

“That, subject to the passing of Resolutions 1 to 5 (inclusive) and 7 to 21 (inclusive), and in accordance with ASX Listing Rule 10.11 and Item 7 of section 611 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue to

- (a) Mr Paul Lappin (and/or his nominee) up to 2,500,000 Shares;*
- (b) Mr Robert Day (and/or his nominee) up to 2,500,000 Shares;*
- (c) Dr Colin McLeod (and/or his nominee) up to 2,500,000 Shares;*
- (d) Dr Kate Cornick (and/or his nominee) up to 2,500,000 Shares;*
- (e) Mr Ron Howard (and/or his nominee) up to 6,000,000 Shares;*

out of the New Shares that may be issued pursuant to Resolution 5 on the terms set out in the Explanatory Statement.”

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

7. Resolution 7 – Issue of Facilitation Shares to Trident Capital

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

“That, subject to Resolutions 1 to 6 (inclusive) and 8 to 21 (inclusive) being passed, and in accordance with ASX Listing Rule 7.1, and for all other purposes, approval is given to the issue of 10,000,000 New Shares to Trident Capital Pty Ltd (and/or its nominees) under a Prospectus, further details of which are contained in the Explanatory Statement.”

8. Resolution 8 – Issue of Facilitation Shares to SCM Equities Pty Ltd

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

“That, subject to Resolutions 1 to 7 (inclusive) and 9 to 21 (inclusive) being passed, and in accordance with ASX Listing Rule 7.1, and for all other purposes, approval is given to the issue of 10,000,000 New Shares to SCM Equities Pty Ltd (and/or its nominees) under a Prospectus, further details of which are contained in the Explanatory Statement.”

9. Resolution 9 – Change of Company Name

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

“That, subject to Resolutions 1 to 8 (inclusive) and 10 to 21 (inclusive) being passed, and in accordance with section 157(1) of the Corporations Act, and for all other purposes, the Company change its name from ‘Reclaim Industries Limited’ to ‘Rision Limited’.”

10. Resolution 10 – Issue of Rision Noteholder Shares and Rision Noteholder Options on the conversion of the Rision Notes and issue of Shares upon exercise of the Rision Noteholder Options

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

- (a) *“That subject to Resolutions 1 to 9 (inclusive) and 10(b) to 21 (inclusive) being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of 100,000,000 Rision Noteholder Shares (on a post-Capital Consolidation basis) on the conversion of the Rision Notes, in the manner, in the amount and on the terms and conditions set out in the accompanying Explanatory Statement.”*
- (b) *“That subject to Resolutions 1 to 10(a) (inclusive) and 10(c) to 21 (inclusive) being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of 100,000,000 Rision Noteholder Options (on a post-Capital Consolidation basis) on the conversion of the Rision Notes, in the manner, in the amount and on the terms and conditions set out in the accompanying Explanatory Statement.”*
- (c) *“That subject to Resolutions 1 to 10(b) (inclusive) and 11 to 21 (inclusive) being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of 100,000,000 Shares (on a post-Capital Consolidation basis) on the exercise of the Rision Noteholder Options held by the Rision Noteholders in whole or in part, in the manner, in the amount and on the terms and conditions set out in the accompanying Explanatory Statement.”*

11. Resolution 11 – Issue of Reclaim Noteholder Shares and Reclaim Noteholder Options on the conversion of the Reclaim Notes and issue of Shares upon exercise of the Reclaim Noteholder Options

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

- (a) *“That subject to Resolutions 1 to 10(c) (inclusive) and 11(b) to 21 (inclusive) being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of 30,000,000 Reclaim Noteholder Shares (on a post-Capital Consolidation basis) on the conversion of the Reclaim Notes held by the Reclaim Noteholders in whole or in part, in the manner, in the amount and on the terms and conditions set out in the accompanying Explanatory Statement.”*

(b) *“That subject to Resolutions 1 to 11(a) (inclusive) and 11(c) to 21 (inclusive) being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of 30,000,000 Reclaim Noteholder Options (on a post-Capital Consolidation basis) on the conversion of the Reclaim Notes held by the Reclaim Noteholders in whole or in part, in the manner, in the amount and on the terms and conditions set out in the accompanying Explanatory Statement.”*

(c) *“That subject to Resolutions 1 to 11(b) (inclusive) and 12 to 21 (inclusive) being passed, in accordance with Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the issue of 30,000,000 Shares (on a post-Capital Consolidation basis) on the exercise of the Reclaim Options held by the Reclaim Noteholders in whole or in part, in the manner, in the amount and on the terms and conditions set out in the accompanying Explanatory Statement.”*

12. Resolution 12 – Appointment of Paul Lappin as Director

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

“That subject to Resolutions 1 to 11(c) (inclusive) and 13 to 21 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Mr Paul Lappin, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

13. Resolution 13 – Appointment of Robert Day as Director

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

“That subject to Resolutions 1 to 12 (inclusive) and 14 to 21 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Mr Robert Day, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

14. Resolution 14 – Appointment of Kate Cornick as Director

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

“That subject to Resolutions 1 to 13 (inclusive) and 15 to 21 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Dr Kate Cornick, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

15. Resolution 15 – Appointment of Myron Spence Howard (Ron Howard) as Director

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

“That subject to Resolutions 1 to 14 (inclusive) and 16 to 21 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Mr Ron Howard, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

16. Resolution 16 – Appointment of Colin McLeod as Director

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

“That subject to Resolutions 1 to 15 (inclusive) and 17 to 21 (inclusive) being passed and in accordance with Rule 11.4 of the Constitution, and for all other purposes, Dr Colin McLeod, having provided conditional consent to act and be appointed as a Director of the Company from completion of the Proposed Transaction, be elected as a Director of the Company with effect from completion of the Proposed Transaction.”

17. Resolution 17 – Issue of Options to Paul Lappin

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

“That subject to Resolutions 1 to 16 (inclusive) and 18 to 21 being passed and in accordance with Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, approval be given for the issue of 10,000,000 Director Options A (on a post-Consolidation basis) to Paul Lappin (and/or his nominees), on the terms and conditions set out in the Explanatory Memorandum.”

18. Resolution 18 – Issue of Options to Colin McLeod

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

“That subject to Resolutions 1 to 17 (inclusive) and 19 to 21 (inclusive) being passed and in accordance with Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, approval be given for the issue of 5,000,000 Director Options A (on a post-Consolidation basis) to Colin McLeod (and/or his nominees), on the terms and conditions set out in the Explanatory Memorandum.”

19. Resolution 19 – Issue of Options to Myron Spence Howard (Ron Howard) as Director

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

“That subject to Resolutions 1 to 18 (inclusive), 20 and 21 being passed and in accordance with Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, approval be given for the issue of 5,000,000 Director Options B (on a post-Consolidation basis) to Myron Spence Howard (Ron Howard) (and/or his nominees), on the terms and conditions set out in the Explanatory Memorandum.”

20. Resolution 20 – Issue of Employee Options to Bartek Mayshak

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

“That subject to Resolutions 1 to 19 (inclusive) and 21 being passed and in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue of 16,000,000 Employee Options (on a post-Consolidation basis) to Bartek Mayshak (and/or his nominees), on the terms and conditions set out in the Explanatory Memorandum.”

21. Resolution 21 – Issue of Employee Options to Kate Cornick

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

“That subject to Resolutions 1 to 20 (inclusive) being passed and in accordance with Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, approval be given for the issue of 24,000,000 Employee Options (on a post-Consolidation basis) to Kate Cornick (and/or her nominees), on the terms and conditions set out in the Explanatory Memorandum.”

22. Resolution 22 – Ratification and Approval of Past Placement to Sophisticated Investors

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

“That in accordance with Listing Rule 7.4, and for all other purposes, the Shareholders hereby approve and ratify the issue of 81,700,000 Shares to sophisticated investors at an issue price of \$0.015 each on 27 January 2015 to raise a total of \$1,225,500.”

Voting Exclusion Statement

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

Resolution No.	Title	Excluded Persons
1	Change in nature and scale of activities of the Company	Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associate of that person.
2	Approval of Performance Shares	The Vendors and any of their Associates.
4(a)	Issue of consideration to the Related Vendors	The Related Vendors and any of their Associates.
4(b)	Issue of consideration to the Unrelated Vendors	The Unrelated Vendors and any of their Associates.
5	Issue of New Shares pursuant to the Capital Raising	Any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associate of that person.
6(a)	Right to apply under a Prospectus by Mr Paul Lappin	Mr Paul Lappin and/or his nominees and any of their Associates.
6(b)	Right to apply under a Prospectus by Mr Robert Day	Mr Robert Day and/or his nominees and any of their Associates.
6(c)	Right to apply under a Prospectus by Dr Colin McLead	Dr Colin McLead and/or his nominees and any of their Associates.
6(d)	Right to apply under a Prospectus by Dr Kate Cornick	Dr Kate Cornick and/or his nominees and any of their Associates.

Resolution No.	Title	Excluded Persons
6(e)	Right to apply under a Prospectus by Ron Howard	Ron Howard and/or his nominees and any of their Associates.
7	Issue of Facilitation Shares to Trident Capital	Trident Capital Pty Ltd and/or its nominees, and any of its Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
8	Issue of Facilitation Shares to SCM Equities	SCM Equities Pty Ltd and/or its nominees, and any of its Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
10(a)	Issue of Rision Noteholder Shares to the Rision Noteholders	The Rision Noteholders and/or any of their nominees, and any of their Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
10(b)	Issue of Rision Noteholder Options to the Rision Noteholders	The Rision Noteholders and/or any of their nominees, and any of their Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
10(c)	Issue of Shares to Rision Noteholders upon the exercise of the Rision Noteholder Options	The Rision Noteholders and/or any of their nominees, and any of their Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
11(a)	Issue of Reclaim Noteholder Shares to the Reclaim Noteholders	The Reclaim Noteholders and/or any of their nominees, and any of their Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
11(b)	Issue of Reclaim Noteholder Options to the Reclaim Noteholders	The Reclaim Noteholders and/or any of their nominees, and any of their Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.

Resolution No.	Title	Excluded Persons
11(c)	Issue of Shares to Reclaim Noteholders upon the exercise of the Reclaim Noteholder Options	The Reclaim Noteholders and/or any of their nominees, and any of their Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
17	Issue of Employee Options to Paul Lappin	Paul Lappin and/or his nominees and any of their Associates Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
18	Issue of Employee Options to Colin McLeod	Colin McLeod and/or his nominees and any of their Associates Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
19	Issue of Employee Options to Ron Howard	Ron Howard and/or his nominees and any of their Associates Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
20	Issue of Employee Options to Bartek Mayshak	Bartek Mayshak and/or his nominees and any of their Associates Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
21	Issue of Employee Options to Kate Cornick	Kate Cornick and/or her nominees and any of their Associates. Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
22	Ratification and Approval of Past Placements to Sophisticated Investors	Any person who participated in the issue and any associates of that person.

However, the Company need not disregard a vote if:

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

Explanatory Statement

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

Resolutions 1 to 21 (inclusive) are subject to and conditional on each of those resolutions being passed. Accordingly, Resolutions 1 to 21 should be considered collectively as well as individually. Resolution 22 is not conditional on the other Resolution being passed.

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

Proxies

Please note that:

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

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

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on 20 December 2015. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

By Order of the Board of Directors



Deborah Ho
Company Secretary
Reclaim Industries Limited
19 November 2015

Explanatory Statement

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

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

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

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

1. PROPOSED TRANSACTION

1.1 Background

On 7 September 2015 the Company announced to ASX that it had entered into a Heads of Agreement, the key terms of which were as follows:

- (a) The Company agreed to acquire all the issued capital of Rision Pty Ltd ("**Rision**") from its shareholders, Apex Private Wealth Pty Ltd, Anthony Francis Dixon, Pebtilly Pty Ltd, T & H Corby Pty Ltd and Amabowl Pty Ltd (together the "**Vendors**").
- (b) The Vendors agreed to sell their interest in Rision for the following Shares all on a post-Consolidation basis:
 - (i) 200,000,000 fully paid ordinary shares in the Company to be issued at Completion.
 - (ii) 50,000,000 Performance Shares, which convert to 50,000,000 fully paid ordinary shares in the Company to be issued on:
 - A. the Company achieving \$5,000,000 EBITDA during any consecutive 12 month period calculated in accordance with the Purchaser's accounting policies as set out in its annual report and after being verified by the Purchaser's auditor; or
 - B. the Company, or the Rision business, being sold for a minimum of \$150,000,000 on arm's length terms; or
 - C. the Purchaser being valued at not less than \$150,000,000 for ten consecutive business days, calculated by multiplying the number of Shares the Purchaser has on issue on a given day by the volume weighted average price for shares traded on the ASX on that day,on or before 30 June 2019.
- (c) The Company agreed to issue 10,000,000 Facilitation Shares to both Trident Capital and SCM Equities in return for them facilitating the Proposed Transaction. Approval of the issue of these Facilitation Shares is Resolutions 7 and 8 of the Notice of Meeting.
- (d) Completion under the Heads of Agreement was also agreed to be subject to and conditional on:

- (i) The Company completing capital raisings (inclusive of funds in the Company) to raise not less than \$3,200,000 or such other amount as agreed upon by both parties;
- (ii) Rision obtaining all required shareholder approvals;
- (iii) The Company obtaining all required regulatory and Shareholder approvals; and
- (iv) Rision shareholders agreeing to execute the Share Sale Agreement.

The parties entered into the Share Sale Agreement contemplated by the Heads of Agreement on 7 October 2015. Further details of the Share Sale Agreement are included in section 1.3 of this Notice.

The parties entered into a Loan Agreement on 28 May 2014. The parties subsequently entered into the Deed of Assignment contemplated by the Heads of Agreement on 10 September 2015. The total amount advanced under the Loan Agreement and the Deed of Assignment (as amended) is \$2,400,000 as at the date of this Notice. Further details of the Loan Agreement and Deed of Assignment are included in section 1.4 of this Notice.

The consideration for the Proposed Acquisition (being 200,000,000 Consideration Shares and 50,000,000 Performance Shares having the terms set out in Annexure C) was agreed between the Company and the Vendors following commercial arms-length negotiations, and remains the mutually agreed consideration between the parties. In this regard it is noted that, although \$2,400,000 has been advanced under the Loan Agreement and the Deed of Assignment (rather than the initial \$500,000 which was contemplated) the loan is an asset in the Company's Accounts and a liability in Rision's accounts, and so, after completion of the Proposed Acquisition, the asset and the liability net out in the consolidated accounts.

1.2 Overview of Rision

(a) Background

Rision Pty Ltd is an unlisted private company that has been funded by private investment from its five shareholders. The company is focused on providing human resourcing solutions for organisations that manage contingent workers and their employees. Rision addresses the changing employment landscape that is witnessing a global move to a contingent workforce, and the subsequent rise in the number of people working multiple part-time jobs.

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

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

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

Rision's mobile and HTML 5 has been developed and is being used by beta customers spanning cleaning, hospitality, restaurant, fast-food and hotel businesses in Australia and

the USA. The company is pursuing sales in Australia and the USA, and Rision plans to launch in Israel in the third quarter of FY2015/16. The platform is currently available in English but is expected to be translated into other languages including Hebrew and Spanish by the end of first quarter of FY2015/16.

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

Overview of Rision's Products

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

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

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

Rision's product offering includes:

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

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

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

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

Further technology developments are planned, to provide enhanced job-matching, rostering and timesheet services to customers that are expected to increase sales. Additionally, Rision is also planning the development of business intelligence products that provide businesses with tools to make informed HR decisions to benefit their company and its employees.

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

Corporate structure of Rision Group

The corporate structure for Rision Group is as follows:



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

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

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

Overview of Rision's Intellectual Property

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

- United States Patent Application No. 11/817,024; entitled: Transactional Engine Linking Businesses to Multiple Recruitment Companies for Engagement & Management of Labour;
- Australian Complete Patent No. 2006218253; entitled: Transactional Engine Linking Businesses to Multiple Recruitment Companies for Engagement & Management of Labour; and
- New Zealand Complete Patent No, NZ 560974; entitled: Transactional Engine Linking Businesses to Multiple Recruitment Companies for Engagement & Management of Labour.

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

- Australian Application No. 1682137: RISION (Word and Logo);
- Australian Application No. 1682136: RISION (Logo);
- U.S. Trade Mark Application No. 86/577420: RISION (Word and Logo); and
- U.S. Trade Mark Application No. 86/577468: RISION (Logo).

(b) Financial History

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

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

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

(c) **Business Plan**

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

1.3 Share Sale Agreement

The Company and the Vendors entered into a Share Sale Agreement on 7 October 2015 which was subsequently varied by agreement on or about 9 November 2015. Subject to various conditions, the Company agreed to purchase, and the Vendors agreed to sell, 100% of the ordinary shares in Rision Pty Ltd.

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

- (a) The Company being satisfied with its due diligence enquiries in respect of Rision.
- (b) The Vendors being satisfied with their due diligence enquiries in respect of the Company.
- (c) The Company obtaining all required regulatory and shareholder approval.
- (d) The Company completing the Capital Raising of at least \$2,000,000 (as contemplated by Resolution 5).
- (e) As the Company is required by ASX to re-comply with Chapters 1 and 2 of the Listing Rules, ASX providing the Company with a list of conditions reasonably acceptable to the Vendors and the Company, which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX.
- (f) Satisfaction of the conditions in (e).
- (g) Termination of various Services Agreements in place with effect from Completion.

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

At Completion of the Agreement, the Company has agreed (subject to the passing of the Resolutions by Shareholders) to issue New Shares to the Vendors, Trident and SCM in accordance with Resolutions 4(a), 4(b), 7 and 8. In addition, following the appointment of the Proposed Directors Paul Lappin, Robert Day, Colin McLeod, Kate Cornick and Ron Howard, to the Board, it is proposed that the Existing Directors, Messrs Hewitt-Dutton, Ong and Scoggins will resign as Directors.

In addition to the above, under the Share Sale Agreement, Reclaim has agreed to repay up to \$615,000 of Rision Shareholder Loans through the issue of up to 30,750,000 Shares (subject to any Shareholder approvals, if required, to be sought at a subsequent shareholder meeting to be convened). The loans are to be repaid on or before 31 December 2017. The loans may also be repaid in cash upon the Rision business achieving revenues of at least \$650,000 within a year.

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

1.4 Loan Agreement and Deed of Assignment

The Company entered into the Loan Agreement on 28 May 2014, pursuant to which the Company advanced \$500,000 to Skills Connect to provide working capital funds to Skills Connect. On 5 August 2014 and 22 January 2015 the Loan Agreement was amended to facilitate a further \$900,000 and up to \$1,200,000 respectively being advanced to Skills Connect.

In addition to the Share Sale Agreement, the Company entered into the Deed of Assignment on 10 September 2015 pursuant to which Skills Connect, as assignor, assigned to Rision, as assignee, all of Skills Connect's rights, title and interest under the Loan Agreement under which the Company had advanced \$2,400,000 to Skills Connect to provide working capital funds to Skills Connect.

1.5 Capital Raising and Loans

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

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

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

The Company is currently conducting a Third Further Placement raising of up to \$300,000 by way of convertible notes (**Reclaim Notes**) that, upon conversion will result in the issue of 30,000,000 fully paid New Shares at \$0.01 per Share along with one free attaching Reclaim Noteholder Option per Share.

Rision is currently conducting a placement raising up to \$1,000,000 by way of convertible notes (**Rision Notes**) that, following Completion will be repaid by Reclaim and will result in the Rision Noteholders being issued 100,000,000 fully paid New Shares at \$0.01 per Share along with one free attaching Reclaim Noteholder Option per Share.

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

1.6 Advantages of the Proposed Transaction

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

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

- (d) The Company will acquire one hundred percent (100%) of Rision and its business by the issue of the Consideration Shares.

1.7 Disadvantages of the Proposed Transaction

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

- (a) The Company will be changing the nature of its activities from being a rubber recycler and manufacturer to a cloud based Software as a Service ("**SAAS**") provider, which may not be consistent with the objectives of the Shareholders.
- (b) The Proposed Transaction will result in the issue of Shares to the Vendors, Reclaim Noteholders, Rision Noteholders, Trident Capital and SCM Equities with Existing Shareholders' interests diluted from holding 100% of the Company to holding an interest of 38.5% based on the Company achieving the minimum Capital Raising of \$3,000,000 and 32.5% based on the Company achieving the maximum Capital Raising of \$6,000,000.
- (c) Potential lower liquidity of shares – if the acquisition is completed, trading in the Company's Shares may be negatively affected by the presence of the Vendors holding a potential 24.6% ownership interest based on the Company achieving the minimum Capital Raising of \$3,000,000 and 20.8% based on the Company achieving the maximum Capital Raising of \$6,000,000. The Existing Shares will therefore have a materially lower float on a proportional basis which may reduce liquidity.
- (d) Absence of significant revenues – the technology being acquired is at an early stage of being commercialised with no significant revenues yet generated. There is therefore a higher degree of uncertainty in relation to the future prospects of Rision. Additionally, there is no guarantee that Rision will be able to successfully commercialise its products and realise significant revenues going forward.
- (e) Competitive market – the software platform will be entering a competitive market with over 20 systems already targeting the contingent labour market, with some of these systems already having a considerable spend under management.
- (f) There are risk factors associated with the change in nature of the Company's activities, or rather risks associated with the Proposed Transaction. Some of these risks are set out in Section 1.15 below.

