









14 DECEMBER 2015

ASX ANNOUNCEMENT

NAMIBIAN COPPER TO ACQUIRE AUSNET REAL ESTATE AND FINANCIAL SERVICES GROUP

AND UNDERTAKE RIGHTS ISSUE

HIGHLIGHTS:

-  Namibian Copper enters non-binding, conditional agreement to acquire 100% of Ausnet Real Estate Services Pty Ltd.
-  Ausnet delivers "**real estate solutions**" through THE AGENCY, Ausnet Property Investments Services, and Landmark Settlement, as well as "**wealth solutions**" through Mortgage and Finance Solutions, Ausnet Financial Planning and Ausnet Insurance.
-  The Ausnet Group model is the first to truly integrate real-estate and financial services providing clients with an end to end hassle free service. The model is partly based on the successful Countrywide Group in the UK which is capped at approximately GBP£900m.
-  The Ausnet group is underpinned by its award winning Mortgage and Finance business with an AUD\$1.16 billion loan book.
-  Finsure, Australia's fastest growing Mortgage Aggregator, recently became a major shareholder in the Ausnet Group.
-  Ausnet has invested in creating its own platform that places the client at the centre and links services. The platform is cloud based and is readily transportable and scalable, allowing for national expansion.
-  Since launching the new real-estate Company "THE AGENCY" in August 2015, the company recorded its 100th listing on the 1st December giving it a sales pipeline of over AUD\$80m and is 6 months ahead of its selective recruitment of only top sales and experienced real-estate Agents.
-  Namibian Copper will undertake a renounceable pro rata Rights Issue to existing shareholders to raise up to approximately \$500,000.

Namibian Copper NL (**NCO** or the **Company**) is very pleased to announce that it has signed a non-binding terms sheet (**Terms Sheet**) with Ausnet Real Estate Services Pty Ltd (ACN 093 805 675) (**Ausnet**) to acquire 100% of the

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issued capital in Ausnet (**Ausnet Shares**), a parent of a group of companies specialising in real estate services as well as financial and wealth management service (**Acquisition**) for equity in NCO.

Details about Ausnet and its business, an indicative timetable for the Acquisition, indicative capital structure and pro-forma balance sheet in relation to the Acquisition are set out in **Appendix 1** of this announcement.

KEY TERMS OF THE ACQUISITION

1. Consideration

In consideration for the sale of the Ausnet Shares to NCO, at Settlement NCO will:

- (a) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of fully paid ordinary shares in NCO (**NCO Shares**) at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO Shares (**Consideration Shares**)
- (b) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of NCO performance shares at the Re-quotation Price of \$0.03 being 133,333,333 NCO performance shares (**Performance Shares**), in the following tranches:
 - (i) **Tranche 1**; \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares); and
 - (ii) **Tranche 2**; \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares).
- (c) issue to Richmond Advisory (post Rights Issue and pre-Consolidation) 50,000,000 NCO Shares and 50,000,000 listed NCO Options exercisable at \$0.015 (pre-Consolidation price) and expiring on 30 April 2019 in consideration for introduction and consulting services.

On and from issue, NCO Shares issued as consideration shall rank equally with the then NCO Shares on issue, other than for any restrictions imposed in accordance with the ASX Listing Rules or voluntary escrow agreements.

The Performance Shares vest on the following terms:

- (a) **Tranche 1** – Upon achieving a 10% growth in the Mortgage and Finance business loan book within 18 months of Settlement (First milestone); and
- (b) **Tranche 2** – Upon achieving a 20 day VWAP on the ASX which equals or exceeds 3 times the re-quotation price \$0.03, at any time within 24 months of Settlement (Second milestone).

2. Conditions precedent

The Acquisition is subject to a number of conditions being satisfied, including:

- (a) NCO will undertake a 3:2 Rights Issue of NCO Shares at an issue price of \$0.001 per NCO Share to raise approximately \$518,000 (before costs) to all current shareholders (**Rights Issue**);
- (b) completion of due diligence by NCO on Ausnet;
- (c) completion of due diligence by Ausnet on NCO;
- (d) if required by the ASX Listing Rules, NCO obtaining an Independent Expert's Report confirming that the acquisition is "fair and reasonable" and in the best interests of shareholders.
- (e) Consolidation of the Company's capital as described below.

