
ADG GLOBAL SUPPLY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 082 341 197
NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00 am (WST)
DATE: 28 January 2016
PLACE: RSM
8 St Georges Terrace, Perth WA 6000

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Deed Administrators on +61 8 9329 5900.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00 am (WST) on 28 January 2016 at:
RSM, 8 St Georges Terrace, Perth WA 6000

Your vote is important

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

Voting eligibility

The Deed Administrators have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00 pm (WST) on 26 January 2016.

Voting in person

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

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

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

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

LETTER TO SHAREHOLDERS

Dear Shareholder

On 10 December 2014, the Company's Securities were suspended from quotation on the Australian Securities Exchange (**ASX**).

On or about 6 January 2015, the Board resolved to place the Company into voluntary administration and appointed Mr Simon Theobald and Ms Melissa Humann of PPB Advisory as joint and several administrators of the Company. Following appointment of the administrators, the powers of the Company's officers (including Directors) were suspended and the administrators assumed control of the Company's business, property and affairs.

At a meeting of creditors of the Company on 11 February 2015, the creditors of the Company resolved to execute an initial deed of company arrangement (**Original DOCA**) recommended by the administrators.

On 24 September 2015, a subsequent meeting of creditors of the Company was held to consider a proposal to vary the Original DOCA. At that meeting the creditors resolved that the Original DOCA be varied and that the Company execute an amended and re-stated deed of company arrangement (**DOCA**) to more fully document the proposal by Otsana Pty Ltd trading as Otsana Capital (**Otsana** or the **Promoter**) for the reconstruction and recapitalisation of the Company (**Recapitalisation Proposal**).

The Company, Otsana and the administrators executed the DOCA on 25 September 2015, which embodied the Recapitalisation Proposal. Under the terms of the DOCA, Mr Simon Theobald and Ms Melissa Humann of PPB Advisory have been appointed as joint and several deed administrators of the DOCA (**Deed Administrators**).

Otsana has formed a syndicate of investors (**Syndicate**) in order to assist with the reconstruction and recapitalisation of the Company.

In summary, the Recapitalisation Proposal involves:

- (a) the Company consolidating its existing Securities on a one (1) for forty (40) basis (**Consolidation**);
- (b) the Company proceeding with the following issues of Securities (on a post-Consolidation basis) pursuant to a prospectus (**Prospectus**):
 - (i) up to 65,000,000 Shares to sophisticated and professional investors nominated by Otsana to receive Securities (the **Promoter Nominees**) at an issue price of \$0.00001 each to raise up to \$650 (**Promoter Shares**);
 - (ii) up to 200,000,000 Shares to the Promoter Nominees, existing Shareholders and the general public at an issue price of not less than \$0.01 each to raise up to \$2,000,000 (**General Placement Shares**); and
 - (iii) up to 65,000,000 unquoted Options to the Promoter Nominees each with an exercise price of not less than \$0.01, expiring on the date which is 4 years after the date of issue, at an issue price of \$0.00001 each to raise up to \$650 (**Promoter Options**),(together, the **Capital Raising**);
- (c) the Company paying to its creditors \$600,000 in order to extinguish the Company's existing debt (**Creditor Payment**), which will be funded by:

- (i) the Capital Raising (to the extent required by Otsana, in its sole discretion);
- (ii) the sale of any part of the BROQ Stock to a third party prior to Completion (if agreed by Otsana in its sole discretion); and/or
- (iii) any loan from Otsana to the Company (to be repaid to Otsana upon reinstatement to trading of the Company's Securities on ASX) in the event the Company's proceeds from the Capital Raising are inadequate to pay the Creditor Payment,

and the balance of the funds will be used for costs, developing the Company's existing BROQ Business, review of new business opportunities, for working capital and as otherwise described in Section 3.7 of the Explanatory Statement;

- (d) the Proposed Directors and Proposed Company Secretary being appointed to the Company and all of the existing Directors and company secretary resigning; and
- (e) the creation of a creditors trust (**Creditors Trust**).

The DOCA is subject to a number of conditions, including obtaining necessary shareholder approvals. The Essential Resolutions proposed in this Notice of Meeting will enable this condition of the DOCA to be completed.

Further, the ASX has advised that it will not require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules as a result of the Recapitalisation Proposal, subject to certain conditions, including Shareholder approval pursuant to the Essential Resolutions contained in this Notice of Meeting.