1.8 Effect of the Proposed Transaction on the Company

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

Pro forma capital structure		
Shares	Minimum Capital Raising (\$3,000,000)	Maximum Capital Raising (\$6,000,000)
Shares on issue following the Consolidation	313,349,734 ¹	313,349,734 ¹
Shares to be issued to Vendors (Resolution 4)	200,000,000	200,000,000
Shares to be issued on Capital Raising (Resolution 5)	150,000,000	300,000,000
Facilitation Shares to be issued to Trident Capital (Resolution 7)	10,000,000	10,000,000
Facilitation Shares to be issued to and SCM Equities Pty Ltd (Resolution 8)	10,000,000	10,000,000
Shares to be issued upon conversion of Rision Notes (Resolution 10(a))	100,000,000	100,000,000
Shares to be issued upon conversion of Reclaim Notes (Resolution 11(a))	30,000,000	30,000,000
Total Shares on issue following completion and recompilance	813,349,734	963,349,734

Notes

- 1 *This is an approximate figure, as the exact number of post-Consolidation Shares will be subject to rounding.*
- 2 *50,000,000 Performance Shares are also being issued to the Vendors, which will convert into 50,000,000 New Shares upon the Milestone being achieved. See section Annexure C for further details regarding the Performance Shares. The above figures assume that the Milestone has not been achieved.*
- 3 *The above figures above are for New Shares on a post-Consolidation basis.*
- 4 *The above figure does not include potential Shares issued to repay the Rision Shareholder Loans as described in section 1.3.*
- 5 *The above figures also assume that no Options are exercised. See below for details of Options.*

Options	Post Consolidation	
	Minimum Capital Raising (\$3,000,000)	Maximum Capital Raising (\$6,000,000)
Options currently on issue	0	0
Options to be issued upon conversion of the Rision Notes (Resolution 10(b))	100,000,000	100,000,000
Options to be issued upon conversion of the Reclaim Notes (Resolution 11(b))	30,000,000	30,000,000
Employee Options to be issued to Paul Lappin (Resolution 17)	10,000,000	10,000,000
Employee Options to be issued to Colin McLeod (Resolution 18)	5,000,000	5,000,000
Employee Options to be issued to Ron Howard (Resolution 19)	5,000,000	5,000,000
Employee Options to be issued to Bartek Mayshak (Resolution 20)	16,000,000	16,000,000
Employee Options to be issued to Kate Cornick (Resolution 21)	24,000,000	24,000,000
Total Options on issue following completion and recompliance	190,000,000	190,000,000

1.9 Independent Expert's Report

For the purposes of item 7 of section 611 of the Corporations Act and to assist Shareholders in considering the Resolutions in this Notice of General Meeting, the Company has commissioned an Independent Expert's Report on the fairness and reasonableness of the Proposed Transaction. The report concludes the Proposed Transaction is NOT FAIR BUT REASONABLE to the non-Associated Shareholders.

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

1.10 Indicative timetable

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

Action	Date
Lodgement of Prospectus with ASIC	23 November 2015
Prospectus offer opens	1 December 2015
Suspension of the Company's securities from trading on ASX at the opening of trading	Not applicable. Shares suspended 30 June 2015
General Meeting	22 December 2015
Prospectus offer closes	22 December 2015
Issue of all New Shares	7 January 2016
Completion of the Proposed Transaction	7 January 2016
Satisfaction of ASX conditions for reinstatement	14 January 2016
Commencement of trading of New Shares on ASX	19 January 2016

1.11 Relevant Interests and Voting Power

This section 1.11 sets out the effect of the issue of New Shares pursuant to Resolutions 4(a), 4(b) and 6 on Relevant Interests and Voting Power in relation to the Company.

(a) **Identity of persons who will receive New Shares in the Company pursuant to Resolutions 4(a), 4(b) and 6**

If Resolutions 4(a), 4(b) and 6 are passed, both the Related Vendors and the Unrelated Vendors will receive the numbers of New Shares (and acquire a Relevant Interest in the number of New Shares) set out in Annexure D of this Explanatory Statement.

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

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

(i) **Robert Day**

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

(ii) **Pebtilly Pty Ltd**

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

Each of these Vendors are related private investors in Rision.

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

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

As at the date of this Explanatory Statement, the Company has 626,699,469 Existing Shares on issue. After the Consolidation, the Company will have approximately 313,349,734 Shares on issue (with any fractional Shares being rounded down).

Once the issue of all the securities as proposed in the Resolutions have been completed and New Shares are issued, the capital structure of the Company will consist of approximately 813,349,734 Shares (assuming \$3,000,000 is raised under the Capital Raising) and approximately 963,349,734 Shares (assuming \$6,000,000 is raised under the Capital Raising) (assuming that no Options are exercised and that the Performance Shares have not converted into Shares).

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

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

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

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

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

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

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

- A. the minimum Capital Raising of \$3,000,000;
- B. the Company raising a maximum of \$6,000,000.

Based on the Company achieving the minimum Capital Raising of \$3,000,000, the Vendors would together hold a maximum Voting Power equal to 24.6% upon issue of the New Shares pursuant to Resolutions 4(a), 4(b) and 6.

Based on the Company raising \$6,000,000, the Vendors would together hold a maximum Voting Power equal to 20.8% upon issue of the New Shares pursuant to Resolutions 4(a), 4(b) and 6.

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

1.12 Intentions as to the future of the Company

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

- (a) have no current intention of making any changes to the business of the Company following the acquisition of Rision except as outlined in this Explanatory Statement or agreed to in the Company's plans for the business following the acquisition of Rision as set out in the Prospectus;
- (b) do not have immediate plans to inject further capital into the Company for its current business;

- (c) intend to change the Company Secretary and providers of administration services to the Company (including the proposed changes to the Board, as described in section 1.3(g));
- (d) do not propose that any assets be transferred from the Company to the Vendors or their Associates; and
- (e) have no intention to otherwise re-deploy the fixed assets of the Company.

1.13 Financial and dividend policies of the Company

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

1.14 Expenditure plans and use of funds

The Company intends to use the funds raised from the New Shares issued pursuant to the Prospectus, as contemplated by Resolution 5 as follows:

Proposed Application of funds raised				
	Minimum Subscription (\$3,000,000)		Full Subscription (\$6,000,000)	
	Amount (\$)	%	Amount (\$)	%
Expenses of the Capital Raising (including capital raising fees)	\$380,000	13%	\$600,000	10%
Sales and marketing of Rision products	\$940,000	31%	\$2,055,000	35%
Ongoing technology development	\$640,000	21%	\$1,400,000	23%
Corporate and administration	\$318,000	11%	\$565,000	9%
Repayment of loans and deferred payments	\$120,000	4%	\$120,000	2%
Working capital ¹	\$602,000	20%	\$1,260,000	21%
Total	\$3,000,000	100%	\$6,000,000	100%

Notes

- 1 Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, as determined by the Board at the relevant time.
- 2 If the proceeds raised are between the Minimum Subscription and the Maximum Subscription, funds will be allocated between the above uses on a pro-rata basis.

1.15 Risks – Change in Nature of Activities

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

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

SPECIFIC RISKS

(a) Change in nature and scale of activities

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

(b) Commercialisation Risk

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

(c) Competition and new technologies

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

(d) Special Reputational Risks

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

(e) Hosting Provider Disruption Risks

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

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

(f) Limited Trading History

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

to successfully commercialise its products and if it is unable to do so it will not be able to realise significant revenues in the future.

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

Rision believes that its intellectual property rights such as trademarks and patents are important to its success and competitive position and recognises the importance of registering patents and trademarks related to its product and brand. Rision is not aware of any material violations or infringements of its intellectual property rights. However, third parties may in the future attempt to challenge the ownership and/or validity of Rision's intellectual property rights. In addition, the business is subject to the risks of third parties counterfeiting the "Rision" brand or otherwise infringing intellectual property rights. Such unauthorised use of the "Rision" brand in counterfeit products could not only result in potential revenue loss, but also have an adverse impact on its brand value and perceptions of its product qualities. Rision may not always be successful in securing protection for its intellectual property rights, in preventing the production and sale of counterfeit products or preventing other infringements of its intellectual property rights.

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

(h) **Reliance on Key Personnel**

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

(i) **Data Loss, Theft or Corruption**

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

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

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

(j) **Hacker Attacks**

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

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

(k) **Domain Name Risk**

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

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

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

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

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

(m) **Customer Service Risk**

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

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

Rision's main operating entities are based in Australia and subject to Australian laws and regulations. For example, Rision is required to comply with the *Corporations Act 2001* (Cth) and the *Competition and Consumer Act 2010* (Cth). However Rision also intends to increase its operations in international jurisdictions such as the United States of America and across the Asia Pacific region. Users, competitors, members of the general public or regulators could allege breaches of the legislation in the relevant jurisdictions, for example, if they considered an advertisement to be misleading or deceptive. This could result in remedial action or litigation, which could potentially lead to Rision being required to pay compensation or a fine. Rision's operations may become subject to regulatory

requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon Rision's profitability. In addition, if regulators took the view that Rision had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant reputational damage to Rision and consequent impact upon its revenue.

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

(o) **Foreign Exchange Risks**

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

(p) **Liability Claims**

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

(q) **Contractors and Contractual Disputes**

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

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

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

(r) **Liquidity and Dilution Risk**

There are currently 626,699,469 Shares on issue (313,349,734 Shares following the Consolidation, subject to rounding) with between 18.4% and 31.1% of the total Shares on issue following requotation of the Company's shares being offered to the public pursuant to the Prospectus. Upon requotation of the Company's Shares, a significant portion of the Shares on issue will be subject to escrow restrictions imposed by the Listing Rules. Some Existing Shareholders may consider that there is an increased liquidity risk as a large portion of the issued capital may not be able to be traded freely for a period of up to 24 months. For further information on potential restrictions to be imposed by ASX see Section 2.6(f).

(s) **Future Capital Needs**

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

(t) **No profit to date**

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

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

General Risks

(u) **Unforeseen Expenditure Risk**

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

(v) **Insurance Coverage**

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

(w) **Management of Growth**

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

(x) **Economic Risks**

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

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

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

- (i) the general global political and economic outlook, particularly in Australia and the United States of America;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) mineral price fluctuations;
- (v) changes in investor sentiment toward particular market sectors (in particular cloud based businesses and human capital management businesses);
- (vi) industrial and landowner issues and disputes; and
- (vii) terrorism or other hostilities,

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

(y) **Share Market**

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

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

(z) **Dividends**

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

(aa) **Currency Risk**

As the Company's potential earnings will be largely derived from the sale of technology both in Australia and overseas, the Company's future revenues and cash flows will be impacted by changes in the prices of the currencies in which it operates. However, the Company's cost base will be primarily in Australian dollars. Consequently changes in the Australian dollar exchange rate will impact on the earnings of the Company. The exchange

rate is affected by numerous factors beyond the control of the Company, including interest rates, inflation and the general economic outlook.

2. GENERAL MEETING

2.1 Action to be taken by Shareholders

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

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

If a Shareholder is unable to attend and vote at the General Meeting, the Shareholder is encouraged to complete the Proxy Form at the back of this booklet and return it to the Company by no later than 10.00am (WST) on 20 December 2015.

2.2 Resolutions

There are 22 Resolutions to be put to the General Meeting. Resolutions 2 and 9 are special resolutions and all other Resolutions are ordinary resolutions. Each of Resolutions 1 to 21 (inclusive) relates to the acquisition of Rision and is conditional on the passing of each of the other Resolutions 1 to 21 (inclusive) so that Resolutions 1 to 21 (inclusive) will not have any effect unless all of Resolutions 1 to 21 (inclusive) are passed. Accordingly, Shareholders should consider each of Resolutions 1 to 21 (inclusive) collectively, as well as individually. Resolution 22 is a standalone resolution and is not dependent on the other Resolutions being passed

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

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

Subject and pursuant to the passing of Resolution 2 to 21 (inclusive), Resolution 1 is an ordinary resolution which seeks approval for the change of the Company's nature and scale of activities as a result of the acquisition of Rision.

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

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

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

Recommendation

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

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

2.4 Resolution 2 – Capital Consolidation

Subject to the passing of Resolutions 1 and 3 to 21 (inclusive), Resolution 2 is an ordinary resolution that proposes that the issued capital of the Company be altered by consolidating the Existing Shares on a 1 for 2 basis. The Record Date for determining the consolidation of capital will be five (5) Business Days after the date of the General Meeting at which the Resolution is passed. Any fractional entitlements as a result of holdings not being evenly divisible by 2 will be rounded down to the nearest whole number.

Section 254H of the Corporations Act

Section 254H of the Corporations Act enables a company to convert all of its ordinary securities into a smaller number of securities by a resolution passed at a general meeting. The conversion proposed by Resolution 2 is permitted under section 254H of the Corporations Act.

The consolidation will not result in any change to the substantive rights and obligations of Existing Shareholders of the Company. The purpose of the consolidation of the existing issued capital of the Company is to reduce the number of existing shares on issue, which is considered to be a more appropriate capital structure for the Company going forward, and to enable the Company to satisfy Chapters 1 and 2 of the Listing Rules and obtain requote of the Shares on ASX. For example, a Shareholder currently holding 20,000 Shares in the Company will as a result of the consolidation hold 10,000 Shares.

The Company's balance sheet and tax position will remain unaltered as a result of the consolidation. However, the Company's issued capital shall be reduced to approximately 313,349,734 Shares (with fractional Shares being rounded down to the nearest whole Share) as a result of the consolidation as set out below.

(a) Shares

At the date of the Explanatory Statement, the Company has 626,699,469 Existing Shares on issue. The consolidation on a 1 for 2 basis will reduce the number of fully paid Shares on issue to approximately 313,349,734 Shares (with fractional Shares being rounded down to the nearest whole Share).

(b) Holding Statements

Following the Consolidation, all holding statements for Existing Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares (on a post-Capital Consolidation basis).

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Shares held prior to disposal.

(c) Timetable for Capital Consolidation

If Resolutions 1 to 21 (inclusive) are passed, the Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A, paragraph 5, of the Listing Rules):

Event	Anticipated Date
Company notifies ASX that Shareholders have approved the Consolidation.	22 December 2015 (Business Day 0)
Trading would normally commence in the reorganised Shares on a deferred settlement basis.	24 December 2015 (Business Day 2)
Last day for the Company to register transfers on a pre-Consolidation basis.	30 December 2015 (Business Day 4)
Securities registered on a post-Consolidation basis.	31 December 2015 (Business Day 5)
Dispatch of new holding statements for consolidated shares.	7 January 2016 (Business Day 9)

The above dates are indicative only and are subject to change.

2.5 Resolution 3 – Approval of Performance Shares

Subject to the passing of Resolutions 1, 2 and 4 to 21 (inclusive), Resolution 3 is a special resolution which seeks the approval for the issue of the Performance Shares under the Company's Constitution.

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

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

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

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Annexure C.

The Company will also seek Shareholder approval in Resolution 3 to issue Performance Shares to the Vendors.

The resolution the subject of Resolution 3 is a **special resolution**. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote (in person or by proxy) at the meeting must be in favour of this resolution for it to be passed.

2.6 Resolutions 4(a) and 4(b) – Issue of Consideration Shares to the Vendors

(a) Background

Subject to the passing of Resolutions 1 to 3 (inclusive) and 5 to 21 (inclusive):

- (i) Resolution 4(a) is an ordinary resolution which seeks approval for the issue of 128,308,962 New Shares and 32,077,241 Performance Shares to the Related Vendors, as part of the consideration for the Proposed Transaction, as summarised in section 1.
- (ii) Resolution 4(b) is an ordinary resolution which seeks approval for the issue of 71,691,038 New Shares and 17,922,759 Performance Shares to the Unrelated Vendors, as part of the consideration for the Proposed Transaction, as summarised in section 1.

(b) Section 611 of the Corporations Act

Each of the Vendors do not consider they will be Associates of one another after the New Shares are issued to them, and therefore do not consider that their Voting Power in the Company will exceed 20% following completion of the Proposed Transaction. However, at the point in time when the New Shares are issued, the Vendors will be considered Associates of one another as a consequence of participating in the Proposed Transaction and agreeing to sell their shares in Rision to the Company. Accordingly, the Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act because at the time of issue of the New Shares under Resolutions 4(a) and 4(b), the Vendors will hold Voting Power in the Company of up to a maximum of:

- (i) 24.6%, assuming that \$3,000,000 is raised under the Capital Raising; and
- (ii) 20.8%, assuming that \$6,000,000 is raised under the Capital Raising.

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

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

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

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

Prior to the issue of the New Shares pursuant to Resolutions 4(a) 4(b) and 6 (if applicable), the Vendors hold no Shares in the Company. This gives the Vendors a 0% Relevant Interest in the voting shares of the Company prior to the issue of any Consideration Shares.

The Relevant Interest in the voting Shares of the Company held by the Vendors will, upon approval of Resolutions 4(a) and 4(b), potentially increase from 0% to 29.2% (assuming \$3,000,000 is raised under the Capital Raising) and 24.7% (assuming \$6,000,000 is raised under the Capital Raising). See Table 2.6(b)(ii) and paragraph (iii) below.

The Directors of the Company are seeking Shareholder approval pursuant to Item 7 of section 611 of the Corporations Act to issue Consideration Shares to the Vendors on the terms proposed in Resolutions 4(a) and 4(b).

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

As set out in the voting exclusion statements in the Notice of Meeting and in accordance with the Listing Rules, Pebtilly and the Vendors are precluded from voting on Resolutions 4(a) and 4(b).

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

If Resolution 4(a) is passed, 128,308,962 Consideration Shares and 32,077,241 Performance Shares are proposed to be issued to Pebtilly as shown in Table 2.6(b)(i) below. If Resolutions 4(a) and 4(b) are passed 71,691,038 Consideration Shares and 17,922,759 Performance Shares in total are proposed to be issued to the Vendors (other than Pebtilly) as shown in Table 2.6(b)(i).

Table 2.6(b)(i)

Number of Shares held by Pebtilly and the Vendors pre and post transaction			
Shareholder	Shares held prior to approval of Resolution 4(a)	Shares held following approval of Resolutions 4(a)&(b)	Total Shares held if Performance Shares convert
Pebtilly	Nil	128,308,962	160,386,203
Vendors (excluding Pebtilly)	Nil	71,691,038	89,613,797
Vendors	Nil	200,000,000	250,000,000

Total Shares in Company prior to Proposed Transaction – approximately 313,349,734 New Shares on a post-Consolidation basis, subject to rounding.

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

(i) Current voting power of Pebtilly and the Vendors

As at the date of the Notice of General Meeting, Pebtilly and/or its Associates have a 0% Relevant Interest in the Existing Shares of the Company and the Vendors in aggregate hold a 0% Relevant Interest in the Existing Shares of the Company and Existing Shareholders, other than Pebtilly and the Vendors hold a 100% Relevant Interest in the Existing Shares of the Company. See Table 2.6(b)(ii) below.

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

Table 2.6(b)(ii)

Reclaim Industries Shareholding	Current Shareholding		Shareholding following the Transaction (\$3,000,000 Capital Raising)		Shareholding if all Performance Shares are converted (\$3,000,000 Capital Raising)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Pebtilly Pty Ltd	Nil	0%	128,308,962	16%	160,386,203	19%
Vendors (excluding Pebtilly)	Nil	0%	71,691,038	9%	89,613,797	10%
Other non-associated Reclaim Industries Shareholders	313,349,734	100%	313,349,734	38%	313,349,734	36%
New Shareholders (refer to Resolutions 5, 7, 8, 10, and 11)	Nil	0%	300,000,000	37%	300,000,000	35%
Total Shares on a fully diluted basis	313,349,734	100%	813,349,734	100%	863,349,734	100%

Reclaim Industries Shareholding	Current Shareholding		Shareholding following the Transaction (\$6,000,000 Capital Raising)		Shareholding if all Class A and Class B Performance Shares are converted (\$6,000,000 Capital Raising)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Pebtilly Pty Ltd	Nil	0%	128,308,962	13%	160,386,203	16%
Vendors (excluding Pebtilly)	Nil	0%	71,691,038	7%	89,613,797	9%
Other non-associated Reclaim Industries Shareholders	313,349,734	100%	313,349,734	33%	313,349,734	31%
New Shareholders (refer to Resolutions 5, 7 and 8)	Nil	0%	450,000,000	47%	450,000,000	44%
Total Shares on a fully diluted basis	313,349,734	100%	963,349,734	100%	1,013,349,734	100%

Note: The above figures as on a post-Consolidation basis, and are subject to rounding (as resulting fractions of a Share will be rounded down). The above figures also assume that Mr Robert Day, the controller of Pebtilly Pty Ltd, does not subscribe for Shares under the Capital Raising as permitted under Resolution 6. See paragraph (iii) below if he does so subscribe.

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

The Relevant Interest of the Vendors in aggregate will, upon approval of Resolutions 4(a) and 4(b) increase to between 24.6% (assuming \$3,000,000 is raised under the Capital Raising) and 20.8% (assuming \$6,000,000 is raised under the Capital Raising). If Mr Robert Day, the controller of Pebtilly Pty Ltd, also subscribes for 2,500,000 Shares under the Capital Raising, as permitted under Resolution 6, then the Relevant Interest of the Vendors will increase to between 24.9% (assuming \$3,000,000 is raised under the Capital Raising) and 21.0% (assuming \$6,000,000 is raised under the Capital Raising).