- (f) NCO, on a best endeavours basis, conducting the Principal Raising (as described below) and lodging a prospectus (**Prospectus**) with ASIC and ASX in respect of the Principal Raising.
- (g) NCO obtaining all necessary shareholder and regulatory approvals pursuant to the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules or any other law, as well as third party approvals or consents to give effect to the matters set out in the Terms Sheet to allow NCO to lawfully complete the Acquisition.
- (h) NCO receiving a letter from the ASX confirming that the ASX will re-admit NCO to the Official List of the ASX, on conditions acceptable to NCO and Ausnet (acting reasonably), as described below.
- (i) Cancellation of the existing performance rights currently on issue by NCO on or before Settlement of the Acquisition.
- (j) NCO completing changes to the Board as described below.

The Acquisition remains conditional on satisfaction (or waiver) of the above conditions precedent and as such the ability of the Company to complete it is not certain.

3. Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The Acquisition will result in a change in the Company's nature and scale of its activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from ASX to have its securities re-admitted to trading. NCO will despatch a notice of meeting (**NOM**) to its shareholders seeking the relevant approvals to undertake this process with such NOM to contain detailed information relating to the Acquisition.

4. Principal raising

In order to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, in conjunction with the Acquisition, the Company will issue a Prospectus for the Principal Raising.

The Principal Raising will be to raise (post-Consolidation) a minimum of \$3,500,000 (or such other amount as required to meet the assets test admission criteria of the ASX) with oversubscriptions for up to another \$2,000,000 of which Ausnet or its associates (Richmond Advisory) will introduce subscribers for 60% of the total amount raised through the issue of NCO Shares at not more than \$0.03 per NCO Share or a price to be determined by mutual agreement by NCO and Ausnet (**Principal Raising**) and lodging a Prospectus with ASIC and ASX in respect of the Principal Raising.

5. Change of name and company type

Should the Acquisition complete, it is intended that the Company will undergo a change of name subject to shareholder approval to Ausnet (or such other name as Ausnet may request and subject to availability) and change from a "NL" to "Limited" company. The proposed name change will be advised to shareholders when the Company despatches its NOM and shareholder approval for the change in company type will be sought in the NOM.

6. Consolidation of share capital

Subject to the completion of the Rights Issue and shareholder approval, NCO will (subject to regulatory requirements) undertake a proposed consolidation of the Company's issued shares at a predefined conversion ratio of ten existing shares to one consolidated share after the Rights Issue (**Consolidation**).

7. Board and management changes

Upon Completion of the Rights Issue, Mr Ross Cotton will join the board of NCO and replace one of the existing non-executive directors.

Mr Cotton has extensive experience in both equity capital markets, corporate finance and public company administration. As a corporate advisor, Mr Cotton has been advising both public and private companies on strategy, financing, acquisitions and corporate re-structuring across the technology, industrial and resource sectors for over ten years.

Mr Cotton has raised significant capital (via both equity and debt arrangements) for a wide range of companies in the small to mid-cap market and has a strong network of contacts in the investment industry throughout Australia, Asia and the US.

Mr Cotton was instrumental in sourcing, seeding and listing 1-Page Limited (1PG.ASX) on the ASX and in the acquisition and financing of Consolidated Zinc (CZL.ASX). Currently he serves as the Executive Chairman of iCollege Limited (ICT.ASX).

In addition, the Acquisition contemplates the appointment of Ausnet board members, Mr Paul Niardone and other members of the Ausnet Board, to the board of NCO to replace existing directors. Details of Messrs Niardone and the Ausnet board members may be found later in this announcement in **Appendix 1**.

RIGHTS ISSUE:

NCO is pleased to advise it intends to undertake, prior to completion of the Acquisition, a renounceable Rights issue (**Rights Issue**).

Pursuant to the Rights Issue, eligible shareholders of NCO will be able to subscribe for 3 new NCO Shares for every 2 NCO Shares held as at the record date at an issue price of \$0.001 per NCO Share.

The Rights Issue will raise up to approximately \$518,290 (before costs) and is expected to result in the issue of an additional 518,290,690 NCO Shares.