If the Essential Resolutions are passed and the Recapitalisation Proposal completed, the Company will seek the reinstatement to trading of its Securities on ASX.

None of the Resolutions required under the Recapitalisation Proposal will take effect unless all of the Essential Resolutions are duly passed.

If any of those Essential Resolutions are not passed by Shareholders, then the Deed Administrators shall, in the absence of an alternative proposal, have no option but to recommend to Creditors that the Company be placed into liquidation.

I urge you to attend the Meeting, or, if you are unable to attend the Meeting personally, your proxy should be forwarded to the Company so as to be received by no later than the time and date specified on the Proxy Form.

The Recapitalisation Proposal maximises the chances of the Company continuing in existence and provides a better return to the creditors and Shareholders of the Company than would result from the immediate winding up of the Company.

Please note I do not warrant that the Recapitalisation Proposal will enhance Shareholder value and have not considered the situation of any particular Shareholder. To the maximum extent permitted by law, the Deed Administrators do not accept personal responsibility for the contents of this Notice of Annual General Meeting or the Recapitalisation Proposal. The information contained in this Notice of Annual General Meeting and Explanatory Statement has been provided by a third party and has not been verified by the Deed Administrators. Accordingly, the Deed Administrators accept no responsibility whatsoever for the accuracy of any information contained herein or for any action taken in reliance thereon. Shareholders should make their own enquiries to satisfy themselves on all aspects. Details contained herein do not constitute any representation by the Deed Administrators.

This letter is signed in accordance with the terms of the DOCA which suspends the exercise by the Directors' and Officers' of their duties as directors and officers of the Company for the duration of the DOCA, but does not otherwise remove any Officer from office.

Yours faithfully

Simon Theobald
Joint and Several Deed Administrator
ADG Global Supply Limited
(Subject to Deed of Company Arrangement)

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

"That, subject to all Essential Resolutions being passed, pursuant to section 254H(1) of the Corporation Act, ASX Listing Rules 7.20 and for all other purposes, Shareholders approve and authorise the Company to consolidate the issued capital of the Company on the basis that every forty (40) Shares be consolidated into one (1) Share and otherwise on the terms and conditions set out in the Explanatory Statement."

4. RESOLUTION 3 – ISSUE OF PROMOTER SHARES

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

"That, subject to all Essential Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 65,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

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

5. RESOLUTION 4 – ISSUE OF GENERAL PLACEMENT SHARES

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

"That, subject to all Essential Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 200,000,000 Shares (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

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

6. RESOLUTION 5 – ISSUE OF PROMOTER OPTIONS

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

"That, subject to all Essential Resolutions being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 65,000,000 unquoted Options (on a post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

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

7. RESOLUTION 6 – ELECTION OF DIRECTOR – ERIC DE MORI

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

"That, subject to all Essential Resolutions being passed, for all purposes, Eric de Mori, having been nominated and given his consent to act, be elected as a director of the Company with effect from Completion."

8. RESOLUTION 7 – ELECTION OF DIRECTOR – NICHOLAS YOUNG

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

"That, subject to all Essential Resolutions being passed, for all purposes Nicholas Young, having been nominated and given his consent to act, be elected as a director of the Company with effect from Completion."

9. RESOLUTION 8 – ELECTION OF DIRECTOR – SCOTT MISON

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

"That, subject to all Essential Resolutions being passed, for all purposes Scott Mison, having been nominated and given his consent to act, be elected as a director of the Company with effect from Completion."

10. RESOLUTION 9 – ISSUE OF SHARES AND OPTIONS TO ERIC DE MORI

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

"That, subject to all Essential Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to:

- (a) 17,000,000 General Placement Shares (on a post-Consolidation basis);*
- (b) 17,000,000 Promoter Shares (on a post-Consolidation basis); and*
- (c) 17,000,000 Promoter Options (on a post-Consolidation basis),*

to Eric de Mori (a Proposed Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

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

11. RESOLUTION 10 – ISSUE OF SHARES AND OPTIONS TO NICHOLAS YOUNG

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

"That, subject to all Essential Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to:

- (a) 17,000,000 General Placement Shares (on a post-Consolidation basis);*
- (b) 17,000,000 Promoter Shares (on a post-Consolidation basis); and*
- (c) 17,000,000 Promoter Options (on a post-Consolidation basis),*

to Nicholas Young (a Proposed Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