The number and percentages assume that the Company does not issue any other New Shares to any person other than those proposed in Resolutions 4(a), 4(b), 5, 7, 8, 10 and 11 and that the Company does not issue any New Shares to Proposed Directors under Resolution 6. If all the Performance Shares convert into Shares, then the Relevant Interest of the Vendors in aggregate will, upon approval of Resolutions 4(a) and 4(b) increase to between 29.0% (assuming \$3,000,000 is raised under the Capital Raising) and 24.7% (assuming \$6,000,000 is raised under the Capital Raising). If Mr Robert Day, the controller of Pebtilly Pty Ltd, also subscribes for 2,500,000 Shares under the Capital Raising as permitted under Resolution 6, then the Relevant Interest of the Vendors will increase to between 29.2% (assuming \$3,000,000 is raised under the Capital Raising) and 24.7% (assuming \$6,000,000 is raised under the Capital Raising).

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

Resolution 4(a) requires Shareholder approval under section 208(1) of the Corporations Act with respect to Related Party transactions.

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

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

Pebtilly (an entity controlled by Robert John Day) is a Related Party of the Company as it is intended that Mr Day will become a Director of the Company following Completion of the acquisition of Rision. As Director Mr Day will have control in determining questions in relation to the Company’s financial and operating policies.

The financial benefit being obtained by Pebtilly pursuant to Resolution 4(a) is:

- (i) the issue of 128,308,962 Consideration Shares and 32,077,241 Performance Shares to Pebtilly as a Related Party;
- (ii) the Company purchasing Rision from Pebtilly as a Related Party of the Company.

Resolution 4(a) therefore requires Shareholder approval under section 208(1) of the Corporations Act to allow the Directors to issue Consideration Shares and Performance Shares in the Company to Pebtilly as a Related Party, on the terms proposed in Resolution 4(a). The issue of the Consideration Shares is pursuant to an agreement allowing the Company to acquire 100% of Rision.

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

- (i) The Related Parties to whom Consideration Shares are being issued under Resolution 4(a) are Pebtilly.
- (ii) The financial benefit being obtained by Pebtilly is the issue of 128,308,962 Consideration Shares and 32,077,241 Performance Shares in the Company and the sale of their interest in Rision to the Company.
- (iii) The quantum of the benefit of the New Shares to be issued to the Related Vendor pursuant to Resolution 4(a) will depend in part on the price at which the Shares trade on ASX (assuming the Shares are re-instated to official quotation). The quantum of the benefit of the Performance Shares to be issued to the Related Vendor pursuant to Resolution 4(a) will depend in part on the price at which the

Shares trade on ASX (assuming the Shares are re-instated to official quotation) and whether the Milestones as set out in the terms of the Performance Shares (refer Annexure C).

- (iv) The Directors of the Company recommend Shareholders vote in favour of Resolution 4(a) as it underpins the objectives of the Company to engage in a cloud based business providing a business intelligence solution for multi-sourced human capital as detailed in Section 1.2 of the Explanatory Statement.
- (v) The New Shares that may be issued to the Related Vendor pursuant to Resolution 4(a) will rank equally in all respects with Existing Shares on issue.

Please refer to Annexure C for the terms of the Performance Shares to be issued to Related Vendors pursuant to 4(a).

- (vi) None of the Existing Directors have any interest in the outcome of Resolution 4.
- (vii) If all New Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company (including pursuant to the conversion of any Performance Shares), then the New Shares to be issued under Resolution 4(a) would dilute Shareholders by approximately 15.8% based on the Company achieving the minimum Capital Raising of \$3,000,000 and 13.3% based on the Company achieving the maximum Capital Raising of \$6,000,000.
- (viii) If all New Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company, then the conversion of all of the Performance Shares issued under Resolution 4(a) into Shares would dilute Shareholders by approximately 3.7% based on the Company achieving the minimum Capital Raising of \$3,000,000 and 3.2% based on the Company achieving the maximum Capital Raising of \$6,000,000.

(d) **Listing Rule 10.11**

Unless one of the exceptions in Listing Rule 10.12 applies, Listing Rule 10.11 requires that an entity must not issue or agree to issue equity securities to a related party of the Company unless it obtains prior Shareholder approval. Listing Rule 10.12 exception 6 provides that where a person is only a related party by reason of the transaction which is the reason for the issue of the securities and the application of section 228(6) of the Corporations Act, Listing Rule 10.11 shall not apply. The Related Vendors are only related parties of the Company by reason of the Proposed Transaction which is the reason for the issue of New Shares to them and the application of section 228(6) of the Corporations Act. As a result, Shareholder approval under Listing Rule 10.11 is not required for the purposes of Resolutions 4(a) and 4(a).

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

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

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

(f) **Restriction of Consideration Securities**

In accordance with Appendix 9B of the Listing Rules, some of the New Shares, Options and Performance Shares issued under Resolutions 4(a) and 4(b) will be classified by the ASX as “restricted securities” and unable to be traded for periods of up to 24 months. It is expected that of the total 200,000,000 New Shares to be issued under Resolutions 4(a) and 4(b) that 169,981,253 New Shares will be escrowed as shown in the table below. It is expected that of the total 50,000,000 Performance Shares to be issued under Resolutions 4(a) and 4(b) that 37,495,313 Performance Shares will be escrowed as shown in the table below.

(g) **Recommendation by Directors**

The Directors recommend that Shareholders should approve Resolutions 4(a) and 4(b) to be put to the General Meeting. However, Shareholders must decide how to vote based on the matters set out in the Explanatory Statement.

2.7 Resolution 5 – Issue of New Shares pursuant to the Capital Raising

Subject to the passing of Resolutions 1 to 4 (inclusive) and Resolutions 6 to 21 (inclusive), Resolution 5 is an ordinary resolution which seeks approval for the issue of 150,000,000 New Shares at an issue price of \$0.02 per share to raise a minimum of \$3,000,000 with provision to accept oversubscriptions of a further 150,000,000 New Shares to raise up to a total of \$6,000,000.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the maximum number of securities to be issued by the Company under Resolution 5 is 150,000,000 New Shares;
- (b) the New Shares will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that allotment will occur on the same date;
- (c) the issue price of each New Share will be \$0.02;
- (d) participants in the Capital Raising (other than the Proposed Directors) will be members of the public who are not related parties of the Company being applicants under a Prospectus. The successful applicants will be determined at the sole discretion of the Company;
- (e) the New Shares are ordinary fully paid shares and will rank equally in respect with the Existing Shares; and
- (f) the intended use of the funds raised is set out in section 1.14.

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

2.8 Resolutions 6(a), (b), (c), (d) and (e) – Right to apply under the Prospectus by Existing Directors and Proposed Directors

Subject to the passing of Resolutions 1 to 5 (inclusive) and Resolutions 7 to 21 (inclusive), Resolutions 6(a), (b), (c), (d) and (e) is an ordinary resolution which seeks approval for the right for the Proposed Directors to apply to be issued up to 16,000,000 New Shares of the 150,000,000 New Shares to be issued based on the Company achieving the minimum Capital Raising of \$3,000,000 and 300,000,000 New Shares to be issued based on the Company achieving the maximum Capital Raising of \$6,000,000 as detailed in Resolution 4.

As Robert Day controls Pebtilly Pty Ltd, which is one of the Vendors, Shareholder approval of Resolution 6(a) is being sought under item 7 of section 611 of the Corporations Act. See section 2.6 for more information.

As the Proposed Directors are related parties of the Company, Resolution 6 must be approved by Shareholders under section 208(1) of the Corporations Act and Listing Rule 10.11. For a summary of those provisions see Sections 4.2 and 4.3.

Mr Paul Lappin, Mr Robert Day, Dr Colin McLeod, Dr Kate Cornick and Mr Ron Howard are Related Parties of the Company under section 228(6) of the Corporations Act as it is proposed that they will be directors of the Company from completion of the Proposed Transaction.

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

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

The Related Parties to whom the Shares are to be issued under Resolution 6 are the Proposed Directors.

(b) **Nature of the financial benefits**

The nature of the financial benefit to be given is the 2,500,000 New Shares that may be issued to each of Proposed Directors other than Ron Howard, and 6,000,000 New Shares that may be issued to Ron Howard, pursuant to Resolution 6, which are to be issued on the basis and terms set out in section 2.8.

(c) **Valuation of the financial benefits**

If each Related Party applies for and is issued New Shares under the Capital Raising, to which it is entitled under Resolution 6, then the value of this parcel of Shares upon issue would be:

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

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

(d) **Current remuneration and security interests**

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

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

(e) **Terms of the securities**

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

(f) **Dilution**

Shareholders should note, if Resolution 6 is approved and the New Shares are issued to the Proposed Directors, Existing Shareholders' holdings will be diluted as compared to their holdings of Existing Shares as at the date of this Explanatory Statement. The potential

effects of the Capital Raising on the capital structure of the Company are outlined in the table at section 0.

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

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

(h) **Intended use of funds**

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

(i) **Directors' interests**

The Existing Directors do not have an interest in the outcome of Resolution 6.

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

(j) **Directors' Recommendations**

The Existing Directors recommend that Shareholders vote in favour of Resolution 6 for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of New Shares:

- will raise up to \$320,000 of the \$3,000,000 to \$6,000,000 being sought under the Company's Capital Raising;
- is fair and reasonable in the circumstances as it is on the same terms as the proposed issue of New Shares to non-Related Parties under the Capital Raising; and
- will further align the interests of the Proposed Directors with those of Shareholders.

(k) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Existing Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 6.

Listing Rule 10.11

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

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

The issue of New Shares under Resolution 6 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those securities (once issued) will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13 the following information is provided to Shareholders in respect of Resolution 6:

(a) **Name of the persons**

The allottees under Resolution 6 are the Proposed Directors or their nominees who apply for New Shares under the Prospectus for the Capital Raising.

Name	New Shares
Mr Paul Lappin	Up to 2,500,000
Mr Robert Day	Up to 2,500,000
Dr Colin McLeod	Up to 2,500,000
Dr Kate Cornick	Up to 2,500,000
Mr Ron Howard	Up to 6,000,000

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

The maximum number of New Shares to be issued under Resolution 6 is 16,000,000 New Shares. These New Shares form part of the New Shares that are being approved under Resolution 5, and are not in addition to those New Shares;

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

It is proposed that the New Shares will be issued pursuant to the Capital Raising in accordance with the timetable set out in section 1.10. In any event, however, the New Shares will be issued under Resolution 6 no later than one (1) month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

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

The issue price for the New Shares under Resolution 6 is \$0.02 per Share.

(e) **Terms of the issue**

The Shares to be issued under Resolution 6 are ordinary fully paid shares which on issue will rank equally with the Existing Shares in the Company.

A maximum of \$320,000 will be raised by the issue of New Shares under Resolution 6.

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

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

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

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

2.9 Resolution 7 – Issue of Facilitation Shares to Trident Capital

Subject to the passing of Resolutions 1 to 6 (inclusive) and Resolutions 8 to 21 (inclusive), Resolution 7 is an ordinary resolution and seeks Shareholder approval for the issue of 10,000,000 Facilitation Shares to Trident Capital (and/or its nominees) at the deemed issue price of \$0.02 under the Prospectus.

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

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

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

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

For the purpose of Listing Rule 7.3 the following additional information is provided to Shareholders in respect of Resolution 7:

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

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

2.10 Resolution 8 – Issue of Facilitation Shares to SCM Equities Pty Ltd

Subject to the passing of Resolutions 1 to 7 (inclusive) and Resolutions 9 to 21 (inclusive), Resolution 8 is an ordinary resolution and seeks Shareholder approval for the issue of 10,000,000 Facilitation Shares to SCM Equities Pty Ltd (and/or its nominees) at the deemed issue price of \$0.02 under the Prospectus.

Resolution 8 must be approved by Shareholders under Listing Rule 7.1. Information on Listing Rule 7.1 is provided in Section 4.7.

The total number of New Shares that may be issued under Resolution 8 is 10,000,000.

Following the approval of the issue of New Shares under Resolution 8, the Company will still have the capacity to issue fifteen percent (15%) of its expanded share capital over the next twelve (12) months as those Shares once issued will be excluded from the calculation under Listing Rule 7.1.

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

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the allottee is SCM Equities Pty Ltd (and/or its nominees);

- (b) the maximum number of New Shares to be issued by the Company under Resolution 8 is 10,000,000 New Shares;
- (c) the New Shares will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that allotment will occur on the same date;
- (d) the New Shares will be issued for no cash consideration. The New Shares are being issued as consideration for corporate advisory services provided. The New Shares have a deemed issue price of \$0.02 per Share;
- (e) the New Shares to be issued are fully paid ordinary shares which on issue will rank equally in respect with the Existing Shares in the Company;
- (f) no funds will be raised by the issue of the Shares; and
- (g) pursuant to and in accordance with Listing Rules 7.3 and 14.11 a voting exclusion statement is included in the Notice of General Meeting.

In accordance with Appendix 9B of the Listing Rules, it is likely that the ASX will apply escrow provisions to all securities issued under Resolution 8. As at the date of this Notice of General Meeting, ASX has not made a determination in this regard but expects to do so prior to any final approval for the reinstatement of the Company's securities on ASX.

2.11 Resolution 9 – Change of Company Name

Subject to the passing of Resolutions 1 to 8 (inclusive) and Resolutions 10 to 21 (inclusive), Resolution 9 is a special resolution which seeks approval for the Company to change its name. Subject to the various Resolutions being passed and completion of the acquisition of Rision, and consistent with the new focus and direction of the Company, the Company proposes to change its name from "Reclaim Industries Limited" to "Rision Limited". This change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

Shareholder approval is required for Resolution 9 under section 157 of the Corporations Act by special resolution. The change of name will take effect on the day it is approved by ASIC.

2.12 Resolutions 10(a), (b) and (c) – Issue of Rision Noteholder Shares and Rision Noteholder Options on the conversion of the Rision Notes and issue of Shares upon exercise of the Rision Noteholder Options

Resolution 10(a)

Subject to the passing of Resolutions 1 to 9 (inclusive) and Resolutions 10(b) to 21 (inclusive), Resolution 10(a) is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1 for the issue of 100,000,000 Rision Noteholder Shares and 100,000,000 Rision Noteholder Options on the conversion of the Rision Notes.

As announced to ASX on 7 September 2015, the Company advised it would undertake a sophisticated placement to raise between \$1,200,000 and \$1,500,000 by way of a convertible note raising. Rision subsequently entered into Rision Note Agreements to procure advances directly from sophisticated investors to Rision of \$1,000,000 (and Reclaim entered into Reclaim Note Agreements to procure advances to Reclaim of \$300,000).

Under the terms of the Share Sale Agreement, the advances made by the Rision Noteholders will be redeemed through the issue of Rision Noteholder Shares and Rision Noteholder Options.

The material terms and conditions of the Rision Note Agreements are as follows:

- (a) Subject to the Company:

- (i) obtaining all necessary Shareholder approvals under the Corporations Act and the Listing Rules; and
- (ii) being satisfied that it has complied with, or will be able to comply with, ASX's conditions to reinstatement of the Company's securities to the Official List,

the Rision Notes will be redeemed via the issue by Reclaim of Rision Noteholder Shares and Rision Noteholder Options.

- (b) Each Rision Note will convert into Rision Noteholder Shares and Rision Noteholder Options at the rate of 1 Rision Noteholder Share and 1 Rision Noteholder Option for each \$0.01 advanced.
- (c) The Rision Noteholder Shares issued on conversion of the Rision Notes and upon exercise of the Rision Noteholder Options will rank equally in all respects with the Shares on issue at that time.
- (d) Interest is not payable.
- (e) The Rision Notes are unsecured.
- (f) If the condition in (a) above is not satisfied, the advances provided to Rision for the Rision Notes will be repayable by Rision.

The Rision Note Agreements otherwise contain provisions considered standard for agreements of this nature.

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 10(a) will be to allow the Company to issue 100,000,000 Shares to the Rision Noteholders during the 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to the Rision Noteholders:

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- (a) The maximum number of securities to be issued by Reclaim to the Rision Noteholders under Resolution 10(a) is 100,000,000 Rision Noteholder Shares.
- (b) The Rision Noteholder Shares will be allotted and issued under Resolution 10(a) within 3 months of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). Allotment will occur on the same date as the persons to be issued shares have already been identified.
- (c) The issue price payable for the Rision Noteholder Shares under Resolution 10(a) is \$0.01 per Rision Noteholder Share, and no additional payment is required for the Rision Noteholder Options.
- (d) The Rision Noteholder Shares to be issued under Resolution 10(a) are to be issued to the Rision Noteholders.
- (e) None of the Rision Noteholder Shares under Resolution 10(a) are to be issued to related parties of the Company.

- (f) The Rision Noteholder Shares to be issued under Resolution 10(a) are ordinary fully paid shares which, upon being issued, will rank equally with the Shares in the Company.
- (g) No funds will be raised from the issue of the Rision Noteholder Shares under Resolution 10(a). Funds raised on the issue of the Rision Notes were used by Rision for further development of the Rision technology and working capital.

In addition, in accordance with Appendix 9B of the Listing Rules, it is expected that some or all of the Rision Noteholder Shares be classified by the ASX as “restricted securities” and unable to be traded for up to 12 months from the date of issue.

Each of the Directors has no interest in the outcome of Resolution 10(a), other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 10(a).

Resolution 10(b)

Subject to the passing of Resolutions 1 to 10(a) (inclusive) and Resolutions 10(c) to 21 (inclusive), Resolution 10(b) is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1 for the issue of 100,000,000 Noteholder Options (on a post-Consolidation basis) on the conversion of the Rision Notes held by the Rision Noteholders.

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 10(b) will be to allow the Company to issue 100,000,000 Rision Noteholder Options to the Rision Noteholders during the 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company’s 15% annual placement capacity.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to the Rision Noteholders:

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- (a) The maximum number of securities to be issued to the Rision Noteholders under Resolution 10(b) is 100,000,000 Rision Noteholder Options.
- (b) The Noteholder Options will be allotted and issued under Resolution 10(b) within 3 months of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). Allotment will occur on the same date as the persons to be issued shares have already been identified.
- (c) The Rision Noteholder Options will be issued for no consideration.
- (d) The Rision Noteholder Options under Resolution 10(b) are to be issued to the Rision Noteholders.
- (e) None of the Rision Noteholder Options under Resolution 10(b) are to be issued to related parties of the Company.
- (f) The Rision Noteholder Options will be exercisable at \$0.03 each and will be on identical terms. Full terms of the Noteholders Options are set out in Annexure G. New Shares issued upon any exercise of the Noteholders Options will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).
- (g) No funds will be raised from the issue of the Rision Noteholder Options under Resolution 10(b). Funds raised on the issue of the Rision Notes were used for further development of Rision’s Technology and working capital.

In addition, in accordance with Appendix 9B of the Listing Rules, it is expected that all of the Shares issued on the conversion of the Rision Notes under Resolution 10(b) will be classified by the ASX as “restricted securities” and unable to be traded for up to 12 months from the date of issue.

Each of the Directors has no interest in the outcome of Resolution 10(b), other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 10(b).

Resolution 10(c)

Subject to the passing of Resolutions 1 to 10(b) (inclusive) and Resolution 11 to 21 (inclusive), Resolution 10(c) is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1 for the issue of 100,000,000 Shares (on a post-Consolidation basis) on the exercise of the Rision Noteholder Options held by the Rision Noteholders.

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.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to the Rision Noteholders:

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- (a) The maximum number of securities to be issued to the Rision Noteholders under Resolution 10(c) is 100,000,000 Shares.
- (b) The Shares will be issued upon exercise of the option for \$0.03 per Share.
- (c) The Shares under Resolution 10(c) are to be issued to the Rision Noteholders upon exercise of the Rision Noteholder Options
- (d) None of the Shares under Resolution 10(c) are to be issued to related parties of the Company.
- (e) The Shares to be issued under Resolution 10(c) are ordinary fully paid shares which, upon being issued, will rank equally with the Shares in the Company.
- (f) \$3,000,000 will be raised from the issue of the Shares under Resolution 10(c) upon the exercise of the Rision Noteholder Options, which will be used for Reclaim’s working capital.

In addition, in accordance with Appendix 9B of the Listing Rules, it is expected that all of the Shares issued on the exercise of the Rision Noteholder Options under Resolution 10(c) will be classified by the ASX as “restricted securities” and unable to be traded for up to 12 months from the date of issue.

Each of the Directors has no interest in the outcome of Resolution 10(c), other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 10(c).

2.13 Resolutions 11(a), (b) and (c) – Issue of Reclaim Noteholder Shares and Reclaim Noteholder Options on the conversion of the Reclaim Notes and issue of Shares upon exercise of the Reclaim Noteholder Options

Resolution 11(a)

Subject to the passing of Resolutions 1 to 10(c) (inclusive) and Resolutions 11(b) to 21 (inclusive), Resolution 11(a) is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1 for the issue of 30,000,000 New Shares on the conversion of the Reclaim Notes held by the Reclaim Noteholders.

As announced to ASX on 7 September 2015, the Company advised it would undertake a sophisticated placement to raise between \$1,200,000 and \$1,500,000 by way of a convertible note raising. Reclaim subsequently entered into Reclaim Note Agreements to procure the advance to Reclaim of \$300,000 (and Rision entered into Rision Note Agreements to procure the advance to Rision of \$1,000,000).