NCO has received a firm commitment letter from Richmond Advisory (a Company controlled by Mr Ross Cotton) to procure an underwriting agreement for \$518,290 of the total shortfall shares in the Rights Issue. The current directors of NCO have committed to sub-underwrite \$200,000 of shortfall shares.

The proceeds from the Rights Issue will be used to fund acquisition and due diligence costs associated with the Acquisition, working capital and on-going expenditure commitments of the Company.

A prospectus for the Rights Issue is currently being prepared by the Company and the timetable and full details of the Rights Issue will be contained in that prospectus, which is proposed to be lodged with the ASX on or around Wednesday 16th December 2015. Further details of the Rights Issue will be set out within the prospectus. The Rights Issue is not subject to shareholder approval.

ACTIVITIES UPDATE:

NCO intends to continue to fund its obligations in respect to mineral tenement assets in Namibia. If the shareholders of NCO approve the acquisition of Ausnet, post completion, the new board of NCO will undertake a review of the NCO mineral assets to investigate opportunities to divest its existing assets and projects.

The funds raised from the Rights Issue will be used to fund acquisition and due diligence costs associated with the Acquisition, working capital and on-going expenditure commitments of the Company.

The NCO Board considers the proposed acquisition and change of business to be positive and in the best interest of NCO shareholders.

The acquisition of Ausnet will result in a significant change to the nature and scale of the Company's main business and will require re-compliance with ASX's admission requirements in Chapters 1 and 2 of the ASX Listing Rules, including the lodgement of a prospectus with the Australian Securities and Investments Commission (**ASIC**) to facilitate, amongst other matters, the post-Consolidation Principal Raising.

Securities issued by the Company as part of the Acquisition may be subject to escrow imposed by ASX under its Listing Rules.

Appendix 1.



1. Company Information

About Ausnet

Ausnet Real Estate and Financial Services Pty Ltd (ACN 093 805 675) (**Ausnet**) is the parent of a group of companies specialising real estate services as well as financial and wealth management service.

The Ausnet Group of Companies



THE AGENCY

THE AGENCY is our new real estate business and our model is built around technology that gives our Sales Reps the ability to work from any location with a few large regional offices for support. Based on aspects of the Keller Williams model in the US (fast and largest real-estate group) these offices not only provide our Sales Reps with marketing and sales support but a team of experts from each of the financial services that we offer. The client is hand held and passed onto the relevant service ensuring that their needs are being addressed and that the process is running smoothly.

The model also treats the Sales Reps as the business unit and partner removing layers such as the Franchisor, Franchisee, Principal and employees. We are targeting experienced Sales Reps that are looking for support to build their income and wealth. Our model offers them sales support, higher commissions and the ability to develop an asset base and recurrent income. All of which is novel and not existent in the industry as a complete package.

Our Vision is “We are driven by empowering independently minded people to flourish and prosper.”

We are looking to reward proven performers with an entrepreneurial drive by delivering them the benefits of being a Principal without the hassle.

They receive:

- More commissions
- Recurring income even after they retire
- Wealth creation through asset building
- Support to grow and have work life balance

These Sales Reps have the opportunity to run their own business within our business.

Over the last 10 months we have developed and established a CRM and our own online work hub which has all our own contracts and clauses, trademarked marketing and branding materials and systems and procedures. With a few minor adjustments this model can be easily replicated in other Australian States.

This platform can also be used for other industries such as Accounting and Financial Planning.

Mortgage and Finance Solutions Australia (MFSA)

Running since 2001, MFSA has a loan book of over \$1.16B and over 18,000 clients. The business is one of the most awarded mortgage companies in the State being recognised by the Professional Lenders Association Network seven years in a row and Colin Lamb “Broker of the Year” twice. The company deals with 25 different lenders enabling it to offer hundreds of products. We currently aggregate under Finsure which is Australia's fastest growing Aggregator and are their number one Office in Western Australia.

www.mfsa.com.au

Landmark Settlement Australia (LSA)

Also running since 2001, LSA provides settlement solutions. Averaging \$500 million in property settlements per annum, Landmark Settlements is one of the leading settlement agencies in Western Australia.

www.landmarksettlements.com.au

Ausnet Financial Planning Services (AFPS)