The material terms and conditions of the Reclaim Note Agreements are as follows:

- (a) Subject to the Company:
 - (i) obtaining all necessary Shareholder approvals under the Corporations Act and the Listing Rules; and
 - (ii) being satisfied that it has complied with, or will be able to comply with, ASX's conditions to reinstatement of the Company's securities to the Official List,

the Reclaim Notes will be redeemed via the issue by Reclaim of Reclaim Noteholder Shares and Reclaim Noteholder Options.
- (b) Each Reclaim Note will convert into Reclaim Noteholder Shares and Reclaim Noteholder Options at the rate of 1 Reclaim Noteholder Share and 1 Reclaim Noteholder Option for each \$0.01 advanced.
- (c) The Reclaim Noteholder Shares issued on conversion of the Reclaim Notes and upon exercise of the Reclaim Noteholder Options will rank equally in all respects with the Shares on issue at that time.
- (d) Interest is not payable.
- (e) The Reclaim Notes are unsecured.
- (f) If the condition in (a) above is not satisfied, the advances provided to Reclaim for the Reclaim Notes will be repayable by Reclaim.

The Reclaim Note Agreements otherwise contain provisions considered standard for agreements of this nature.

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 11(a) will be to allow the Company to issue 30,000,000 Reclaim Noteholder Shares to the Reclaim Noteholders during the 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to the Reclaim Noteholders:

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- (a) The maximum number of securities to be issued by Reclaim to the Reclaim Noteholders under Resolution 11(a) is 30,000,000 Reclaim Noteholder Shares.
- (b) The Reclaim Noteholder Shares and Reclaim Noteholder Options will be allotted and issued under Resolution 11(a) within 3 months of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). Allotment will occur on the same date as the persons to be issued shares have already been identified.

- (c) The issue price payable for the Reclaim Noteholder Shares under Resolution 11(a) is the conversion of the Reclaim Notes at the rate of 1 Reclaim Noteholder Share for each \$0.01 advanced.
- (d) The Reclaim Noteholder Shares and Reclaim Noteholder Options to be issued under Resolution 11(a) are to be issued to the Reclaim Noteholders.
- (e) None of the Reclaim Noteholder Shares or Reclaim Noteholder Options under Resolution 11(a) are to be issued to related parties of the Company.
- (f) The Reclaim Noteholder Shares to be issued under Resolution 11(a) are ordinary fully paid shares which, upon being issued, will rank equally with the Shares in the Company.
- (g) No funds will be raised from the issue of the Reclaim Noteholder Shares. Funds raised on the issue of the Reclaim Notes were used by Reclaim for working capital and the repayment of creditors.

In addition, in accordance with Appendix 9B of the Listing Rules, it is expected that some or all of the Reclaim Noteholder Shares issued on the conversion of the Reclaim Notes under Resolution 11(a) may be classified by the ASX as “restricted securities” and unable to be traded for up to 12 months from the date of issue.

Each of the Directors has no interest in the outcome of Resolution 11(a), other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 11(a).

Resolution 11(b)

Subject to the passing of Resolutions 1 to 11(a) (inclusive) and Resolutions 11(c) to 21 (inclusive), Resolution 11(b) is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1 for the issue of 30,000,000 Noteholder Options (on a post-Consolidation basis) on the conversion of the Reclaim Notes held by the Reclaim Noteholders.

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 11(b) will be to allow the Company to issue 30,000,000 Reclaim Noteholder Options to the Reclaim Noteholders during the 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company’s 15% annual placement capacity.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to the Reclaim Noteholders:

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- (a) The maximum number of securities to be issued to the Reclaim Noteholders under Resolution 11(b) is 30,000,000 Reclaim Noteholder Options.
- (b) The Reclaim Noteholder Options will be allotted and issued under Resolution 11(b) within 3 months of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). Allotment will occur on the same date as the persons to be issued shares have already been identified.
- (c) The Reclaim Noteholder Options will be issued for no consideration.
- (d) The Reclaim Noteholder Options under Resolution 11(b) are to be issued to the Reclaim Noteholders.

- (e) None of the Reclaim Noteholder Options under Resolution 11(b) are to be issued to related parties of the Company.
- (f) The Reclaim Noteholder Options will be exercisable at \$0.03 each and will be on identical terms. Full terms of the Reclaim Noteholders Options are set out in Annexure G. New Shares issued upon any exercise of the Noteholders Options will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).
- (g) No funds will be raised from the issue of the Reclaim Noteholder Options under Resolution 11(b). Funds raised on the issue of the Reclaim Notes were used to repay debt and for working capital.

In addition, in accordance with Appendix 9B of the Listing Rules, it is expected that all of the Shares issued on the conversion of the Reclaim Notes under Resolution 11(b) will be classified by the ASX as “restricted securities” and unable to be traded for up to 12 months from the date of issue.

Each of the Directors has no interest in the outcome of Resolution 11(b), other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 11(b).

Resolution 11(c)

Subject to the passing of Resolutions 1 to 11(b) (inclusive) and Resolutions 12 to 21 (inclusive), Resolution 11(c) is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.1 for the issue of 30,000,000 Shares (on a post-Consolidation basis) on the exercise of the Reclaim Noteholder Options held by the Reclaim Noteholders.

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.

In accordance with Listing Rule 7.3, the Company provides the following information in relation to the proposed issue of securities to the Reclaim Noteholders:

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- (a) The maximum number of securities to be issued to the Reclaim Noteholders under Resolution 11(c) is 30,000,000 Shares.
- (b) The Shares will be issued upon exercise of the option for \$0.03 per Share.
- (c) The Shares under Resolution 11(c) are to be issued to the Reclaim Noteholders
- (d) None of the Shares under Resolution 11(c) are to be issued to related parties of the Company.
- (e) Shares to be issued under Resolution 11(c) are ordinary fully paid shares which, upon being issued, will rank equally with the Shares in the Company.
- (f) \$900,000 will be raised from the issue of the Shares under Resolution 11(c), which will be used for Reclaim’s working capital.

In addition, in accordance with Appendix 9B of the Listing Rules, it is expected that all of the Shares issued on the exercise of the Reclaim Noteholder Options under Resolution 11(c) will be classified by the ASX as “restricted securities” and unable to be traded for up to 12 months from the date of issue.

Each of the Directors has no interest in the outcome of Resolution 11(c), other than as Existing Shareholders. Each of them recommends that Shareholders vote in favour of Resolution 11(c).

2.14 Resolution 12 – Appointment of Paul Lappin

Subject to the passing of Resolutions 1 to 11(c) (inclusive) and Resolutions 13 to 21 (inclusive), Resolution 12 is an ordinary resolution and provides for the approval of the appointment of Mr Paul Lappin to the Board. The appointment of Mr Lappin will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Mr Lappin is set out at section 3.3.

2.15 Resolution 13 – Appointment of Robert Day

Subject to the passing of Resolutions 1 to 12 (inclusive) and Resolutions 14 to 21 (inclusive), Resolution 13 is an ordinary resolution and provides for the approval of the appointment of Mr Robert Day to the Board. The appointment of Mr Day will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Mr Day is set out at section 3.3.

2.16 Resolution 14 – Appointment of Kate Cornick

Subject to the passing of Resolutions 1 to 13 (inclusive) and Resolutions 15 to 21 (inclusive), Resolution 14 is an ordinary resolution and provides for the approval of the appointment of Dr Kate Cornick to the Board. The appointment of Dr Cornick will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Dr Cornick is set out at section 3.3.

2.17 Resolution 15 – Appointment of Ron Howard

Subject to the passing of Resolutions 1 to 14 (inclusive) and Resolutions 16 to 21 (inclusive) is an ordinary resolution and provides for the approval of the appointment of Mr Ron Howard to the Board. The appointment of Mr Howard will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Mr Howard is set out at section 3.3.

2.18 Resolution 16 – Appointment of Colin McLeod

Subject to the passing of Resolutions 1 to 15 (inclusive) and Resolutions 17 to 2221 (inclusive), Resolution 16 is an ordinary resolution and provides for the approval of the appointment of Dr Colin McLeod to the Board. The appointment of Dr McLeod will become effective only on and from the date on which the Proposed Transaction is completed. A profile of Dr McLeod is set out at section 3.3.

2.19 Resolution 17 – Issue of Director Options to Paul Lappin

Subject to the passing of Resolutions 1 to 16 (inclusive) and Resolutions 18 to 21 (inclusive), Resolution 17 is an ordinary resolution which seeks approval for the issue of 10,000,000 Director Options A to Paul Lappin, a Proposed Director of the Company and a director of Rision, as part of his remuneration as a director of Reclaim.

The Director Options A will have an Exercise Price of \$0.01, a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Director Options A are set out in Annexure E. The Company has made application to the ASX for a waiver of Listing Rule 1.1 Condition 11 to allow the exercise price of the Options to be less than \$0.02. In the event that the waiver is not approved the Options will be issued with an exercise price of \$0.02. Subsequent to completion the Proposed Directors will consider appropriate incentives for the Director to compensate for the reduction in value of the Options as a result of the higher exercise price. The incentives may include the issue of options, performance rights, shares or other securities. Where necessary, Shareholder approval will be sought in relation to the issue of any securities associated with the incentive.

As Paul Lappin is a related party of the Company by virtue of being a Proposed Director, the Company is seeking the approval of Shareholders to Resolution 17 in accordance with section 208(1) of the Corporations Act and Listing Rule 10.11.

Section 208 of the Corporations Act

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

Paul Lappin is a related party of the Company under section 228(6) of the Corporations Act by virtue of being a Proposed Director of the Company. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of Director Options A under Resolution 17 to Paul Lappin.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 17:

(a) Related parties to whom the financial benefits are to be given

Paul Lappin (and/or his nominees).

(b) Nature of the financial benefit

10,000,000 Director Options A, on a post-Consolidation basis, to Paul Lappin and/or his nominee.

(c) Terms of the securities

Each Director Option A will have an Exercise Price of \$0.01 (subject to ASX approval), a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Director Options A are set out in Annexure E. New Shares issued upon any exercise of the Director Options A will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

(d) Valuation of the financial benefits

The value of the benefit of the Director Options A is determined by the Black-Scholes valuation set out in Annexure F.

(e) Proposed remuneration and security interests

Details of the Proposed Director's current annualised pro-rata remuneration, as well as his security interests (both direct and indirect) in the Company as at the date of the Notice, are outlined below.

Proposed Director	Salary/fees	Security interests
Paul Lappin (and/or his nominees)	\$80,000 per annum	Nil Shares

(f) Dilution

If all New Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company (including pursuant to the conversion of other Options), then the conversion of all of the Director Options A into Shares would dilute Shareholders by approximately 1.2%.

(g) Opportunity costs to the Company

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing Director Options A to Paul Lappin under Resolution 17.

(h) Intended use of funds raised

No cash consideration is payable for the Director Options A as they are being issued as part of Paul Lappin's remuneration as a director of Reclaim.

The proceeds from any future exercise of the Director Options A are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Director Options A at the discretion of the Board.

(i) Directors' interests

No Existing Director has a material personal interest in the outcome of Resolution 17.

(j) Directors' recommendations

Each of the Existing Directors recommends that Shareholders vote in favour of Resolution 17 for the reasons set out in the Explanatory Statement and on the basis that, in their opinion, the proposed issue of Director Options A under Resolution 17 is fair and reasonable.

(k) Other information

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Existing Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 17.

Listing Rule 10.11

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

As set out above, Paul Lappin is a related party of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Director Options A under Resolution 17 to Paul Lappin.

The issue of Director Options A under Resolution 17 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those securities (once issued) will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in respect of Resolution 17:

(a) Names of the persons

Paul Lappin (and/or his nominees).

(a) Maximum number of securities to be issued

Existing Director	Number
Paul Lappin (and/or his nominees)	10,000,000

(b) Date by which the entity will issue the securities

It is proposed that the Director Options A will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 1.10. In any event, however, the Director Options A 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 Listing Rules).

(c) Relationship that requires Shareholder approval

Paul Lappin is a related party of the Company under section 228(6) of the Corporations Act by virtue of being a proposed director of the Company.

(d) Issue price of the securities

No cash consideration is payable for the Director Options A as they are being issued as part of Paul Lappin's remuneration as a director of Reclaim.

(e) Terms of the issue

The Director Options A will have an Exercise Price of \$0.01 (subject to ASX approval), a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Director Options A are set out in Annexure E. New Shares issued upon any exercise of the Director Options A will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

(l) Intended use of the funds raised

No funds will be raised by the issue of Director Options A under Resolution 17 as they are being issued as part of Paul Lappin's remuneration as an employee of Reclaim. The proceeds from any future exercise of the Director Options A are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Director Options A at the discretion of the Board.

2.20 Resolution 18 – Issue of Employee Options to Colin McLeod

Subject to the passing of Resolutions 1 to 17 (inclusive) and Resolutions 19 to 21 (inclusive) Resolution 18 is an ordinary resolution which seeks approval for the issue of 5,000,000 Director Options A to Colin McLeod, a Proposed Director of the Company and a director of Rision, as part of his remuneration as a Director of Reclaim.

The Director Options A will have an Exercise Price of \$0.01, a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Employee Options are set out in Annexure E. The Company has made application to the ASX for a waiver of Listing Rule 1.1 Condition 11 to allow the exercise price of the Options to be less than \$0.02. In the event that the waiver is not approved the Options will be issued with an exercise price of \$0.02. Subsequent to completion the Proposed Directors will consider appropriate incentives for the Director to compensate for the reduction in value of the Options as a result of the higher exercise price. The incentives may include the issue of options, performance rights, shares or other securities. Where necessary, Shareholder approval will be sought in relation to the issue of any securities associated with the incentive.

As Colin McLeod is a related party of the Company by virtue of being a Proposed Director, the Company is seeking the approval of Shareholders to Resolution 18 in accordance with section 208(1) of the Corporations Act and Listing Rule 10.11.

Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issues of shares) to a related party of the company without the approval of

shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

Colin McLeod is a related party of the Company under section 228(6) of the Corporations Act by virtue of being a Proposed Director of the Company. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of Director Options A under Resolution 18 to Colin McLeod.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 18:

(a) Related parties to whom the financial benefits are to be given

Colin McLeod (and/or his nominees).

(b) Nature of the financial benefit

5,000,000 Director Options A, on a post-Consolidation basis, to Colin McLeod.

(c) Terms of the securities

Each Director Option A will have an Exercise Price of \$0.01 (subject to ASX approval), a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Director Options A are set out in Annexure E. New Shares issued upon any exercise of the Director Options A will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

(d) Valuation of the financial benefits

The value of the benefit of the Director Options A is determined by the Black-Scholes valuation set out in Annexure F.

(e) Proposed remuneration and security interests

Details of the Proposed Director's current annualised pro-rata remuneration, as well as his security interests (both direct and indirect) in the Company as at the date of the Notice, are outlined below.

Proposed Director	Salary/fees	Security interests
Colin McLeod (and/or his nominees)	\$40,000 per annum	Nil Shares

(f) Dilution

If all New Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company (including pursuant to the conversion of other Options), then the conversion of all of the Director Options A into Shares would dilute Shareholders by approximately 0.6%.

(g) Opportunity costs to the Company

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing Director Options A to Colin McLeod under Resolution 18.

(h) **Intended use of funds raised**

No cash consideration is payable for the Director Options A as they are being issued as part of Colin McLeod's remuneration as a Director of Reclaim.

The proceeds from any future exercise of the Director Options A are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Director Options A at the discretion of the Board.

(i) **Directors' interests**

No Existing Director has a material personal interest in the outcome of Resolution 18.

(j) **Directors' recommendations**

Each of the Existing Directors recommends that Shareholders vote in favour of Resolution 18 for the reasons set out in the Explanatory Statement and on the basis that, in their opinion, the proposed issue of Director Options A under Resolution 18 is fair and reasonable.

(k) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Existing Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 18.

Listing Rule 10.11

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

As set out above, Colin McLeod is a related party of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Director Options A under Resolution 18 to Colin McLeod.

The issue of Director Options A under Resolution 18 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those securities (once issued) will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in respect of Resolution 18:

(a) **Names of the persons**

Colin McLeod (and/or his nominees).

(b) **Maximum number of securities to be issued**

Existing Director	Number
Colin McLeod (and/or his nominees)	5,000,000

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

It is proposed that the Director Options A will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 1.10. In any event, however,

the Director Options A 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 Listing Rules).

(d) Relationship that requires Shareholder approval

Colin McLeod is a related party of the Company under section 228(6) of the Corporations Act by virtue of being a proposed director of the Company.

(e) Issue price of the securities

No cash consideration is payable for the Director Options A as they are being issued as part of Colin McLeod's remuneration as a Director of Reclaim.

(f) Terms of the issue

The Director Options A will have an Exercise Price of \$0.01 (subject to ASX approval), a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Director Options A are set out in Annexure E. New Shares issued upon any exercise of the Director Options A will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

(l) Intended use of the funds raised

No funds will be raised by the issue of Director Options A under Resolution 18 as they are being issued as part of Colin McLeod's remuneration as a Director of Reclaim. The proceeds from any future exercise of the Director Options A are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Director Options A at the discretion of the Board.

2.21 Resolution 19 – Issue of Employee Options to Ron Howard

Subject to the passing of Resolutions 1 to 18 (inclusive) 20 and 21, Resolution 19 is an ordinary resolution which seeks approval for the issue of 5,000,000 Director Options B to Ron Howard, a Proposed Director of the Company and a director of Rision, as part of his remuneration a Director of Reclaim.

The Director Options B will have an Exercise Price of \$0.02, a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Director Options B are set out in Annexure E.

As Ron Howard is a related party of the Company by virtue of being a Proposed Director, the Company is seeking the approval of Shareholders to Resolution 19 in accordance with section 208(1) of the Corporations Act and Listing Rule 10.11.

Section 208 of the Corporations Act

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

Ron Howard is a related party of the Company under section 228(6) of the Corporations Act by virtue of being a Proposed Director of the Company. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of Employee Options under Resolution 19 to Ron Howard.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 19:

(a) **Related parties to whom the financial benefits are to be given**

Ron Howard (and/or his nominees).

(b) **Nature of the financial benefit**

5,000,000 Director Options B, on a post-Consolidation basis, to Ron Howard.

(c) **Terms of the securities**

Each Director Option B will have an Exercise Price of \$0.02 , a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Director Options B are set out in Annexure E. New Shares issued upon any exercise of the Director Options B will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

(d) **Valuation of the financial benefits**

The value of the benefit of the Director Options B is determined by the Black-Scholes valuation set out in Annexure F.

(e) **Proposed remuneration and security interests**

Details of the Proposed Director's current annualised pro-rata remuneration, as well as his security interests (both direct and indirect) in the Company as at the date of the Notice, are outlined below.

Proposed Director	Salary/fees	Security interests
Ron Howard (and/or his nominees)	\$40,000 per annum	Nil Shares

(f) **Dilution**

If all New Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company (including pursuant to the conversion of other Options), then the conversion of all of the Director Options B into Shares would dilute Shareholders by approximately 0.6%.

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

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing Director Options B to Ron Howard under Resolution 19.

(h) **Intended use of funds raised**

No cash consideration is payable for the Director Options B as they are being issued as part of Ron Howard's remuneration as a Director of Reclaim.

The proceeds from any future exercise of the Director Options B are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Director Options B at the discretion of the Board.

(i) **Directors' interests**

No Existing Director has a material personal interest in the outcome of Resolution 19.

(j) **Directors' recommendations**

Each of the Existing Directors recommends that Shareholders vote in favour of Resolution 19 for the reasons set out in the Explanatory Statement and on the basis that, in their opinion, the proposed issue of Director Options B under Resolution 19 is fair and reasonable.

(k) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Existing Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 19.

Listing Rule 10.11

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

As set out above, Ron Howard is a related party of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Director Options B under Resolution 19 to Ron Howard.

The issue of Director Options B under Resolution 19 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those securities (once issued) will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in respect of Resolution 19:

(a) **Names of the persons**

Ron Howard (and/or his nominees).

(g) **Maximum number of securities to be issued**

Existing Director	Number
Ron Howard (and/or his nominees)	5,000,000

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

It is proposed that the Director Options B will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 1.10. In any event, however, the Director Options B 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 Listing Rules).

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

Ron Howard is a related party of the Company under section 228(6) of the Corporations Act by virtue of being a proposed director of the Company.

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

No cash consideration is payable for the Director Options B as they are being issued as part of Ron Howard's remuneration as a Director of Reclaim.

(k) **Terms of the issue**

The Director Options B will have an Exercise Price of \$0.02, a Vesting Date one year after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Director Options B are set out in Annexure E. New Shares issued upon any exercise of the Director Options B will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

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

No funds will be raised by the issue of Director Options B under Resolution 19 as they are being issued as part of Ron Howard's remuneration as an employee of Reclaim. The proceeds from any future exercise of the Director Options B are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Director Options B at the discretion of the Board.

2.22 Resolution 20 – Issue of Employee Options to Bartek Mayshak

Subject to the passing of Resolutions 1 to 19 (inclusive) and 21, Resolution 20 is an ordinary resolution which seeks approval for the issue of 16,000,000 Employee Options to Bartek Mayshak as part of his remuneration as an employee of Reclaim.

The Employee Options issued to Bartek Mayshak will have an Exercise Price of \$0.00, Vesting Dates of one third on 1 June 2016, one third one year after Completion of the Proposed Acquisition and one third two years after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Employee Options are set out in Annexure E. The Company has made application to the ASX for a waiver of Listing Rule 1.1 Condition 11 to allow the exercise price of the Options to be less than \$0.02. In the event that the waiver is not approved the Options will be issued with an exercise price of \$0.02. Subsequent to completion the Proposed Directors will consider appropriate incentives for the employee to compensate for the reduction in value of the Options as a result of the higher exercise price. The incentives may include the issue of options, performance rights, shares or other securities. Where necessary, Shareholder approval will be sought in relation to the issue of any securities associated with the incentive.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company during the previous 12 months (without approval and which were not subject to an exception), exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 20 seeks approval for the issue of 16,000,000 Employee Options to Bartek Mayshak for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 20 is approved, the Employee Options issued to Bartek Mayshak will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

As required by Listing Rule 7.3, the following information is provided in relation to Resolution 20:

(a) **Maximum number of securities the entity is to issue**

16,000,000 Employee Options, on a post-Consolidation basis, to Bartek Mayshak.

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

It is proposed that the Employee Options will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 1.10. In any event, however, the Employee Options to be issued to Bartek Mayshak 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 Listing Rules).

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

No cash consideration is payable for the Employee Options as they are being issued as part of the Bartek Mayshak's remuneration as an employee of Reclaim.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Employee Options under Resolution 20 will be issued to Bartek Mayshak (and/or his nominees). No Employees Options will be issued under Resolution 20 to related parties of the Company.

(e) **Terms of the securities**

The Employee Options will have an Exercise Price of \$0.00 (subject to ASX approval), Vesting Dates of one third on 1 June 2016, one third one year after Completion of the Proposed Acquisition and one third two years after Completion of the Proposed Acquisition. The other terms of the Employee Options are set out in Annexure E. Full terms of the Employee Options are set out in Annexure E. New Shares issued upon any exercise of the Employee Options will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

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

No funds will be raised by the issue of Employee Options under Resolution 20 as they are being issued as part of the Bartek Mayshak's remuneration as an employee of Reclaim. There will be no proceeds from any future exercise of the Employee Options.

2.23 Resolution 21 – Issue of Employee Options to Kate Cornick

Subject to the passing of Resolutions 1 to 20 (inclusive), Resolutions 21 is an ordinary resolution which seek approval for the issue of 24,000,000 Employee Options to Kate Cornick, a Proposed Director of the Company and an employee of Rision, as part of her remuneration as a Director of Reclaim.

The Employee Options will have an Exercise Price of \$0.00, Vesting Dates of one third on 1 June 2016, one third one year after Completion of the Proposed Acquisition and one third two years after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Employee Options are set out in Annexure E. The Company has made application to the ASX for a waiver of Listing Rule 1.1 Condition 11 to allow the exercise price of the Options to be less than \$0.02. In the event that the waiver is not approved the Options will be issued with an exercise price of \$0.02. Subsequent to completion the Proposed Directors will consider appropriate incentives for Kate Cornick to compensate for the reduction in value of the Options as a result of the higher exercise price. The incentives may include the issue of options, performance rights, shares or other securities. Where necessary, Shareholder approval will be sought in relation to the issue of any securities associated with the incentive.

As Kate Cornick is a related party of the Company by virtue of being a Proposed Director, the Company is seeking the approval of Shareholders to Resolution 21 in accordance with section 208(1) of the Corporations Act and Listing Rule 10.11.

Section 208 of the Corporations Act

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

Kate Cornick is a related party of the Company under section 228(6) of the Corporations Act by virtue of being a Proposed Director of the Company. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of Employee Options under Resolution 21 to Kate Cornick.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolution 21:

(a) Related parties to whom the financial benefits are to be given

Kate Cornick (and/or her nominees).

(b) Nature of the financial benefit

24,000,000 Employee Options, on a post-Consolidation basis, to Kate Cornick.

(c) Terms of the securities

Each Employee Option will have an Exercise Price of \$0.00 (subject to ASX approval), Vesting Dates of one third on 1 June 2016, one third one year after Completion of the Proposed Acquisition and one third two years after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Employee Options are set out in Annexure E. New Shares issued upon any exercise of the Employee Options will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

(d) Valuation of the financial benefits

The value of the benefit of the Employee Options is determined by the Black-Scholes valuation set out in Annexure F.

(e) Proposed remuneration and security interests

Details of the Proposed Director’s current annualised pro-rata remuneration, as well as her security interests (both direct and indirect) in the Company as at the date of the Notice, are outlined below.

Proposed Director	Salary/fees	Security interests
Kate Cornick (and/or her nominees)	\$290,000	420,000 Shares

(f) Dilution

If all New Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company (including pursuant to the conversion of other Options), then

the conversion of all of the Employee Options into Shares would dilute Shareholders by approximately 3.0%.

(g) Opportunity costs to the Company

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing Employee Options to Kate Cornick under Resolution 21.

(h) Intended use of funds raised

No cash consideration is payable for the Employee Options as they are being issued as part of Kate Cornick's remuneration as a Director of Reclaim.

There will be no proceeds from any future exercise of the Employee.

(i) Directors' interests

No Existing Director has a material personal interest in the outcome of Resolution 21.

(j) Directors' recommendations

Each of the Existing Directors recommends that Shareholders vote in favour of Resolution 21 for the reasons set out in the Explanatory Statement and on the basis that, in their opinion, the proposed issue of Employee Options under Resolution 21 is fair and reasonable.

(k) Other information

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Existing Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 21.

Listing Rule 10.11

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

As set out above, Kate Cornick is a related party of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Employee Options under Resolution 21 to Kate Cornick.

The issue of Employee Options under Resolution 21 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those securities (once issued) will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in respect of Resolution 21:

(a) Names of the persons

Kate Cornick (and/or her nominees).

(l) **Maximum number of securities to be issued**

Existing Director	Number
Kate Cornick (and/or her nominees)	24,000,000

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

It is proposed that the Employee Options will be issued at completion of the Proposed Transaction in accordance with the timetable set out in section 1.10. In any event, however, the Employee Options 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 Listing Rules).

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

Kate Cornick is a related party of the Company under section 228(6) of the Corporations Act by virtue of being a proposed director of the Company.

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

No cash consideration is payable for the Employee Options as they are being issued as part of Kate Cornick's remuneration as a Director of Rision.

(p) **Terms of the issue**

The Employee Options will have an Exercise Price of \$0.00, Vesting Dates of one third on 1 June 2016, one third one year after Completion of the Proposed Acquisition and one third two years after Completion of the Proposed Acquisition and an Expiry Date three years after Completion of the Proposed Acquisition. The other terms of the Employee Options are set out in Annexure E. New Shares issued upon any exercise of the Employee Options will rank equally in all respects with Existing Shares (on a post-Capital Consolidation basis).

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

No funds will be raised by the issue of Employee Options under Resolution 21 as they are being issued as part of Kate Cornick's remuneration as an employee of Rision. The proceeds from any future exercise of the Employee Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the Employee Options at the discretion of the Board.

2.24 Resolution 22 – Ratification and Approval of Past Placement to Sophisticated Investors

Resolution 22 is an ordinary resolution and seeks Shareholder approval under Listing Rule 7.4 for the approval and ratification of the Post Placement of 81,700,000 Shares to sophisticated investors.

On 27 January 2015 the Company announced that it had completed a capital raising by way of the Placement of 81,700,000 Shares at a price of \$0.015 per Share to sophisticated investors to raise a total of \$1,225,500.

Description of Cash Outflows	
1. Cost of Offer	\$75,000
2. Further development of the Rision technology and working capital	\$1,150,500
Total funds raised under the Offer	\$1,225,500

The Company is seeking the approval of Shareholders to ratify the issue already made to sophisticated investors under the Placement pursuant to Resolution 22.

Accordingly, the Company seeks to obtain Shareholder approval for the purposes of Listing Rule 7.4 to ratify the issue of the above mentioned Shares to sophisticated investors as part of the Placement.

Listing Rule 7.1 prohibits a company, except in certain cases and subject to Listing Rules 7.1A and 7.4, from issuing new Shares equivalent in number to more than 15% of its ordinary Share capital in any 12 month period without the prior approval of its shareholders.

Listing Rule 7.4 provides that an issue of Shares made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if Shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

If Resolution 22 is approved it will have the effect of refreshing the Company's ability to issue further Shares without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act).

For the purposes of Listing Rule 7.5 the Company provides the following information:

(a) **Number of Securities issued**

81,700,000 Shares were issued on 30 January 2015.

(b) **Issue price of the Securities issued**

The Shares were issued at a price of \$0.015 per Share.

(c) **Terms of the issued Securities**

The Shares issued under the Placement are fully paid ordinary shares and rank equally with other Shares on issue.

(d) **Recipients of the issued Securities**

The Placement Shares were issued to sophisticated investors that are not related to the Company.

(e) **Use of funds**

The funds raised from the issue of the Placement Shares were used for the purposes set out above.

The Directors recommend that you vote in favour of Resolution 22.

3. OTHER INFORMATION

3.1 Scope of disclosure

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

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

3.2 Existing Directors' profiles

Mr David Scoggin, Non-Executive Director

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

Mr Stephen Hewitt-Dutton, Non-Executive Director

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

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

Mr KC Dennis Ong, Non-Executive Director

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

3.3 Proposed Directors' profiles

Mr Paul Lappin, Non-Executive Chairman

Paul Lappin is an experienced company Director & Chairman, leading companies across a diverse ranges of sectors including hospitality, retail and bio-technology. In addition to his Chairmanship of Rision, Paul's other roles include Executive Chairman and co-owner of Peter Rowland Catering Pty Ltd where he has overseen the growth, national expansion and diversity of this business. He is the Chairman of UCI Pty Ltd, a rapidly growing and expanding national commercial furniture company with offices in all States and strong international relationships. Paul was formerly the Chairman of Polynova Ltd (formerly Calzada Ltd), where he has oversaw a transition phase where the company grew from a single product company to platform technology with a \$50 million market capitalisation. Paul's previous roles included Chief Executive Officer of a boutique advisory company, providing advice to a range of large businesses, State Government, and national research organisations. An experienced Chartered Accountant, Paul has worked for Price Waterhouse Coppers in Australia and the USA. Paul was educated at the University of the West of Scotland.

Mr Robert Day, Non-Executive Director

Robert Day is a recruitment executive, with proficiencies across a range of industries including manufacturing, transport, farming, hospitality, oil & gas and construction. Robert Day founded Rision Pty Ltd, formerly Employment Management Systems Pty Ltd, in 2000, recognizing the ability to better manage contingent employees through technology solutions. Prior to founding Rision, Robert Day established and managed a successful recruitment business for casual workers, servicing large clients across construction, transport and manufacturing industries. Previously, he gained 15 years' experience working for Shell Chemicals/LPG in a variety of positions including Regional Manager and has also managed his own hospitality business.

Dr Colin McLeod, Non-Executive Director

Colin McLeod is a Director of companies in financial services, retail technology and education and an advisor to early stage businesses in transport, wearable technology, aged care and education technology. He has also been the owner and co-founder of several businesses that received awards for business management and innovation, including the Australian Government Small Business of the Year, the Telstra Innovation Challenge and the Advance Australia Innovation Summit. Colin is also an Associate Professor in the Faculty of Business & Economics at the University of Melbourne and his academic career includes appointments at the Judge School of Business, University of Cambridge, and the Haas School of Business, University of California – Berkeley. His career includes Senior Executive roles at Telstra, Goldman Sachs JBWere and the Australian Football League. He was a member of the Executive Committee that raised almost \$200 million to construct the Olivia Newton-John Cancer & Wellness Centre at the Austin Hospital and is a member of the AFL Research Board. Colin completed his PhD by examining the factors leading to the successful commercialisation of innovation.

Dr Kate Cornick, Managing Director

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

Ron Howard, Non-Executive Director

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

3.4 Voting intentions and interests of Existing Directors

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

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

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

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

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

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

3.5 Taxation

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

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

3.6 Interest of the Proposed Directors

The Proposed Directors are Mr Paul Lappin, Mr Robert Day, Dr Kate Cornick, Dr Colin McLeod and Mr Ron Howard. Details of the Proposed Directors of the Company are set out in section 3.3.

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

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

3.7 Indicative value of New Shares

The quantum of benefit to be received by the holders of the New Shares proposed to be issued pursuant to Resolutions 4(a), 4(b), 5, 7, 8 and 10(a) (inclusive) will depend on the price at which the New Shares may trade on ASX.

3.8 Existing Director’s recommendations in respect of the Resolutions

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

4. REGULATORY REQUIREMENTS

4.1 Listing Rule 11.1

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

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

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

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

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

ASX may suspend quotation of the Shares until the Company has satisfied the requirements of Listing Rule 11.1. The Company will require a trading halt on the day of the General Meeting in respect of the approval of the Proposed Transaction. If Shareholders approve the Proposed Transaction by passing Resolutions 1 to 21 (inclusive), trading in the Company’s securities will be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. It is anticipated that the re-quotation of the Company’s securities will occur on or around 15 January 2015.

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

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

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

4.2 Listing Rule 10.11

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

The Proposed Directors are “related parties” of the Company within the terms of the Listing Rules. As a result Resolutions 6 and 17 to 19 (inclusive) and 21 must be approved by Shareholders under Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the information set out at sections 2.8 2.19 to 2.21 and 2.23 is provided to Shareholders in respect of Resolutions 6 and 17 to 19 (inclusive) and 21 (inclusive).

4.3 Section 208 of the Corporations Act

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

The Proposed Directors are “related parties” of the Company for the purposes of section 208 of the Corporations Act. Accordingly, approval is sought for the issue of New Shares and Employee Options as contemplated by Resolutions 4(a), 6 and 17 to 19 (inclusive) and 21 under section 208 of the Corporations Act.

For the purposes of ASIC Regulatory Guide 76, the information set out at sections 2.6, 2.8, 2.19 to 2.21 and 2.23 is provided to Shareholders in respect of Resolutions 4(a), 6 and 17 to 19 (inclusive) and 21.

4.4 Section 611 of the Corporations Act

Resolutions 4(a) and 4(b) seek Shareholder approval under Item 7 of section 611 of the Corporations Act to the acquisition by the Vendors of a Relevant Interest in up to 250,000,000 New Shares upon the issue of those securities.

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

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

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

As set out in the Voting Exclusion Statements in the Notice of Meeting and in accordance with the Listing Rules, the Related Vendors and their Associates, and the Unrelated Vendors and their Associates are precluded from voting on Resolutions 4(a) and 4(b) and 6.

4.5 ASIC Regulatory Guide 74

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

4.6 ASIC Regulatory Guide 76

The information set out in section 2.8 is included in accordance with the requirements of section 219 of the Corporations Act and ASIC Regulatory Guide 76.

4.7 ASX Listing Rule 7.1

Shareholder approval is being sought pursuant to Resolutions 5, 7, 8, 10(a), 10(b), 10(c), 11(a), 11(b), 11(c) and 20 for the issue of up to 466,000,000 New Shares for the purposes of Listing Rule 7.1. The New Shares proposed to be issued pursuant to Resolutions 5, 7, 8, 10(a), 10(b), 10(c), 11(a), 11(b), 11(c) and 17 will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

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

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

For the purposes of ASX Listing Rule 7.3, the information set out at sections 2.7, 2.9 to 2.13 is provided in relation to Resolutions 5, 7, 8, 10(a), 10(b), 10(c) and 17 respectively.

4.8 ASIC and ASX's Role

For the purposes of Resolutions 4(a) and 4(b) in accordance with Regulatory Guide 74, the Company must lodge the Notice of General Meeting and the Explanatory Statement with ASIC before the Notice of General Meeting can be dispatched.

Approval under Listing Rule 7.1 for the issue of the New Shares under Resolutions 4(a) and 4(b) are not required by virtue of Exception 16 of Listing Rule 7.2, because approval is being sought under item 7 of section 611 of the Corporations Act.

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

Glossary

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

Amabowl	Amabowl Pty Ltd (ACN 003 119 542) as trustee for the Amabowl Family Trust.
Annexure	annexure to this Explanatory Statement.
Associate	has the meaning set out in sections 11 to 17 of the Corporations Act, and where applicable as applied in accordance with the Note to Listing Rule 14.11.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the Australian Securities Exchange, as the context requires.
Board	board of Directors.
Business Day	a day (not being a Saturday, Sunday or public holiday) in Perth, Western Australia.

Consolidation	the capital consolidation to be undertaken pursuant to Resolution 2.
Capital Raising	the proposed issue of New Shares under the Prospectus, as contemplated by Resolution 5.
Chairman	Stephen Hewitt-Dutton.
Company	Reclaim Industries Limited (ACN 090 671 819).
Completion	completion under the Share Sale Agreement.
Consideration Securities	the Consideration Shares and the Performance Shares and together.
Consideration Shares	up to 200,000,000 fully paid ordinary shares, in the Company to be issued to the Vendors for Rision.
Constitution	constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Deed Assignment	the deed of assignment, assumption and amendment between the Company as lender, Skills Connect as assignor and Rision as assignee dated 10 September 2015.
Director	director of the Company.
Employee Option	an Option on the terms set out in Annexure E.
Existing Directors	Stephen Hewitt-Dutton, KC Dennis Ong and David Scoggin.
Existing Shareholders	the holder of an Existing Share.
Existing Shares	the issued Shares in the Company as at the date of this Notice of Meeting being 626,699,469 fully paid ordinary shares, and approximately 313,349,734 issued Shares (subject to rounding) after the Consolidation.
Explanatory Statement	the explanatory statement incorporating the Independent Experts Report accompanying and forming part of the Notice.
General Meeting	the general meeting of the Company to be held on 22 December 2015, at 10.00am.
Independent Expert's Report	the independent expert's report set out at Annexure B to this Explanatory Statement.
Listing Rules	the official Listing Rules of ASX, as amended from time to time.
Loan Agreement	the loan agreement between Skills Connect and the Company dated 28 May 2014 as varied from time to time.
New Shares	new fully paid ordinary shares in the Company to be issued pursuant to the Resolutions and the Prospectus on a post-Consolidation basis.
Notice	the notice of General Meeting.
Option	an option to acquire a Share.
Pebtilly	Pebtilly Pty Ltd (ACN 148 826 957).
Performance Shares	the 50,000,000 performance shares to be issued to Vendors on the terms set out in Annexure C.
Placement	the placement of 81,700,000 Shares at a price of \$0.015 per Share to sophisticated investors to raise a total of \$1,225,000 as announced on 27 January 2015.
Proposed Directors	Robert John Day, Colin McLeod, Kate Cornick and Myron Howard.
Proposed Transaction	the proposal for the acquisition of all the issued shares in Rision pursuant to the Share Sale Agreement as described in section 1.3.

Prospectus	the prospectus to be issued by the Company as contemplated by Resolution 5.
Reclaim Notes	the convertible notes issued pursuant to the Reclaim Note Agreements.
Reclaim Note Agreements	the convertible note agreements between the Company and the Reclaim Noteholders having the terms set out in section 2.13.
Reclaim Noteholder Options	the Options to be issued to Reclaim Noteholders under Resolution 11 on the terms set out in Annexure G.
Reclaim Noteholder Shares	the New Shares to be issued to Reclaim Noteholders under Resolution 11.
Related Party	has the meaning given to that term in the Corporations Act.
Related Vendors	Pebtilly Pty Ltd (ACN 148 826 957).
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Resolution	a resolution to be considered at the General Meeting.
Rision	Rision Pty Ltd (formerly Employment Management Systems Pty Ltd) (ACN 076 549 945).
Rision Notes	the convertible notes issued pursuant to the Rision Note Agreements.
Rision Note Agreements	the convertible note agreements between the Company and the Rision Noteholders having the terms set out in 2.12.
Rision Noteholder Options	the Options to be issued to Rision Noteholders under Resolution 10 on the terms set out in Annexure G.
Rision Noteholder Shares	the New Shares to be issued to Reclaim Noteholders under Resolution 10.
SAAS	Software-as-a-Service.
SCM Equities	SCM Equities Pty Ltd (ACN 124 553 224).
Share Sale Agreement	the Share Sale Agreement referred to in section 1.3.
Share and Shares	fully paid ordinary share in the capital of the Company.
Shareholder	shareholder of the Company.
Skills Connect	Skills Connect Pty Ltd (ACN 140 523 579).
Vendors	Apex Private Wealth Pty Ltd (ACN 138 571 383), Pebtilly Pty Ltd (ACN 148 826 957) T & H Corby Pty Ltd (ACN 055 692 209), Anthony Francis Dixon and Amabowl Pty Ltd (ACN 003 119 542) as trustee for the Amabowl Family Trust.
Voting Power	has the meaning given in Part 6.1 of the Corporations Act.
Unrelated Vendors	Apex Private Wealth Pty Ltd (ACN 138 571 383), T & H Corby Pty Ltd (ACN 055 692 209) Anthony Francis Dixon and Amabowl Pty Ltd (ACN 003 119 542) as trustee for the Amabowl Family Trust
Trident Capital	Trident Capital Pty Ltd (ACN 100 561 733).
WST	Western Standard Time in Australia.

ANNEXURE A – PRO FORMA STATEMENT OF FINANCIAL POSITION

This section contains the Pro Forma Statement of Financial Position for the Company as a merged group with Rision (**Merged Group**), reflecting the combined business of the Company and Rision. The Pro Forma Statement of Financial Position is presented to provide Shareholders with an indication of the Merged Group's consolidated financial position as if the Proposed Transaction had been implemented as at 30 June 2015.