Only having been set up in recent years, the Financial Planning business has focused on providing risk products and advice to our clients taking out mortgages. This focus has relied on a referral process from MFSA allowing clients to engage in a detailed risk assessment.

www.ausnetfinancialplanning.com.au

Ausnet Property Investment Solutions (APIS)

We have recently launched an Ausnet department that seamlessly combines the award winning services of our Property Services, Finance, Settlements and Financial Planning companies. We are now able to assist clients along the Property Investment journey, educating them on their options and then implementing a personalized Property Investment Strategy. This division connects investment property buyers that are looking for new stock directly with developers. This also provides stock for first home buyers to The Agency.

www.ausnetpi.com.au

Ausnet General Insurance

Starting in the 2016, our portal will provide general insurance quotes to clients within minutes taking all the hassle out of getting competitively priced insurance.

Our Goal

The new model will also result in multiple revenue streams and asset bases each with their own databases of clients as show in the diagram below.

To have better control over our distribution of financial services products, Ausnet has decided to develop its own distribution channel via its own Real Estate business rather than just relying on referrals not to dissimilar to Countrywide in the UK. The reasons for this are:

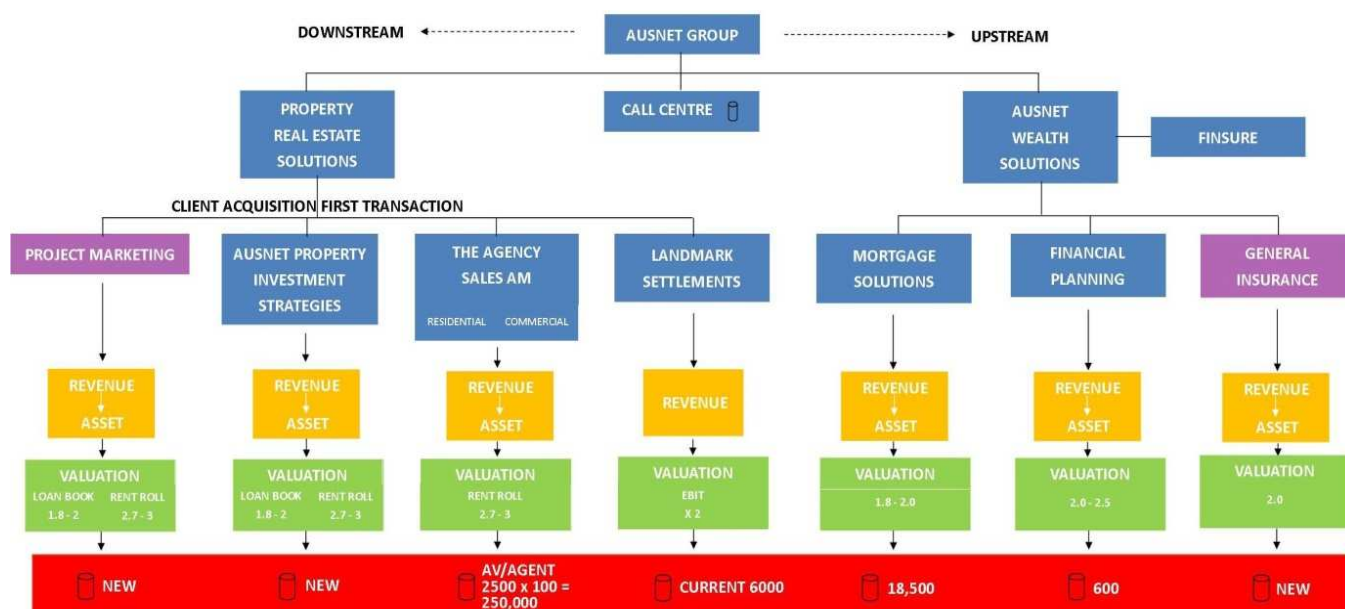
1. We believe there is no better time that our services are required and are top of mind with prospective clients, than when a property transaction occurs. These services include; Settlement Service, Mortgage Broking, Risk Protection/Financial Planning and General Insurance.
2. Once a client is acquired cross referrals can increase the spend, adding revenue with no extra cost of acquisition.

Currently the cross referral of these services is low in the industry and one of the main reasons for this is due to existing traditional industry structures which only offer part of the services that the client needs. This disrupts the process for the client who now has to source and deal with many organisations. This separation can often lead to mishandling and mistakes. Conflicts of interest may also arise as charges and product offerings are affected by referral commissions as organisations compete for the ownership of that client. We believe that our model is transparent to the client by offering a “one stop shop” that facilitates the introduction into each service at each phase. This process offers the client a streamlined and hassle free experience.







It’s not that most of our real-estate competitors have little interest in delivering the whole range, it’s that they would have to redesign their main business to be able to do so. The advantage that Ausnet has is that we started with a strong core of financial service businesses that were already working together to deliver the client’s needs. This allowed us to design a new Real Estate model to fit into our existing financial services structure.

This new structure and strategy will also provide us with a number of options for future sizable acquisitions that allows us to increase revenue and profitability. The other key attribute of this new model is that it can easily be replicated nationally for future growth opportunities.

A similar program called the Ausnet Partner Program is being developed to form strategic partnerships with Accountants and Financial Planners, allowing them to offer a seamless suite of additional services to their clients while allowing them to increase revenue streams and grow assets.



2. Investment Highlights:

-  Timely -The Financial Service industry is experiencing consolidation and is starting to converge with the Real-Estate Industry. Model proven in a similar market (UK)
-  Once a client is acquired, cross referrals can increase the spend, adding revenue with no extra cost of acquisition
-  Transportable model that can grow nationally
-  Model can be applied to other industries Accountants and Financial Planners
-  Investment is anchored by the value of the Ausnet Loan book
-  Experienced board of Directors and management team

3. Ausnet's experienced board

Paul Niardone *Chief Executive Officer*

Paul was the Executive Director and founder of Professional Public Relations (WA), the largest PR and communications firm in the State. He has experience in marketing and strategic planning for clients in both Government and the private sector. With a degree in Politics and Industrial Relations and a Masters in Business Administration (MBA), he started his career in the Department of Cabinet and Parliamentary Services. After 5 years in government he was appointed inaugural Manager of the Peel Region Business Enterprise Centre, and was then appointed as the first Marketing Manager for the entire Enterprise Centre Network comprising 36 centers throughout WA. Paul's marketing skills were recognised by Westpac in its decision to appoint him as one of the first Business Banking Managers in Australia without a banking background. Paul co-authored and produced a publication "A Guide to Buying a Business" which is currently still being sold. He is recognised as a strategic planner, developing lateral solutions to business and management issues and advising many corporations. He has lectured at universities and conducts in-house corporate planning and marketing sessions. His career to date has provided him with a unique opportunity to gain experience, insights and contacts in a wide range of industries at the CEO and Board level. He has sat on the boards of a number of public and private companies and not for profit organizations.

Jonathan Adams *Chairman*

Jonathan Adams commenced in real estate in 1987 as co-owner of Mair & Co, North Perth, a new office that quickly grew to a staff of 12. In 1990, he acquired D.M. Burke & Associates, changing the name to Woodville Properties in 1992. In 2004, Jon sold his interest in Woodville Property and in 2008 became a Partner in Beaufort Realty after a period consulting to the industry and working with Ausnet executives to position the company to meet growth and profit objectives.

Philip Re *Non Executive Director*

Phil is a Chartered Accountant, Chartered Secretary and a Member of the Institute of Company Directors. In recent years he has been involved as a Director and Company Secretary for a number of public companies involving transactions in mining exploration and production and the renewable energy industry. Phil is a Director of Regency Partners which is a Chartered Accounting and Corporate Advisory business. He has been involved in raising capital for various ASX listed Companies and unlisted Property Syndicates. Phil is one of the founders of the charity organisation 'The Better Life Foundation WA', where he currently acts as Chairman.

 **Robin Lees** *Non Executive Director*

Robin's background has been banking, stockbroking and in local building society executive management, until 1989 when he opened First National's office in Victoria Park. Shortly after he joined forces with Ray Grogan and traded as Park First National. In 1998, they bought the business of Porter Matthews Belmont, in conjunction with joint principal, Wayne Wickham and formed an alliance with Porter Matthews Commercial, creating 'The Porter Matthews Group of Independent Real Estate Agents'.