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

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

Basis of preparation

The Pro Forma Statement of Financial Position is provided for illustrative purposes and is prepared in accordance with the recognition and measurement requirements of applicable Australian Accounting Standards on the assumption that the proposed transaction occurred on 30 June 2015.

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

The Company is the legal acquirer (i.e. the parent company) and will be the reporting entity of the Merged Group. The accounting policies of the Merged Group used in the compilation of the Pro Forma Financial Information are based on those of the Company. A summary of the significant accounting policies of the Company is disclosed in the audited financial statements of the Company for the year ended 30 June 2015, available on ASX's website at www.asx.com.au or on the "Investor Centre" section of the Company's website at www.reclaimindustries.com.au.

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

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

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

New accounting policies of the Merged Group

1. Revenue recognition

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

2. Intangible assets

Internally generated intangible assets – research and development expenditure

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

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

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

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

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

Intangible assets acquired in a business combination

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

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

Pro Forma Balance Sheet

	Reclaim Audited 3 June 2015 \$	Pro Forma Consolidated (\$3m capital raising) \$	Pro Forma Consolidated (\$6m capital raising) \$
Current Assets			
Cash and cash equivalents	59,916	2,612,906	5,392,906
Trade and other receivables	38,701	39,012	39,012
Loan receivable	2,400,000	258,648	258,648
Total Current Assets	2,498,617	2,910,566	5,690,566
Non-Current Assets			
Property, plant and equipment	-		
Other receivables	-		
Goodwill on Acquisition	-		
Intangible Assets	-	1,323,557	1,323,557
	-	1,323,557	1,323,557
Total Assets	2,498,617	4,234,123	7,014,123
Current Liabilities			
Trade and other payables	236,287	79,789	79,789
Financial liabilities	-	279,616	279,616
Total Current Liabilities	236,287	359,405	359,405
Total Liabilities	236,287	359,405	359,405
Net Assets	2,262,330	3,874,718	6,654,718
Equity			
Issued Capital	5,601,310	7,004,447	9,784,447
Accumulated Losses	(3,338,980)	(3,129,729)	(3,129,729)
Total Equity	2,262,330	3,874,718	6,654,718

Notes:

- A. The Company loaned at total of \$2,400k to Rision between June 2014 and January 2015 to fund the working capital requirements of Rision. This loan was made pursuant to the Loan Agreement.
- B. Elimination of the working capital loan from the Company to Rision upon consolidation of the Merged Group.
- C. The issue of 200,000,000 Shares to acquire 100% of the share capital of Rision. Note that this transaction has been accounted for under reverse acquisition accounting.
- D. The Pro Forma Statement of Financial Position assumes that the Capital Raising will be fully subscribed.
 - i. A Capital Raising of 150,000,000 shares at \$0.02, net of transaction costs of \$0.38m for the minimum amount of \$3m and 300,000,000 shares at \$0.02, net of transaction costs of \$0.6m for the maximum amount of \$6m.
 - ii. 20,000,000 Shares issued to advisors as remuneration for facilitating the Proposed Transaction capital raising services under this Prospectus.
 - iii. The issue of 130,000,000 Shares in repayment of the Rision Notes and Reclaim Notes.

RECLAIM INDUSTRIES LIMITED
Independent Expert's Report

9 November 2015



Financial Services Guide

9 November 2015

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

Financial Services Guide

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

This FSG includes information about:

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

Information about us

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

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

Financial services we are licensed to provide

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

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

General Financial Product Advice

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

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$ 17,000.

BDO Corporate Finance (WA) Pty Ltd has previously issued an independent experts report for which a fee of up to \$35,000 was charged.

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

Other Assignments

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

Remuneration or other benefits received by our employees

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

Referrals

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

Complaints resolution*Internal complaints resolution process*

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

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

Referral to External Dispute Resolution Scheme

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

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

Contact details

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



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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report prepared by Valutech

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9 November 2015

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

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 7 September 2015, Reclaim Industries Limited (**'Reclaim or 'the Company'**) announced that it had entered into a Heads of Agreement (**'HOA'**) with Rision Pty Ltd (**'Rision'**), Skills Connect Pty Ltd (**'SCL'**) and Pebtilly Pty Ltd (**'Majority Vendor'**), Apex Private Wealth Pty Ltd, Anthony Francis Dixon, Amabowl Pty Ltd and T&H Corby Pty (**'Minority Vendors'**), collectively referred to as (**'the Vendors'**) (**'to acquire all of the rights and title in the issued capital of Rision, subject to a number of conditions precedent ('the Acquisition')**).

Under the terms of the HOA, Reclaim, Rision, SCL and the Vendors are to execute a Share Sale Agreement which was entered into on 7 October 2015. The consideration payable by the Company for the Acquisition is the issue of 200,000,000 shares (**'Share Consideration'**) upon completion of the Acquisition and potential shares aggregating to 310,000,000 shares to be issued on achievement of milestones, collectively referred to as (**'the Consideration'**) comprising:

- 200,000,000 fully paid ordinary Consideration shares upon completion of the acquisition;
- 20,000,000 fully paid ordinary Facilitation shares upon completion of the acquisition; and
- 50,000,000 fully paid ordinary shares upon completion of the attached Milestones.

Furthermore Reclaim has the obligation to issue 60,000,000 fully paid ordinary shares to senior management of Rision under an employee share scheme.

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

Completion of the Acquisition requires the approval of Reclaim's shareholders. Shareholder approval pursuant to Section 611 Item 7 of the Corporations Act 2001(Cth) (the **'Act'**) is required for a person (including their associates) to acquire voting power in a company of greater than 20% but less than 90%. The Company is seeking shareholder approval for the Acquisition pursuant to Section 611 Item 7 of the Act as the Vendors are considered to be associates of one another for the purposes of completion of the Acquisition.

2. Summary and Opinion

2.1 Purpose of the report

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

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

2.2 Approach

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

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

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

2.3 Opinion

We have considered the terms of the Acquisition as outlined in the body of this report and have concluded that, the Acquisition is not fair but reasonable to Shareholders.

In our opinion, the Acquisition is not fair because the value of a Reclaim share following the Acquisition on a minority interest basis is less than the value of a Reclaim share on a controlling interest basis prior to the Acquisition.

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

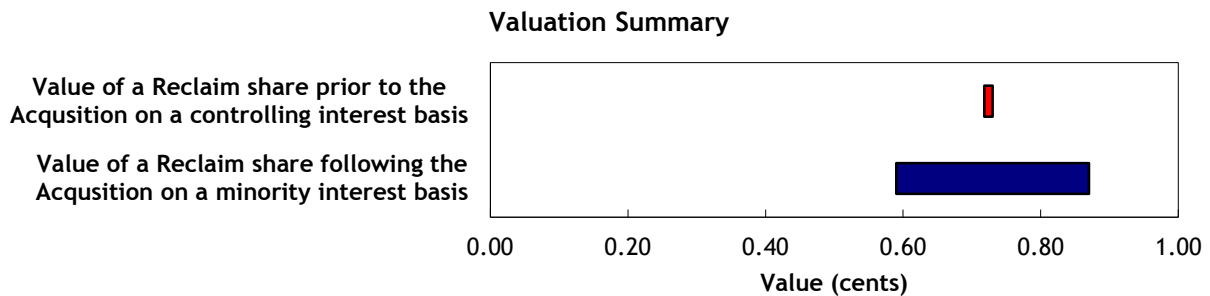
2.4 Fairness

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

	Ref	Low cents	Preferred cents	High cents
Value of a Reclaim share prior to the Acquisition on a controlling interest basis	10.3	0.72	0.72	0.72
Value of a Reclaim share following the Acquisition on a minority interest basis	11.6	0.59	0.66	0.87

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Acquisition is not fair for Shareholders.

2.5 Reasonableness

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

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

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

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	The Acquisition is fair on a minority to minority interest basis	13.2.1	Change in business model
13.1.2	Greater commercial opportunities	13.2.2	Dilution of existing Shareholder's interests
13.1.3	Additional sources of financing	13.2.3	Potential lower liquidity of shares
13.1.4	Acquisition of Rision	13.2.4	Absence of significant revenues for Rision
		13.2.5	Competitive market

Other key matters we have considered include:

Section	Description
13.3.1	Alternative Proposals
13.3.2	Practical Level of Control

3. Scope of the Report

3.1 Purpose of the Report

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

As at the date of the report, the Vendors do not own any shares in Reclaim. However, if the Acquisition is completed, the Vendors will receive a minimum interest of approximately 21%.

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

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

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

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

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

3.2 Regulatory guidance

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

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

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

3.3 Adopted basis of evaluation

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

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

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

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

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a

reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

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

4. Outline of the Acquisition

4.1 The Proposal

On 7 October 2015, Reclaim announced that it had entered into a SSA with Rision, SCL and the Vendors to acquire all of the rights and title in the issued capital of Rision, being the legal and beneficial owner of SCL, subject to a number of conditions precedent.

Under the terms of the HOA, Reclaim, Rision, SCL and the Vendors are to execute a Share Sale Agreement. The consideration payable by the Company for the Acquisition is as under:

- 200,000,000 fully paid ordinary Consideration shares upon completion of the acquisition;
- 20,000,000 fully paid ordinary Facilitation shares upon completion of the acquisition; and
- 50,000,000 fully paid ordinary shares contingent on accomplishing the Milestones.

The milestone to be achieved is subject to the following conditions:

- Rision achieves \$5 million in EBITDA during a consecutive twelve month period; or
- Rision is sold by Reclaim for a minimum of \$150 million; or
- Reclaim is valued at not less than \$150 million.

The HOA is subject to a number of conditions as follows:

1. Reclaim consolidating its existing issued capital on the basis of 1 new share for every 2 existing shares;
2. Reclaim successfully completing a capital raising to raise not less than \$3 million; and
3. Reclaim and Rision obtaining all required shareholder and regulatory approvals;

Further Reclaim has the obligation to issue 60,000,000 fully paid ordinary shares to senior management under an employee share scheme; and

On completion of the Acquisition, SCL is also entitled to nominate 5 persons to the Board of Directors.

4.2 Shareholding in Reclaim following the Acquisition

The following table shows the maximum number of shares that may be issued to the Vendors if the Acquisition is approved. If the Acquisition is approved, the existing Shareholders' interests may be diluted to 45.85%.

Further, if a Milestone is achieved as referred to in section 4.1 above, the existing Shareholders' interests may be diluted to 42.73%, further declining to 36.26% upon conversion of noteholder shares pursuant to

Resolutions 10 and 11. Additionally, it may be noted that the shares on issue in the below table outlines various scenarios without considering the impact of the exercise of options.

Shares on issue following the Acquisition post consolidation	
Issued shares as at the date of our Report	313,349,734
Shares to be issued on completion of the Acquisition to the Vendors	200,000,000
Shares to be issued for compliance with Chapters 1 and 2 of ASX Listing Rules	150,000,000
Facilitation shares to be issued	20,000,000
Number of shares on issue following the Acquisition	683,349,734
% holdings by existing shareholders following the Acquisition	45.85%
Additional shares to be issued upon achievement of Milestones	50,000,000
Number of shares on issue upon achievement of Milestones	733,349,734
% holdings by existing shareholders following Milestones	42.73%
Additional shares to be issued for Notes	130,000,000
Number of shares on issue upon conversion of Notes	863,349,734
% holdings by existing shareholders if Notes are raised and converted	36.29%

Source: BDO Analysis

5. Profile of Reclaim

5.1 History

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

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

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

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

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

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

5.2 Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-15 \$	Audited as at 30-Jun-14 \$
CURRENT ASSETS		
Cash assets	59,916	437,085
Trade and other receivables	38,701	43,626
Other assets	2,400,000	500,000
TOTAL CURRENT ASSETS	2,498,617	980,710
TOTAL ASSETS	2,498,617	980,710
CURRENT LIABILITIES		
Payables	236,287	376,224
TOTAL CURRENT LIABILITIES	236,287	376,224
TOTAL LIABILITIES	236,287	376,224
NET ASSETS	2,262,330	604,486
EQUITY		
Issued capital	5,601,310	3,257,877
Accumulated losses	(3,338,980)	(2,653,391)
TOTAL UNIT HOLDERS EQUITY	2,262,330	604,486

Source: Reclaim's audited financial statements as at 30 June 2014 and 30 June 2015

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

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

- Reclaim's auditor, BDO Audit (WA) Pty Audit included an emphasis of paragraph matter in their audit report for the year ended 30 June 2014 and 30 June 2015, stating that there exists "a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business."
- The increase in current assets from \$981k as at 30 June 2014 to \$2.5m as at 30 June 2015 is primarily attributable to the unsecured loan of \$1.9m advanced to Rision for meeting its working capital requirements, pursuant to the Loan agreement entered into on 28 May 2014.
- Additionally, the decrease in trade payables by \$140k is primarily attributable to Reclaim servicing a number of its creditors. Accordingly, the increase in net assets has been dually increased by

both an increase in current assets and a decrease in current liabilities, with this increase partially offset by a decrease in cash and cash equivalents.

- During FY14, the Company disposed of or lost control of all its subsidiary companies upon appointment of a liquidator, namely:
 - Reclaim Energy Pty Ltd;
 - Reclaim Corporation Pty Ltd;
 - Duskview Pty Ltd;
 - Reclaim SA Pty Ltd; and
 - Reclaim Asia Pty Ltd

There was no gain or loss on the disposal of the subsidiaries.

- The increase in issued capital represents an amount of \$2.34m issued under a series of placements and the corresponding issue costs of \$148k.

5.3 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-15 \$	Audited for the year ended 30-Jun-14 \$
Revenue		
Bank interest	3,868	19,786
Expenses		
Consulting and corporate fees	(234,000)	(236,000)
Director fees	(120,000)	(119,903)
Audit and accounting fees	(114,849)	(69,865)
Share based payment	-	-
Legal fees	(106,097)	(44,884)
Deed of Company Arrangement costs	-	-
Rent	(24,000)	(24,000)
Insurance	(18,092)	(18,110)
Finance costs	(1,629)	(599)
Other expenses	(70,790)	(38,539)
Loss from continuing operations before income tax	(685,589)	(532,113)
Income tax expense	-	-
Loss from continuing operations after income tax	(685,589)	(532,113)
Total comprehensive loss for the year	(685,589)	(532,113)

Source: Audited accounts for the year ended 30 June 2015 and the Reclaim Industries Limited Annual Report for the year ended 30 June 2014

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

We note the following with regard to Reclaim's financial position for the two years ended 30 June 2015:

- At present, Reclaim has not recommenced operations since being reinstated on 30 November 2012 to official quotation with the ASX. However, it has since commenced a review of the assets it has retained, for the purposes of evaluating the commercial viability of each of the following:
 - The business of tyre collection; and
 - Exporting tyres and tyre products

To date, the review of the opportunities in the tyre collection and recycling industry has not resulted in the directors believing that re-entry into that industry is warranted. Accordingly, Reclaim does not have any significant sources of revenue.

- The decline in audit and accounting fees reflected during FY14 above was owing to the audits for FY11, FY12 and the review of the 31 December 2010, 31 December 2011 and 31 December 2012 half yearly performance being completed during FY13, while the Company was under administration. As a result of which, the audit fees during FY13 amounted to \$132k for the above.
- The increase in legal fees during 2014 was owing to the fees incurred in relation to the proposed acquisition of Rision given that the draft work relating to the preparation of the Share Sale agreement and the Notice of meeting to shareholders was completed prior to the year ending 30 June 2014.

5.4 Capital Structure

The share structure of Reclaim as at 29 September 2015 is outlined below:

Share structure	Number
Total ordinary shares on issue	626,699, 469
Top 20 shareholders	224,414,870
Top 20 shareholders - % of shares on issue	35.80%

Source: Share registry information

The range of shares held in Reclaim as at 29 September 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders
1 - 1,000	1,089
1,001 - 5,000	331
5,001 - 10,000	55
10,001 - 100,000	142
100,001 - and over	389
TOTAL	2,006

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 29 September 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Trident Cap PL	38,850,000	6.20%
Jameson Nom PL	18,000,000	2.87%
Arlington Cap PL	16,666,667	2.66%
Subtotal	73,516,667	11.73%
Others	150,898,203	24.08%
Total ordinary shares on Issue	626,699,469	100.00%

Source: Share registry information

6. Profile of Rision

6.1 History

Rision is a privately owned company incorporated on 27 November 1996. Rision is the holding company of SCL, and provides business intelligence solutions for multi sourced human capital using the platform developed by the former. This platform is patented and provides three way connectivity between the employee, employer and recruiter/HR department.

The current directors and senior management of Rision are:

- Mr Paul Lappin - Non-Exec Chairman
- Dr Kate Cornick - Managing Director
- Mr Robert Day - Non- Exec Director
- Mr Ron Howard - Non- Exec Director
- Dr Colin McLeod - Non- Exec Director
- Mr Andrew McLeod - Company Secretary

6.2 Operations

Rision enables multi sourced human capital to be managed in a dynamic manner by providing a business intelligence solution that does not require a wholesale change to the incumbent business of an organisation and also enables it to maintain existing relationships and still drive efficiency, cost savings, accountability and transparency. This provides the following advantages:

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

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

As referred to in the Valutech report, based on the nature of the patents, Rision operates in the market space collectively called Vendor Management Systems ('VMS'), Human Capital Management Systems or Talent Management Systems. Presently, the technology owned by Rision is at an early stage of being commercialised, with no significant revenues yet generated. The platform developed by Rision would be commercialised by looking to develop an international focus while building its initial base in the Australian market. In this regard, Rision is initially seeking to target the North American market with a focus on the hospitality, retail, and local governments as well as developing relationships with value added resellers. Further, as technical developments are made in the Rision platform, these will then be introduced to the market such as the increasing use of mobile wallets on mobile devices.

6.3 Historical Balance Sheet

Statement of financial position	Audited as at 30-Jun-15 \$	Audited as at 30-Jun-14 \$
CURRENT ASSETS		
Cash assets	32,990	101,769
Provision for income tax	258,648	212,963
Trade and other receivables	311	1,972
TOTAL CURRENT ASSETS	291,949	316,704
NON-CURRENT ASSETS		
Intangible assets	2,331,795	2,476,249
TOTAL NON-CURRENT ASSETS	2,331,795	2,476,249
TOTAL ASSETS	2,815,926	2,792,953
CURRENT LIABILITIES		
Trade and other payables	543,502	2,640
TOTAL CURRENT LIABILITIES	543,502	2,639
NON-CURRENT LIABILITIES		
Trade and other payables	2,679,616	500,000
TOTAL NON-CURRENT LIABILITIES	2,679,616	500,000
TOTAL LIABILITIES	3,223,118	502,640
NET ASSETS	(599,374)	2,290,313
EQUITY		
Issued capital	1,336,000	1,336,000
Reserves	1,008,238	1,000,000
Accumulated losses	(2,943,612)	(45,687)
TOTAL UNIT HOLDERS EQUITY	(599,374)	2,290,313

Source: Audited Financial statements of Rision for the year ended 30 June 2015 and 30 June 2014

The directors of Rision have prepared the financial statements on the basis that the Company is a non reporting entity because there are no users dependent on general purpose financial statements. Therefore, the financial statements are in the nature of special purpose financial statements. The financial statements were audited by Trood Pratt Audit and assurance services who included an emphasis of matter in relation to research and development expenditure and patents and trademarks in relation to the carrying value being dependent on future projections . An emphasis of matter was also included in relation to going concern.

We note the following with regard to the movement in significant account balances between 30 June 2015 and 30 June 2014:

- There was an amortisation charge of \$226,895 made against intangible assets.
- Trade and other payables have increased reflecting the use of borrowings to fund the loss of \$2.9 million for the year ended 30 June 2015.

6.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-15 \$	Audited for the year ended 30-Jun-14 \$
Revenue		
Other income	4,941	15,032
Expenses		
Employee benefit expense	(739,826)	-
Depreciation and amortisation	(231,150)	(92,803)
Consulting and professional fees	(779,172)	-
Software development	(899,974)	-
Travel and accommodation	(160,740)	(130)
Other expenses	(191,381)	(9,134)
Interest expense	(10,066)	-
Loss from continuing operations before income tax	(3,007,368)	(87,035)
Income tax benefit/(expense)	109,443	212,963
Loss from continuing operations after income tax	(2,897,925)	125,928
Exchange differences	8,238	-
Total comprehensive gain/(loss) for the year	(2,889,687)	125,928

Source: Audited Financial statements of Rision for the year ended 30 June 2015 and 30 June 2014

The directors of Rision have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. Therefore, the financial statements are in the nature of special purpose financial statements. The financial statements were audited by Trood Pratt Audit and assurance services who included an emphasis of matter in relation to research and development expenditure and patents and trademarks in relation to the carrying value being dependent on future projections. An emphasis of matter was also included in relation to going concern.

We note the following with regard to the operating performance of Rision between FY15 and FY14:

- Rision has not yet commercialised its software platform and hence, there are no significant sources of revenue during the historical period.
- The R&D expenditure incurred on the software platform is amortised over a useful life of 10 years.
- Rision obtains a tax benefit of 45% of the total R&D deductions claimed, which amounted to \$258k and \$213k during FY15 and FY14 respectively.

7. Economic analysis

Commodity prices

Commodity prices are much lower than a year ago, in part reflecting increased supply, including from Australia. The price of oil in particular is much lower than it was a year ago. These trends appear to reflect a combination of lower growth in demand and, more importantly, significant increases in supply. The much lower levels of energy prices will act to strengthen global output and temporarily to lower CPI inflation rates. Prices for key Australian exports have also been falling and therefore Australia's terms of trade are continuing to decline.

Domestic growth

In Australia, most of the available information suggests that growth in the economy continues to be moderate. While growth has been below longer-term averages for some time, it has been accompanied with somewhat stronger growth of employment and a steady rate of unemployment over the past year. Overall, the economy is likely to be operating with a degree of spare capacity for some time yet, with domestic inflationary pressures contained. Inflation is thus forecast to remain consistent with the target over the next one to two years, even with a lower exchange rate.

Credit growth

Credit is recording moderate growth overall. Low interest rates are acting to support borrowing and spending. Growth in lending to the housing market has broadly been steady over recent months. Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities. The Reserve Bank of Australia ('RBA') is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for commercial property have been supported by lower long-term interest rates, while equity prices have moved lower and been more volatile recently, in parallel with developments in global markets.

Impact of currency movements

The Australian dollar has declined noticeably against a rising US dollar over the past year, adjusting to the significant declines in key commodity prices.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 September 2015

Implications for Reclaim

Reclaim will benefit from a growing economy due to its potential involvement in human capital solutions. As the economy expands there is an increased need for labour, as such there will be an increased demand for products which can help manage work force utilisation. Low cost debt may also benefit Reclaim moving forward as it establishes a track record, potentially allowing the Company to access the debt market through either bond issuances or bank debt.

8. Industry analysis

8.1 Employment Placement and Recruitment Services in Australia

8.1.1 Overview

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

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

The decline in industry revenues during 2014/15 will be primarily attributable to Australia's rising unemployment rate coupled with a decline in demand in the United States and Europe.

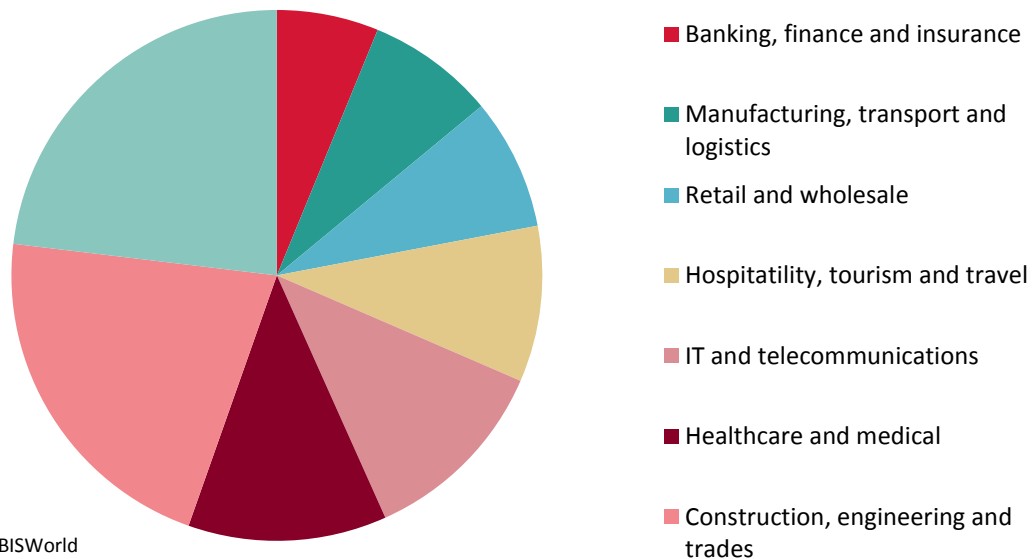
The primary drivers of the industry are as under:

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

8.1.2 Major markets

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

Major Market Segmentation



Source: IBISWorld

8.1.3 Current performance

In the five years unto 2014/15, revenues have increased by c.0.15% to \$11.13 billion. This follows a significant growth during 2010/11 and 2011/12 when employment rates and wages increased across the board, following a decline noted in earlier years. The Federal Government’s employment services program, Job Services Australia (JSA) has given a fillip to the industry. Further, demand for certain specialist services such as networking and CV assistance, outplacement services etc tend to be cyclical and move in line with the economic environment.

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

8.1.4 Industry outlook

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

Over the five years to 2019/20, industry revenue is expected to aggregate \$12.1 billion with the overall economic environment expected to remain positive for a greater part, thereby resulting in an increase in hiring and availability of jobs. Further, the outsourcing of recruitment by businesses and governments will result in continued growth for the industry going forward.

8.2 Cloud Computing

8.2.1 Overview

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

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

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

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

8.2.2 Current and Historical Performance

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

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

8.2.3 Industry Outlook

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

9. Valuation approach adopted

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

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

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

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

9.1. Value of a Reclaim share prior to the Acquisition

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

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

We have chosen these methodologies for the following reasons:

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

9.2. Value of a Reclaim share following the Acquisition

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

- Sum-of-parts as our primary methodology.

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

- The value of Reclaim prior to the Acquisition;
- The value of Rision;
 - In our valuation of Rision, we have considered the NAV methodology. We have disregarded the FME, QMP and DCF methodologies as a result of the following:
 - The FME approach is not considered appropriate as Rision is currently loss making, meaning that we do not have reasonable grounds on which to base a forecast future maintainable earnings figure;
 - Rision is a privately owned company which means there is no regulated and observable market where Rision' shares can be traded;
 - The DCF approach is the most appropriate methodology to use in valuing technology companies such as Rision. However, under RG111 and RG170, certain requirements must be met in relation to the inclusion of prospective financial information, and therefore we are unable to value Rision using this methodology as we do not have reasonable grounds for the forecast; and
 - Being a technology company, the core value of Rision is in the intellectual property that it holds. We have instructed Valutech to act as an independent specialist to value the intangible assets of Rision.
- The number of shares on issue following the Acquisition will include the issue of shares to the Vendors as consideration for the Acquisition, the facilitation shares to be issued to the Advisors and the issue of shares pursuant to recompliance with Chapters 1 and 2 of the ASX Listing Rules.
- A minority discount is applied to the net asset value to arrive at the value of a Reclaim share following the Acquisition on a minority interest basis.

10. Valuation of Reclaim prior to the Acquisition

10.1 Net Asset Valuation of Reclaim

The value of Reclaim assets on a going concern basis is reflected in our valuation below (post capital consolidation):

Net Asset Value	Audited as at 30-Jun-15 \$	Low value \$	Preferred value \$	High
CURRENT ASSETS				
Cash assets	59,916	59,916	59,916	
Trade and other receivables	38,701	38,701	38,701	
Other assets	2,400,000	2,400,000	2,400,000	2,4
TOTAL CURRENT ASSETS	2,498,617	2,498,617	2,498,617	2,4
TOTAL ASSETS	2,498,617	2,498,617	2,498,617	2,4
CURRENT LIABILITIES				
Payables	236,287	236,287	236,287	2
Other liabilities	-	-	-	
Current Tax Liabilities	-	-	-	
TOTAL CURRENT LIABILITIES	236,287	236,287	236,287	2
TOTAL LIABILITIES	236,287	236,287	236,287	2
NET ASSETS	2,262,330	2,262,330	2,262,330	2,2
Shares on issue (number)		313,349,734	313,349,734	313,3
Value per share (\$)		\$0.0072	\$0.0072	\$

Source: BDO analysis

We are not aware of any significant changes since 30 June 2015.

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

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

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

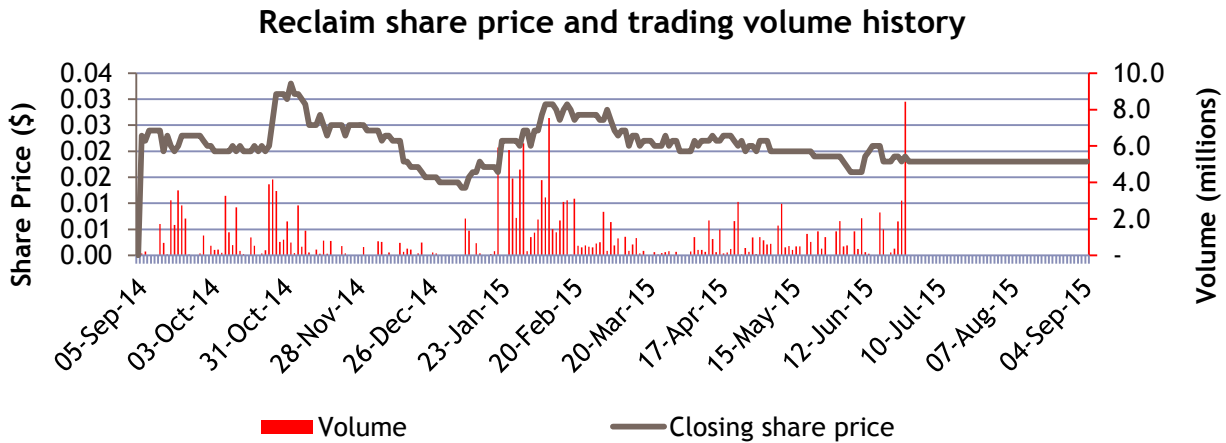
Whilst the Vendors will not be obtaining 100% of Reclaim, RG 111 states that the expert should calculate the value as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been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

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

Minority interest value

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

Information on the Acquisition was announced to the market on 7 September 2015; therefore, the following chart provides a summary of the share price movement over the 12 months to 4 September 2015 which was the last trading day prior to the announcement.



Source: Bloomberg & BDO Analysis

The daily price of Reclaim shares from 4 September 2014 to 4 September 2015 has ranged from a low of \$0.01 on 23 December 2014 to a high of \$0.034 on 28 October 2014.

There was a spike in trading volume on 29 June 2015, with approximately 8.4 million shares traded, representing 4.43% of the Company’s current issued capital. The share price around this period remained stable at \$0.018, with the company being suspended from official quotation on 30 June 2015. There were no Company announcements made over this period, therefore we consider this an unexplained spike in trading volume.

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

Date	Announcement	Closing Share Price Following Announcement	Closing Share Price Three Days After Announcement

		\$ (movement)			\$ (movement)		
30/06/2015	Suspension from Official Quotation	0.018	▶	0.0%	0.018	▶	0.0%
25/06/2015	Replacement Prospectus	0.018	▼	5.3%	0.018	▶	0.0%
11/06/2015	Prospectus	0.019	▲	18.8%	0.021	▲	10.5%
09/06/2015	Rision and Global Payout JV	0.016	▶	0.0%	0.020	▲	25.0%
04/06/2015	Risions Signs Reseller Agreement with Endeavour Technologies	0.017	▼	5.6%	0.016	▼	5.9%
30/04/2015	Appendix 4C - quarterly	0.020	▼	4.8%	0.022	▲	10.0%
17/04/2015	Rision Secures First USA Client	0.023	▲	4.5%	0.022	▼	4.3%
14/04/2015	Rision Signs MOU - American Sustainable Business Council	0.023	▲	4.5%	0.023	▶	0.0%
27/02/2015	Half Yearly Report and Accounts 31 December 2014	0.027	▶	0.0%	0.028	▲	3.7%
30/01/2015	Appendix 4C - quarterly	0.024	▲	14.3%	0.024	▶	0.0%
27/01/2015	Response to Price Query	0.022	▶	0.0%	0.024	▲	9.1%
27/01/2015	Completion of Sophisticated Placement	0.022	▶	0%	0.024	▲	9%
22/01/2015	Trading Halt	0.022	▲	38%	0.022	▶	0%
30/10/2014	Appendix 4C - quarterly	0.031	▶	0%	0.031	▶	0%
28/10/2014	Response to ASX Price and Volume Query	0.031	▲	19%	0.030	▼	3%
23/09/2014	Execution of a Share Sale Agreement	0.023	▶	0%	0.023	▶	0%

Source: Bloomberg, BDO Analysis

On 11 June 2015, Reclaim released its prospectus relating to the acquisition of Rision and therefore the material change in the nature and scale of its operating activities. The market reacted favourably to the announcement, with the share price increasing by 18.8% on the day and increasing by a further 10.5% over the subsequent three days.

The Company announced that Rision and Global Payout had entered into a joint venture to provide mobile-enabled HR and payroll solutions. The announcement was made on 9 June 2015 and did not result in an immediate market reaction, although the price increased by 25.0% over the subsequent three days to \$0.20.

On 4 June 2015 Reclaim announced that Rision had signed a reseller agreement with Endeavour Software Technologies, Inc. ('**Endeavour**'). Endeavour helps organisations implement disruptive technologies and augment their business capabilities. The market responded negatively to the announcement, with the price closing 5.6% lower at \$0.017, and decreasing by a further 5.9% to \$0.016 over the following three days.

Reclaim announced Rision had secured its first US client on 17 April 2015. Rision entered into a license agreement with Fino Restaurant Corp where by the Fino Restaurant Corp could use Rision's various platforms as well as receive a free three months of initial use. Prices increased by 4.5% to 0.023 on the date of the announcement, although over the subsequent three days, the share price fell by 4.3% to \$0.022.

On 22 January 2015 the Company announced it had requested to have its securities placed in a trading halt. The closing price on the date of the announcement increased by 38% to \$0.022.

To provide further analysis of the market prices for a Reclaim share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 4 September 2015.

	4-Sept-15	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.018				
Weighted average		\$0.000	\$0.000	\$0.018	\$0.018

Source: Bloomberg, BDO analysis

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

An analysis of the volume of trading in Reclaim shares for the twelve months to 4 September 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.018	\$0.018	-	0.00%
10 Days	\$0.018	\$0.018	-	0.00%
30 Days	\$0.018	\$0.018	-	0.00%
60 Days	\$0.016	\$0.021	17,712,331	2.83%
90 Days	\$0.014	\$0.022	40,221,270	6.42%
180 Days	\$0.013	\$0.030	134,170,151	21.41%
1 Year	\$0.010	\$0.034	190,303,534	30.37%

Source: Bloomberg, BDO analysis

This table indicates that Reclaim shares display a moderate level of liquidity, with 30.37% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

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

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

In the case of Reclaim, we do not consider there to be a deep market for the Company's shares, with 30.37% of the current issued capital being traded in a twelve month period. This assessment is also based on the significant and unexplained volume movements that occurred on 29 June 2015, wherein the volume of shares traded spiked to 8.4 million shares.

Our assessment is that a range of values for Reclaim shares based on market pricing, after disregarding post announcement pricing, is between \$0.018 and \$0.025.

Control Premium

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

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2015	12	1408.37	28.28
2014	41	467.79	31.68
2013	40	190.88	46.72
2012	54	327.08	38.48
2011	67	766.18	48.45
2010	69	741.25	37.60
2009	63	324.62	46.53
2008	42	744.89	39.04
	Mean	621.38	39.60
	Median	604.52	38.76

Source: Bloomberg and BDO analysis

The mean and median figures above are calculated based on the average deal value and control premium for each respective year. To ensure our data is not skewed we have also calculated the mean and median of the entire data set comprising control transactions from 2008 onwards, as set out below.

Entire Data Set Metrics	Average Deal Value (AU\$m)	Average Control Premium (%)
Mean	557.20	41.23
Median	73.07	34.16

Source: Bloomberg and BDO Analysis

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

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;

- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates the long term average control premiums paid by acquirers of all companies on the ASX is approximately 41.23%.

In assessing the sample of transactions that were included in the table, we've noted transactions within the list which appear to be extreme outliers. These outliers include 29 transactions where the announced control premium was in excess of 100% and 45 transactions where the acquirer obtained a controlling interest at a discount (i.e. less than 0%). In a sample where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the review period was 34.16%.

In the case of RCM, we have taken the following considerations into account;

- RCM's auditor issued an Emphasis of Matter paragraph in the audited financial report for the year ended 30 June 2015. The auditor outlined the existence of a material uncertainty in relation to the Company's ability to continue as a going concern given the dependence upon the Company's ability to raise sufficient funds from various sources. The Company's current financial situation may impact the likely premium that an acquirer would pay to acquire the Company;
- The current market capitalisation of RCM is considerably smaller than a number of the sample companies determined above, we note that larger transactions tended to have higher control premium; and

In determining the premium for control to be paid by Rision we have taken into account the above analysis including the nature of the Transaction. We believe an appropriate control premium to apply to our valuation is between 25% and 35%.

Quoted market price including control premium

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

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	0.018	0.022	0.025
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	0.023	0.029	0.034

Source: BDO analysis

Therefore, our valuation of a Reclaim share based on the quoted market price method and including a premium for control is between \$0.023 and \$0.034, with a midpoint value of \$0.029.

10.3 Assessment of Reclaim Value

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

	Low	Preferred	High
	Cents	Cents	Cents
Net assets value (Section 10.1)	0.36	0.36	0.36
ASX market prices (Section 10.2)	2.3	2.9	3.4

Source: BDO analysis

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

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

For the reasons described above, we conclude that the value obtained under the NAV approach is more reflective of the value of a Reclaim share prior to the Acquisition. Therefore, we consider the value of a Reclaim share to be 0.72 cents per share.

11. Valuation of Reclaim following the Acquisition

11.1. Net asset valuation of Rision

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

Net Asset Value	Note	Audited 30-Jun-15 \$	Low value \$	Preferred value \$	High value \$
CURRENT ASSETS					
Cash assets		32,990	32,990	32,990	32,990
Provision for income tax		258,648	258,648	258,648	258,648
Trade and other receivables		311	311	311	311
TOTAL CURRENT ASSETS		291,949	291,949	291,949	291,949
NON-CURRENT ASSETS					
Intangible assets	1	2,331,795	2,500,000	3,000,000	3,500,000
TOTAL NON-CURRENT ASSETS		2,331,795	2,500,000	3,000,000	3,500,000
TOTAL ASSETS		2,623,744	2,791,949	3,291,949	3,791,949
CURRENT LIABILITIES					
Trade and other payables		543,502	543,502	543,502	543,502
TOTAL CURRENT LIABILITIES		543,502	543,502	543,502	543,502
NON-CURRENT LIABILITIES					
Trade and other payables		2,679,616	1,400,000	1,400,000	1,400,000
TOTAL NON-CURRENT LIABILITIES		2,679,616	1,400,000	1,400,000	1,400,000
TOTAL LIABILITIES		3,223,118	1,943,502	1,943,502	1,943,502
NET ASSETS		(599,374)	848,447	1,348,447	1,848,447

Source: BDO Analysis

We have been advised that there has not been a significant change in the net assets of Rision since 30 June 2014, with the exception of the adjustments outlined below.

Note 1 - Valuation of Rision' Intangible assets

We instructed Valutech as part of our previous Independent Expert's report dated 26 May 2015 to provide a value of Rision's intangible assets which comprise the following:

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

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

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

Cost based approach	Low	Preferred	High
	\$	\$	\$
Intangible assets	2,500,000	3,000,000	3,500,000

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

The patents taken out by Rision or patent applications made have been valued by the Directors at \$1 million. However, as per the Valutech report, there has been no significant value specifically ascribed to the patents, until such time that the patents are traded or legally challenged. However, an amount of \$100,000 has been considered by Valutech as the costs incurred towards filing of patent applications and developing it to its current stage, which has been factored in our net assets computation above. We have discussed the changes since the date of the Valutech report with the Company and Valutech and have concluded that there has been no material movement in the value from our previous report. We also note that the intangibles on the balance sheet are currently carried at \$2.33 million, after an amortisation charge has been made. We also note approximately \$900,000 was expensed in the year to 30 June 2015 and whilst this was not capitalised for accounting purposes it is considered that it has contributed to the value of the software, this provides a cross check against the Valutech valuation and supports the value range above.

11.2. Facilitation shares to be issued

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

11.3. Discount for minority interest

The net asset value of a Reclaim share following the Acquisition is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. Therefore, if the Acquisition is completed, Shareholders may become minority shareholders in Reclaim as the Vendors will hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

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

11.4. Number of shares on issue

Our adjustment to the number of shares on issue following the completion of the Acquisition and assuming that the capital structure adjusted for the consolidation is set out in the table below:

Shares on issue following the Acquisition minimum raising	
Number of shares on issue prior to the Acquisition	313,349,734
Shares to be issued on completion of the Acquisition to the Vendors	200,000,000
Shares issued pursuant to recompliance with Chapters 1 and 2 of ASX Listing Rules	150,000,000
Facilitation shares to be issued	20,000,000
Employee options with nil exercise price	40,000,000
Number of shares on issue following the Acquisition	723,349,734
Shares on issue following the Acquisition maximum raising	
Number of shares on issue prior to the Acquisition	313,349,734
Shares to be issued on completion of the Acquisition to the Vendors	200,000,000
Shares issued pursuant to recompliance with Chapters 1 and 2 of ASX Listing Rules	300,000,000
Facilitation shares to be issued	20,000,000
Employee options with nil exercise price	40,000,000
Number of shares on issue following the Acquisition	873,349,734

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

11.5. Valuation of Reclaim following the Acquisition

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

Value of Reclaim following the Acquisition	Ref	Low \$	Preferred \$	High \$
Net assets of Reclaim prior to the Acquisition	10.1	2,262,330	2,262,330	2,262,330
Value of Rision shares	11.1	848,447	1,348,447	1,848,447
Cash raised from Capital Raising	11.2	2,620,000	2,620,000	5,400,000
Value of Reclaim following the Acquisition		5,730,777	6,230,777	9,510,777
Discount for minority interest	11.4	26%	23%	20%
Value of Reclaim following the Acquisition (minority interest basis)		4,240,775	4,797,698	7,608,622
Number of shares on issue	11.5	723,349,734	723,349,734	873,349,734
Value per share (\$)		0.0059	0.0066	0.0087

The table above shows our assessed value of a Reclaim share is between 0.59 cents and 0.87 cents, with a preferred value of 0.66 cents.