 **Patrick Thaung** *Non Executive Director*

Patrick is a partner in the Perth property and commercial team at Mills Oakley Lawyers. Patrick has significant experience in commercial property sales, business acquisitions, leasing (retail, commercial and industrial), property development, joint ventures, structural and strategic advice, and commercial transactions. Patrick has acted for a number of listed and unlisted REITs, property developers and landlords with large property portfolios. He has also acted for government agencies on major projects.

INDICATIVE TIMETABLE:

The indicative timetables for the Rights Issue and Acquisition are outlined below:

1. Rights Issue Indicative Timetable

Event	Date
Announcement of Acquisition and Rights Issue	14 December 2015
Appendix 3B and Prospectus lodged with ASX	16 December 2015
Company sends letter to shareholders notifying them of Rights Issue	18 December 2015
"Ex" date for Rights Issue –	21 December 2015
Rights start trading	21 December 2015
Record Date to determine Rights under the Rights Issue	23 December 2015
Opening Date of Rights Issue	24 December 2015
Despatch of Prospectus and Rights and Acceptance Form	24 December 2015
Rights trading ends	30 December 2015
Shares quoted on a deferred settlement basis	30 December 2015
Closing Date of Rights Issue	7 January 2016
ASX notified of undersubscriptions under the Rights Issue	8 January 2016
Issue Date for New Shares and deferred settlement ends	11 January 2016
Trading of New Shares expected to commence	12 January 2016
Despatch of holding statements for New Shares	12 January 2016

2. Acquisition indicative timetable*

Event	Date
Execute non Binding Terms Sheet	9 December 2015
Complete due diligence	28 February 2016
Despatch Notice of Meeting and Explanatory Memorandum	14 March 2016
Lodgement of Prospectus	29 March 2016
Shareholders Meeting	15 April 2016
Suspension from Trading	15 April 2016
Closing Date of Prospectus Offer	22 April 2016
Completion of Acquisition and Issue NCO Shares under Prospectus	29 April 2016
Re-compliance and Re-quotation of NCO Shares on ASX	17 May 2016

*The Company notes that the timetable above is indicative only and is subject to change.

INDICATIVE CAPITAL STRUCTURE:

The indicative effect of the Acquisition, Rights Issue, and proposed Consolidation on the capital structure of NCO is as follows:

	Issued ordinary shares No.	Options over shares No.	Performance equity No.
Namibian Copper 8 December 2015 – Actual	345,527,157	240,760,719	12,000,000
- Issued as part 3:2 Rights Issue at \$0.001	518,290,690	-	-
- Cancellation of pre-Acquisition performance right	-	-	(12,000,000)
- Issued to Richmond Advisory	50,000,000	50,000,000	-
- Less effect of the proposed Consolidation at 1:10	(822,436,062)	(261,684,647)	-
- Issued as part of the Acquisition	133,333,333	-	133,333,333
	224,715,118	29,076,072	133,333,333

PRO-FORMA BALANCE SHEET

	Notes	Actual 30 June 2015 (Unaudited) Ausnet \$	30 June 2015 (Audited) NCO \$	Pro-forma Group (Unaudited) Merged Ausnet / NCO \$
Current assets				
Cash and cash equivalents	(2)	296,607	518,987	1,333,884
Trade and other receivables		604,228	7,467	611,695
Other current assets		19,511	10,445	29,956
Total current assets		920,346	536,899	1,975,535
Non-current assets				
Property, plant and equipment		156,577	-	156,577
Intangible assets		60,000	1,991	61,991
Investments		110,021	-	110,021
Other non-current assets		-	587	587
Loans		100,100	-	100,100
Deferred tax assets		266,267	-	266,267
Total non-current assets		692,965	2,578	695,543
Total assets		1,613,311	539,477	2,671,078
Current liabilities				
Trade and other payables		1,166,467	59,488	1,225,955
Borrowings		25,841	-	25,841
Provisions		540,235	-	540,235
Total current liabilities		1,732,543	59,488	1,792,031
Total liabilities		1,732,543	59,488	1,792,031
Net assets		(119,232)	479,989	879,047
Equity				
Issued capital net of non-controlling interest	(4)	1,599,104	7,602,895	4,160,558
Reserves	(1)(c)	-	17,095	-
Accumulated losses	(1)(c)	(1,718,336)	(7,140,001)	(1,718,336)

Less: Corporate transaction accounting expense

Total equity

Notes	Actual		Pro-forma Group (Unaudited) Merged Ausnet / NCO \$
	30 June 2015 (Unaudited) Ausnet \$	30 June 2015 (Audited) NCO \$	
(3)	-	-	(1,593,175)
	(119,232)	479,989	879,047

(1) Pro-forma Adjustments

(a) Acquisition of Ausnet Pty Ltd

The acquisition of Ausnet by the issue of:

- (i) 133,333,333 ordinary shares in NCO, issued on a post-Consolidation (proposed) basis.
- (ii) **Performance Shares** – NCO will issue Ausnet's existing shareholders, as part of the acquisition consideration, 133,333,333 Performance Shares issued on a post-Consolidation (proposed) basis as detailed below in the following tranches:



Tranche 1 - 66,666,667 Performance Shares will be taken to have been satisfied upon achieving a 10% growth in the Mortgage and Finance business loan book within 18 months of completion;



Tranche 2 - 66,666,667 Performance Shares will be taken to have been satisfied upon achieving 20 days VWAP on the ASX equals or exceeds 3 times the re-quotation price \$0.03, at any time within 24 months of completion;

- (b) **Issue of Shares to Ausnet advisers** 50,000,000 NCO Shares and 50,000,000 listed NCO Options exercisable at \$0.015 (pre-Consolidation price) and expiring on 30 April 2019 to Richmond Advisory.
- (c) For accounting purposes, the acquirer has been identified as Ausnet and the business combination referred to as a reverse acquisition. Accordingly, the pro-forma Group incorporates the assets and liabilities of NCO and of Ausnet as if the Group was headed by Ausnet. At acquisition date the assets and liabilities of Ausnet (being the acquirer for accounting purposes) are recorded at their book value and the assets and liabilities of NCO (being the acquiree for accounting purposes) are recorded at fair value. Furthermore, for pro-forma purposes, the 133,333,333 Performance Shares in NCO have been treated as issued capital for the purpose of determining the notional purchase price of NCO.

Components of equity (other than issued capital), including retained earnings and other reserves, reflect the balances of the accounting acquirer, Ausnet.

For the purposes of the pro forma, balances relating to non-controlling interest have been applied to the value of accumulated losses.

- (d) The Directors estimate that costs for the Rights Issue will be \$30,000 and this estimated cost has been deducted from the Rights Issue of \$518,280.
- (e) **Costs associated with the acquisition of Ausnet** – For pro-forma purposes the costs of acquisition for due diligence, preparation of the explanatory memorandum, etc. are assumed to have been incurred and expensed in the pro forma Group balance sheets.
- (f) No pro forma adjustment has been made for any capital raised as a result of the exercise of any options.
- (g) No pro forma adjustment has been made for the grant of a proposed loan between NCO and Ausnet, on the basis that these represent both an asset and liability to the merged entity.

(2) Cash and cash equivalents

The movement in cash and cash equivalents as reflected in the unaudited pro-forma balance sheet at 30 June 2015 is shown as follows:

	\$
Cash and cash equivalents at 30 June 2015 – Actual	815,594
<i>Pro-forma adjustments</i>	
- Net proceeds from 3:2 Rights Issue of 518,290,690 shares at \$0.001	518,290
	1,333,884

(3) Corporate transaction accounting expense

Corporate transaction accounting expense represents the excess of consideration over the fair value of NCO's net assets as follows:

	Notes	\$
<i>Pro-forma adjustment: Reverse Acquisition of Namibian Copper</i>		
Market value of NCO shares immediately prior to the reverse acquisition at a deemed 3 cents per share	(4)(g)	2,591,454
Less: Fair value of NCO net assets (including cash raised in note (2))	(4)(g)	(998,279)
Corporate transaction accounting expense	(4)(g)	1,593,175

(4) Issued Capital

The movement in issued capital as reflected in the pro forma balance sheets at 30 June 2015 is shown below:

	Notes	Issued ordinary shares No.	Options over shares No.	Performance equity No.	Merged Ausnet / NCO \$
Namibian Copper 30 June 2015 – Actual	(a)	345,527,157	240,760,719	12,000,000	7,602,895
<i>Merged NCO / Ausnet Issued Capital</i>					
Opening: Ausnet 30 June 2015 – Actual		64,298,753	-	-	1,599,104
- Elimination of existing shares of Ausnet (number)	(b)	(64,298,753)	-	-	-
- Existing shares of NCO	(a)	345,527,157	240,760,719	12,000,000	7,602,895
- Issued as part 3:2 Rights issue at \$0.001	(d)	518,290,690	-	-	518,290
- Cancellation of pre-Acquisition performance right		-	-	(12,000,000)	-
- Issued to Richmond Advisory	(f)	50,000,000	50,000,000	-	-
- Less effect of the proposed Consolidation at 1:10		(822,436,062)	(261,684,647)	-	-
- Issued as part of reverse acquisition	(b),(g)	133,333,333	-	133,333,333	8,000,000
- Elimination of existing shares of NCO (value)	(h)	-	-	-	(13,529,731)
- Transaction Costs	(i)	-	-	-	(30,000)
		224,715,118	29,076,072	133,333,333	4,160,558

(a) **NCO Issued Capital** – As at 30 June 2015, NCO had on issue 345,527,157 fully paid ordinary shares, 270,760,716 listed options, and 12,000,000 performance rights.

(b) **Reverse Acquisition – Ausnet** – The number of shares on issue is adjusted to reflect only the listed entity's (NCO) issued capital.

(c) **Ausnet** – NCO is to acquire Ausnet in exchange for the issue of 133,333,333 ordinary shares and 133,333,333 Performance Shares in NCO. The acquisition has been accounted for as a reverse acquisition in accordance with AASB 3 *Business Combinations*. For the purposes of the Pro Forma, a value of 3 cents has been used as the value per security issued, based upon a deemed post-Consolidation share value.

- (d) **Rights Issue** – a pre-Consolidation 3 for 2 renounceable Rights issue of Shares at an issue price of \$0.001, to raise approximately \$518,290.
- (e) **Performance Rights** – As part of the acquisition, pre-Acquisition NCO performance rights are to be cancelled.
- (f) **Advisor Issue** – 50,000,000 NCO Shares and 50,000,000 listed NCO Options exercisable at \$0.015 (pre-Consolidation price) and expiring on 30 April 2019 to Richmond Advisory
- (g) **Reverse Acquisition – NCO** – The pro-forma adjustment reflects the deemed issue of shares to acquire NCO. Performance shares have been issued at a value of 3 cents for the purposes of this pro forma. Both Consideration Shares and Performance Shares have been issued on a post-Consolidation basis.

The fair value, as determined by the Board, of NCO's net assets at 30 June 2015, per the audited balance sheet was \$479,989 plus the net cash raised in note (2) of \$518,290, being \$998,279. The fair value of the deemed consideration was assessed at \$2,591,454, being the sum of the issued capital at 30 June 2015 plus (d) above at 3 cents. The difference between the deemed purchase price \$2,591,454 and fair value of net assets acquired \$998,279 represents a corporate transaction accounting expense of \$1,593,175.

- (h) **Reverse Acquisition – Ausnet** – As part of the reverse acquisition the issued capital includes the following adjustments (in value only):

	Notes	\$
Elimination of existing capital in NCO	(a)	(7,602,895)
Elimination of net 3:2 Rights issue of 518,290,690 (treated as pre-acquisition equity)	(d),(i)	(518,290)
Elimination of acquisition value of Ausnet	(b)	(8,000,000)
Add deemed reverse acquisition value of NCO	(g)	2,591,454
		<u>(13,529,731)</u>

- (i) **Transaction costs** – The Directors estimate that costs for the Rights issue will be \$30,000 and this estimated cost has been deducted from the capital raising of \$518,290. These however have been treated as pre-acquisition costs for the purposed of the pro forma, and form part of the adjustment in (h) above.
- (j) **Subsequent Ausnet share issues** – Subsequent to 30 June 2015, Ausnet issued 33,149,337 at a total value of \$642,988.