We also considered the impact of the issue of the following

- Noteholder shares;
- Noteholder options exercisable at 3 cents;
- Director options exercisable at 1 cent; and
- Director options exercisable at 2 cents.

The issue price of these securities is value accretive in the low and preferred scenarios on a minority interest basis and accordingly does not impact our fairness assessment.

12. Is the Acquisition fair?

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

	Ref	Low cents	Preferred cents	High cents
Value of a Reclaim share prior to the Acquisition on a controlling interest basis	10.3	0.72	0.72	0.72
Value of a Reclaim share following the Acquisition on a minority interest basis	11.6	0.59	0.66	0.87

We note from the table above that the value of a share in Reclaim on a minority interest basis following the Acquisition is less than the value of a share prior to the Acquisition on a controlling interest basis. Therefore, we consider that the Acquisition is not fair for Shareholders.

13. Is the Acquisition reasonable?

13.1. Advantages of approving the Acquisition

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

13.1.1 The Acquisition is Fair on a minority to minority interest basis

The comparison in section 12 is based on a controlling interest pre compared to a minority interest post. On a minority to minority basis the value of Reclaim pre transaction would be in the range of 0.53 cents to 0.58 cents with a preferred value of 0.56 cents which is lower than the value range post acquisition on a minority interest basis.

13.1.2 Greater commercial opportunities

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

13.1.3 Additional sources of financing

The change in nature of activities could enable Reclaim to attract new investors and raise additional working capital to enable commercialisation of the Rision platform and may also increase its ability to acquire further projects.

13.1.4 Acquisition of Rision

The acquisition of Rision which seeks to leverage on the increasing global trend of employers hiring a contingent workforce, i.e., workers who are employed on a non-permanent basis provides exposure to shareholders of the potential value created by such disruptive technology.

13.2. Disadvantages of approving the Acquisition

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

13.2.1 Change in business model

The change in the Company's core operation from being a rubber recycler and manufacturer to a cloud based Software as a Service ('SAAS') provider may be inconsistent with the objectives of Shareholders.

13.2.2 Dilution of existing Shareholder interests

If the Acquisition is completed, then existing Shareholder interests will be diluted from holding 100% of the Company to holding an interest of 38% assuming no contingent consideration is issued and the minimum capital raising.

13.2.3 Potential lower liquidity of shares

If the Acquisition is completed, trading in Reclaim shares may be negatively affected by the presence of the Vendors holding a potential 41.03% ownership interest. The existing shares will therefore have a materially lower float on a proportional basis which may reduce liquidity. We note that if the Acquisition is completed, given the potential growth of the Company, absolute liquidity may increase. However, as noted in section 10.2, the Company's shares already demonstrate a low level of liquidity.

13.2.4 Absence of significant revenues

In the case of Rision, the technology is at an early stage of being commercialised with no significant revenues yet generated. There is therefore, a higher degree of uncertainty in relation to the future prospects of Rision/SCL. Additionally, there is no guarantee that Rision will be able to successfully commercialise its products and realise significant revenues going forward.

13.2.5 Competitive market

The major risk that Rision faces is the fact that the platform will be entering a competitive market with over 20 VMS systems already targeting the contingent labour market, with some of these systems already having a considerable spend under management.

13.3. Other considerations

13.3.1 Alternative Proposals

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

13.3.2 Practical Level of Control

If the Acquisition is approved then the Vendors will hold an interest of approximately 24.9% in Reclaim assuming the minimum capital raising. In addition to this, Rision is entitled to nominate 5 persons to the Board.

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

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

14. Conclusion

We have considered the terms of the Acquisition as outlined in the body of this report and have concluded that the Acquisition is not fair but reasonable to the Shareholders of Reclaim.

15. Sources of information

This report has been based on the following information:

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

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$ 17,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

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

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

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

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

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

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

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

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

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

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

18. Disclaimers and consents

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

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd. BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

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

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

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

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

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

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

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Director

Appendix 1 - Glossary of Terms

Reference	Definition
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Contingent Consideration	The proposed issue of 650 million shares in Reclaim on achievement of Milestone 1 and Milestone 2 respectively
DCF	Discounted Future Cash Flows
DOCA	Deed of Company Arrangement
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Rision	Employment Management Systems Pty Ltd
Facilitation shares	20 million shares to be issued to Trident Capital and SCM Equities Pty Ltd
FME	Future Maintainable Earnings
FYXX	Financial year ended 30 June 20XX
HOA	Heads of Agreement
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
QMP	Quoted Market Price
R&D	Research & Development
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)

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

Appendix 2 - Valuation Methodologies

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

1 *Net asset value ('NAV')*

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

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

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

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

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

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

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

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

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

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

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

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

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

4 Discounted future cash flows ('DCF')

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

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

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

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

5 Market Based Assessment

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



Appendix 3 - Independent Valuation Report prepared by Valutech



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12 March 2015

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

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

Dear Sirs,

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

1. INTRODUCTION

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

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

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

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

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

2. RESTRICTIONS

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

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

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

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

The platform allows a business to:

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

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

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

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

3.1 Vendor Management Systems (VMS)

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

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

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

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

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

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

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

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

² Ibid.

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

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

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

3.1 The Market

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

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

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

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

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

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

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

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

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

4. ASSETS OF RISION PTY LTD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. COMMERCIALISATION APPROACH

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

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

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

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

6. ADVANTAGES AND RISKS

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

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

7. VALUATION OF INTANGIBLE ASSETS INCLUDING INTELLECTUAL PROPERTY

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

For these assets to be valued, they must

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

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

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

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

7.1 Market-Based Approaches

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

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

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

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

7.2 Cost-Based Approaches

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

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

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

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

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

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

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

7.3 Income-Based Approaches

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

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

Several categories of income approach methods are listed below:

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

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

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

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

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

8. VALUATION OF RISION INTANGIBLE ASSETS

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

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

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

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

In making our assessments, we have noted the following:

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

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

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

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

9. DISCLOSURE OF BASES AND SOURCES

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

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

10. CONCLUSIONS

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

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

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

11. QUALIFICATIONS AND DECLARATIONS

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

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

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

12. DISCLAIMER

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

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

Yours sincerely,

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

Maurice Venning
Director

ANNEXURE C – TERMS OF PERFORMANCE SHARES

TERMS AND CONDITIONS OF PERFORMANCE SHARES

1. Definitions

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

- (a) **“Company”** means Reclaim Industries Limited (ABN 47 090 671 819).
- (b) **“Milestone”** means on or before 30 June 2019:
 - 1. Rision achieving \$5,000,000 EBITDA during any consecutive 12 month period; or
 - 2. Rision, or the Rision business, being sold for a minimum of \$150,000,000 on arm’s length terms; or
 - 3. the Company being valued at not less than \$150,000,000 in accordance with clause 3(b).
- (c) **“Rision”** means Rision Pty Ltd (ABN 52 076 549 945).
- (d) **“Shareholders”** means the existing shareholders of the Company.
- (e) **“Shares”** means an ordinary fully paid share in the capital of the Company.

2. Rights attaching to Performance Shares

- (a) Each Performance Share shall be issued for nil consideration.
- (b) Each Performance Share is a fixed share in the capital of the Company.
- (c) The Performance Shares shall confer on a holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A holder has the right to attend general meetings of Shareholders.
- (d) A holder is not entitled to vote on any resolutions proposed at a general meeting of the Company other than in the circumstances specifically allowed for under the Corporations Act.
- (e) The Performance Shares do not entitle a holder to any dividends.
- (f) The Performance Shares do not confer any entitlement to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (g) The Performance Shares do not confer on a holder any right to participate in the surplus profits or assets of the Company upon the winding up of the Company.
- (h) The Performance Shares are not transferrable.
- (i) If at any time the issued capital of the Company is reconstructed, consolidated or divided, or a return of capital, rights issue or bonus issue is made by the Company, all rights attaching to the Performance Shares will be adjusted to the extent necessary:
 - (i) to avoid any adverse effect on the relative values of the Performance Shares and the Company’s existing Shares; and
 - (ii) in any event, to comply with the Listing Rules, the Corporations Act and the Constitution.
- (j) Performance Shares will not be quoted on ASX. However, upon conversion of the Performance Shares into Shares pursuant to section 0, the Company must apply for the official quotation of the Shares arising from the conversion on ASX in accordance with the Listing Rules. ASX may require that the fully paid ordinary shares arising from the conversion be escrowed and, subject to the Company making submissions to ASX for the purposes of reducing the application of escrow, the holders are required to enter into any agreement necessary to effect the escrow prior to the issue of the converted shares.
- (k) The Performance Shares do not confer on a holder any right other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

3. Conversion of Performance Shares to Ordinary Shares

- (a) The Performance Shares will automatically convert to Shares on the basis of 1 post-Consolidation Share per Performance Share being converted on the Milestones being achieved.
- (b) Conversion of the Performance Shares for satisfaction of the \$5,000,000 EBITDA during any consecutive 12 month period is only to occur after the Company's auditor verifies the achievement of the Milestone. The calculation of the EBITDA is to be in accordance with the Company's accounting policies as set out in its annual report.
- (c) For the purposes of calculating the value of the Company for the determination of the Milestone, the value of \$150,000,000 is achieved if the market capitalisation of the Company is in excess of \$150,000,000 for ten consecutive business days. The daily market capitalisation is calculated by multiplying the number of Shares the Company has on issue on a given day by the volume weighted average price for shares traded on the ASX on that day.
- (d) If the Milestone has not occurred on or prior to 30 June 2019, every Performance Share will convert into one (1) Share.
- (e) The Shares issued on conversion of the Performance Shares will rank pari passu in all respects with existing Shares.
- (f) If the conversion of the Performance Shares would cause a contravention of section 606 of the Corporations Act, the conversion will be subject to the approval of the Shareholders under item 7, section 611 of the Corporations Act, and the Company must promptly convene a meeting of the Shareholders for that purpose and use its best endeavours to obtain that approval
- (g) Upon:
 - (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) the bidder having received acceptances for not less than 50.1% of the Company's shares on issue; and
 - (B) been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent the Performance Shares have not converted due to satisfaction of the Milestone, the Performance Shares automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Shares then on issue, is equal to the lesser of one Share per Performance Share and 10% of the total Shares on issue in the Company at that time. Performance Shares that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

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

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

ANNEXURE D – RISION VENDORS

Name	Number of Consideration Shares	Number Performance Shares	Number of Shares if Performance Shares Convert	Number of Shares to be potentially subscribed for under the Capital Raising
Pebtilly Pty Ltd	128,308,962	32,077,241	160,386,203	2,500,000 ¹
Related Vendor Total	128,308,962	32,077,241	160,386,203	
Anthony Dixon	8,548,931	2,137,233	10,686,164	
Amabowl Pty Ltd aff the Amabowl Family Trust	9,973,753	2,493,438	12,467,191	
T & H Corby Pty Ltd	34,195,726	8,548,931	42,744,657	
Apex Private Wealth Pty Ltd	18,972,628	4,743,157	23,715,785	
Unrelated Vendor Total	71,691,038	17,922,759	89,613,797	
TOTAL	200,000,000	50,000,000	250,000,000	2,500,000

Note:

1 Under Resolution 6, Mr Robert Day, the controller of Pebtilly Pty Ltd, may subscribe for up to 2,500,000 Shares under the Capital Raising.

ANNEXURE E – TERMS OF OPTIONS

Each Director Option A, Director Option B and Employee Option (collectively **Option**) entitles the holder to subscribe for Shares on the terms and conditions set out below.

(a) Entitlement

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

(b) Vesting Date and Expiry Date

Each Option will vest (**Vesting Date**):

Option Series	Vesting Date
Director Option A	One year after the Completion of the Proposed Acquisition
Director Option B	One year after the Completion of the Proposed Acquisition
Employee Option	One third on 1 June 2016, one third one year after Completion of the Proposed Acquisition and one third two years after Completion of the Proposed Acquisition

and will expire on the expiry date three years after the grant of the Option (**Expiry Date**).

(c) Exercise Price

Each Option will have an exercise price of (**Exercise Price**):

Option Series	Exercise Price
Director Option A	\$0.01
Director Option B	\$0.02
Employee Option	\$0.00

The Company has made application to the ASX for a waiver of Listing Rule 1.1 Condition 11 to allow the exercise price of the Options to be less than \$0.02. In the event that the waiver is not approved the Options will be issued with an exercise price of \$0.02. Subsequent to Completion of the Proposed Acquisition the Proposed Directors will consider appropriate incentives for the Holder to compensate for the reduction in value of the Options as a result of the higher exercise price. The incentives may include the issue of options, performance rights, shares or other securities. Where necessary, Shareholder approval will be sought in relation to the issue of any securities associated with the incentive.

(d) Exercise period and lapsing

Subject to clause (i), Options may be exercised at any time after the Vesting Date and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.

(e) Exercise Notice and payment

Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Cheques paid in connection with the exercise of Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

(f) Shares issued on exercise

Shares issued on exercise of Option will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) Quotation of Options and Shares

The Options will not be quoted. Provided that the Company is quoted on 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.

(h) Timing of issue of Shares

Subject to clause (i), within 5 business days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (ii) the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Option being exercised by the Company,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Options;
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- (v) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

(i) Shareholder and regulatory approvals

Notwithstanding any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

(j) 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. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of New Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(l) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) Quotation

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

(o) Transferability

Options can only be transferred with the prior written consent of the Company (which consent may be withheld in the Company's sole discretion).

ANNEXURE F – VALUATION OF OPTIONS

Black-Scholes Valuation of Options

The Company has prepared a valuation of the Options. The Black-Scholes option pricing model (“**B&S Model**”) has been applied in providing valuation information in respect to the Options to be granted to the Directors and employee.

Each Option is valued at:

Option Series	Value
Director Option A	\$0.0101
Director Option B	\$0.0135
Employee Option	\$0.0200

This value has been calculated based on the following assumptions and variables.

Assumptions:

- (i) The Options can be exercised at any time following expiry of the vesting period.
- (ii) There are no transaction costs, options and shares are infinitely divisible, and information is available to all without cost.
- (iii) Short selling is allowed without restriction or penalty.
- (iv) The risk free interest rate is known and constant throughout the duration of the option contract.
- (v) The underlying Shares do not currently pay a dividend.
- (vi) Share prices behave in a manner consistent with a random walk in continuous time.

Variables:

- (i) Share price of \$0.02 (price of the Capital Raising).
- (ii) A risk free interest rate of 3.0%.
- (iii) An expiry date for the Options of 36 Months;
- (iv) An exercise price for the Options as shown below;
- (v) Volatility of 75%.
- (vi) Discount for non-transferability of 0%.

The aggregate values of the Options to be issued are set out below:

Resolution	Option Series	Issue to	Exercise price	Number	Value
Resolution 17	Director Options A	Paul Lappin (and/or his nominee)	\$0.01	10,000,000	\$134,961
Resolution 18	Director Options A	Colin McLeod (and/or his nominee)	\$0.01	5,000,000	\$67,480
Resolution 19	Director Options B	Ron Howard (and/or his nominee)	\$0.02	5,000,000	\$50,717
Resolution 20	Employee Options	Bartek Mayshak (and/or his nominee)	\$0.00	16,000,000	\$320,000
Resolution 21	Employee Options	Kate Cornick (and/or his nominee)	\$0.00	24,000,000	\$480,000

Note: Any change in the variables applied in the B&S Model between the date of the valuation and the date that the Options are issued would have an impact on their value.

ANNEXURE G – TERMS OF NOTEHOLDER OPTIONS

Each Noteholder Option entitles the holder to subscribe for Shares on the terms and conditions set out below.

(a) Entitlement

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

(b) Vesting Date and Expiry Date

Each Noteholder Option will vest the grant of the Noteholder Option (**Vesting Date**) and will expire on the expiry date two years after the grant of the Noteholder Option (**Expiry Date**).

(c) Exercise Price

Each Noteholder Option will have an exercise price of \$0.03 per Noteholder Option (**Exercise Price**).

(d) Exercise period and lapsing

Subject to clause (i), Noteholder Options may be exercised at any time after the Vesting Date and prior to the Expiry Date. After this time, any unexercised Noteholder Options will automatically lapse.

(e) Exercise Notice and payment

Noteholder Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Noteholder Option being exercised. Any Exercise Notice for a Noteholder Option received by the Company will be deemed to be a notice of the exercise of that Noteholder Option as at the date of receipt. Cheques paid in connection with the exercise of Noteholder Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

(f) Shares issued on exercise

Shares issued on exercise of Noteholder Option will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) Quotation of Noteholder Options and Shares

The Noteholder Options will not be quoted. Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Noteholder Options.

(h) Timing of issue of Shares

Subject to clause (i), within 5 business days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Noteholder Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (ii) the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Noteholder Option being exercised by the Company,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Noteholder Options;
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- (v) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Noteholder Options.

(i) Shareholder and regulatory approvals

Notwithstanding any other provision of these terms and conditions, exercise of Noteholder Options into Shares will be subject to the Company obtaining all required Shareholder and

regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Noteholder Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Noteholder Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Noteholder Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Noteholder Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Noteholder Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Noteholder Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Noteholder Options the opportunity to exercise their Noteholder Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Noteholder Option will be increased by the number of New Shares which the holder would have received if the holder had exercised the Noteholder Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(l) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) Quotation

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

(o) Transferability

Noteholder Options can only be transferred with the prior written consent of the Company (which consent may be withheld in the Company's sole discretion).

PROXY FORM

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Reclaim Industries Limited and entitled to attend and vote hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the General Meeting of Reclaim Industries Limited to be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia on 22 December 2015 at 10.00am (WST) and at any adjournment of that meeting.

The Chairman
of the meeting

(mark with an 'X')

IMPORTANT:

If the Chairman of the meeting is your proxy, or if appointed your proxy by default and you do **not** wish to direct him/her how to vote on any of these resolutions, you must mark this box with an "X". By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy on those resolutions (for which you have not given a direction) even if he/she has an interest in the outcome of the resolution and that votes cast by him/her, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote on any of these resolutions, the Chairman of the meeting will not cast your votes on the resolutions (for which you have not given a direction) on a show of hands or on a poll. The Chairman of the meeting intends to vote undirected proxies in favour of each resolution.

OR

**If the person you are appointing as your proxy is someone other than the Chairman of the meeting:
Write the name of that person in the box below.**

 %

You must specify the % of your votes that you authorise your proxy to exercise if:

If you hold 2 or more Shares in Reclaim Industries Limited, you may appoint a second proxy:

Write the name of your second proxy in the box below.

 %

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes; or
- (b) if you have appointed 2 proxies under this proxy form.

If you do not name a proxy or your named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf and to vote in accordance with the following directions at the General Meeting of Reclaim Industries Limited to be held at Trident Capital, Level 24, 44 St Georges Terrace, Perth, Western Australia on 22 December 2015 at 10.00am (WST) and at any adjournment of that meeting.

Voting directions to your proxy

Please mark only one of the boxes with an "X" for each resolution to indicate your directions.

Special Business

		For	Against	Abstain
Resolution 1.	Change in nature and scale of activities of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Capital Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3.	Approval of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(a).	Issue of Consideration Shares and Performance Shares to Related Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(b).	Issue of Consideration Shares and Performance Shares to Unrelated Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5.	Issue of New Shares pursuant to the Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(a).	Right to apply under the Prospectus Mr Paul Lappin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(b).	Right to apply under the Prospectus Mr Robert Day	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(c).	Right to apply under the Prospectus Dr Colin McLeod	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(d).	Right to apply under the Prospectus Dr Kate Cornick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6(e).	Right to apply under the Prospectus Mr Ron Howard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7.	Issue of Facilitation Shares to Trident Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8.	Issue of Facilitation Shares to SCM Equities Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9.	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10(a).	Issue of Rision Noteholder Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10(b).	Issue of Rision Noteholder Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10(c).	Issue of Shares upon exercise of Rision Noteholder Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		For	Against	Abstain
Resolution 11(a).	Issue of Reclaim Noteholder Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11(b).	Issue of Reclaim Noteholder Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11(c).	Issue of Shares upon exercise of Reclaim Noteholder Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12.	Appointment of Paul Lappin as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13.	Appointment of Robert Day as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14.	Appointment of Kate Cornick as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15.	Appointment of Ron Howard as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16.	Appointment of Colin McLeod as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17.	Issue of Employee Options to Paul Lappin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18.	Issue of Employee Options to Colin McLeod	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 19.	Issue of Employee Options to Ron Howard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 20.	Issue of Employee Options to Bartek Mayshak	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 21.	Issue of Employee Options to Kate Cornick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 22.	Ratification and Approval of Past Placement to Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 If you mark the "Abstain" box with an "x" for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

PLEASE SIGN HERE

implemented

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be

Individual or Shareholder 1

**Sole Director and
Sole Company Secretary**

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

1. Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

3. Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5. Signing Instructions

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

6. Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting i.e. no later than 10.00am (WST) on 20 December 2015. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at c/- Trident Capital, Level 24, 44 St Georges Terrace, Perth, WA 6000 or sent by facsimile to the registered office on (08) 9218 8875.