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

12. RESOLUTION 11 – ISSUE OF SHARES AND OPTIONS TO SCOTT MISON

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

"That, subject to all Essential Resolutions being passed, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to:

- (a) 17,000,000 General Placement Shares (on a post-Consolidation basis);*
- (b) 17,000,000 Promoter Shares (on a post-Consolidation basis); and*
- (c) 17,000,000 Promoter Options (on a post-Consolidation basis),*

to Scott Mison (a Proposed Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

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

13. RESOLUTION 12 – REPLACEMENT OF CONSTITUTION

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

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

Dated: 23 December 2015

EXPLANATORY STATEMENT

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

Resolutions 2 to 11 (inclusive) are referred to as **Essential Resolutions** throughout this Notice.

If all of the Essential Resolutions are passed and the proposed re-structuring set out in the Recapitalisation Proposal is completed, the Company will be in a position to seek the reinstatement of its Securities to official quotation on ASX. This reinstatement is, of course, subject to the discretion of ASX.

If Shareholders reject the proposed recapitalisation, the Company may be placed into liquidation. In this circumstance, it is likely that there would be no return to Shareholders.

The Deed Administrators are not responsible for the contents of this Notice of Meeting and do not accept any further responsibility for any disclosure in or failure to include any disclosure in this document.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.adgglobalsupply.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general

meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. OVERVIEW – RECAPITALISATION

3.1 Recapitalisation proposals

A recapitalisation proposal typically involves an injection of new cash (by way of issuing new securities) into a company that is either in financial distress or has been placed into voluntary administration.

In the ordinary course, the entity in question will retain some or all of its assets and seek reinstatement to trading following completion of a recapitalisation proposal.

That is what is proposed by the Essential Resolutions set out in this Notice of Meeting. The background on the Company and an overview of the Recapitalisation Proposal is set out in the balance of this Section of the Explanatory Statement below.

3.2 Background of the Company

(a) History

The Company was founded as ADG Technology in 1994, with a focus on supplying mining consumables to remote locations around the world.

In 2002 the company embarked on a growth strategy to build international sales and in June 2005 became ADG Global Supply Pty Limited.

In 2008, ADG Global Supply Pty Limited merged with Australian Waterwise Solutions Limited, leading to its establishment as a publicly listed company on the ASX (ASX Code: ADQ). The merger (and the addition of universal water products to the Company's suite of offerings) further strengthened the Company's span and expertise in serving Australian and global markets.

In January 2012, the Company acquired Winchester Procurement, a UK based procurement supply house, further strengthening its procurement and supply capability to support clients across Africa and introducing new suppliers and operational support in Europe.

The Company was a global company providing industrial products, global procurement and supply chain management to clients in over 50 countries. The Company had offices in Australia, United Kingdom, South Africa and Sierra Leone.

(b) ADG Business

The Company intends to retain the BROQ business, a business focussed on the promotion and sale of hi-vis work wear, personal protective equipment, specialist insect repellent work wear as well as a number of consumables lines.

The BROQ brand and products have evolved and developed with the changing market demand. Today the prominent BROQ brands are BROQ SAFETY and BROQ SAFETY Insect Armour.

Following the successful recapitalisation of the Company, it is intended that a review of the BROQ products, supplier and sales contracts be undertaken with a view to generating new client sales and optimising the Company's supply chain, enhancing shareholder value.

3.3 Otsana Recapitalisation Proposal

On 25 September 2015, the Company, Otsana and the Deed Administrators executed the DOCA, which embodied a proposal by Otsana for the reconstruction and recapitalisation of the Company (**Recapitalisation Proposal**).

A summary of Otsana's Recapitalisation Proposal, as contained in the DOCA, is set out below:

- (a) The DOCA is subject to the satisfaction (or waiver by Otsana) of the following outstanding conditions (**Conditions**) on or before 31 March 2016 (**Due Date**):
- (i) the Company paying to the Deed Administrators the Creditor Payment by the Due Date from the proceeds of any capital raising by the Company which may be required at Otsana's sole discretion (although Otsana has the sole discretion to determine that capital raising is not required for Completion) with any shortfall to be loaned by Completion by Otsana (or its nominee) to the Company, to be repaid to Otsana upon reinstatement of the Company to trading on the official list of the ASX and from any proceeds of sale of the BROQ Stock;
 - (ii) the Creditors Trust Deed being executed and taking effect and the receipt of \$10.00 by the trustees of the Creditors Trust upon execution of the Creditors Trust Deed;
 - (iii) Otsana being satisfied, acting reasonably, that the effect of the DOCA and the Creditors Trust Deed is to extinguish all claims against the Company as at the date of Completion, including, without limitation:
 - (A) the claims of all secured and unsecured creditors of the Company; and
 - (B) termination of all agreements to which the Company is a party except to the extent specified in writing by Otsana;
 - (iv) the passing by Shareholders at the Meeting the Resolutions contemplated in this Notice that embody the Recapitalisation Proposal;
 - (v) all employees of the Company be terminated at no cost to the Company post termination of the DOCA;
 - (vi) all subsidiaries of the Company being deregistered or liquidated at no cost to the Company or Otsana;
 - (vii) the completion and lodgement of any outstanding ASX reporting obligations of the Company; and
 - (viii) the Deed Administrators causing the current Directors and Company Secretary of the Company to be removed and appointing the Proposed Directors and Company Secretary of the Company.
- (b) If any of the Conditions are not satisfied or waived on or prior to the Due Date, Otsana may lodge a claim as an unsecured creditor of the Company for the sum of \$500,000, as a genuine estimate of the time, cost and losses that Otsana will suffer if the matters set out in the DOCA do not proceed to Completion.
- (c) The Company will consolidate its existing Shares on a one (1) new share for every forty (40) shares currently held basis (**Consolidation**).
- (d) The Company will proceed with the following issues of Securities (on a post-Consolidation basis) pursuant to a prospectus (**Prospectus**):

- (i) up to 65,000,000 Shares to be issued at a price of \$0.00001 each to raise up to \$650 (**Promoter Shares**);
- (ii) up to 200,000,000 Shares at an issue price of not less than \$0.01 each to raise up to \$2,000,000 (**General Placement Shares**); and
- (iii) up to 65,000,000 unquoted Options each with an exercise price of \$0.01, expiring on the date which is 4 years after the date of issue, at an issue price of \$0.00001 each to raise up to \$650 (**Promoter Options**),

(together, the **Capital Raising**).

- (e) The Company will pay to its creditors \$600,000 in order to extinguish the Company's existing debt (**Creditor Payment**), which will be funded by:
 - (i) the Capital Raising (to the extent required by Otsana, in its sole discretion);
 - (ii) the sale of the BROQ Stock to a third party prior to Completion (if agreed by Otsana in its sole discretion); and/or
 - (iii) any loan from Otsana to the Company (to be repaid to Otsana upon reinstatement to trading of the Company's Securities on ASX) in the event the Company's proceeds from the Capital Raising are inadequate to pay the Creditor Payment,

with the balance of the funds intended to be applied as set out in Section 3.7 of this Explanatory Statement.

- (f) The Proposed Directors will be appointed to the Board of the Company and all of the existing Directors will resign or be removed by the Deed Administrators.
- (g) The Proposed Company Secretary will be appointed to the Company and the existing company secretary will resign or be removed by the Deed Administrators.
- (b) The claims of creditors of the Company will be compromised pursuant to the DOCA and the Company will thereafter be debt free.
- (h) Completion will occur on the date that is five (5) Business Days after the satisfaction (or waiver) of the last of the Conditions (or such other date as agreed between the Deed Administrators and Otsana). At Completion, the following shall occur:
 - (i) the Company's assets shall be transferred (other than the ADG Business) to the trustees of the Creditors Trust, to be held for and on behalf of the creditors of the Company;
 - (ii) if required by Otsana, the Company must issue such Securities as are required by Otsana (subject to having received valid application forms and proceeds from investors);
 - (iii) if it has not already occurred, the Creditor Payment shall be paid by or on behalf of the Company to trustees of the Creditor Trust;

- (iv) the Company or the Deed Administrators provide to Otsana evidence of the complete irrevocable discharge and release of all security over the Company and its assets (if any exists);
- (v) the Company shall execute and deliver to the trustees of the Creditor Trust those forms necessary to transfer the Subsidiary Shares to the trustees;
- (vi) the existing company secretary of the Company must resign and the Proposed Company Secretary will be appointed;
- (vii) the existing Directors of the Company must resign and the Proposed Directors will be appointed as directors of the Company;
- (viii) except to the extent Otsana permits otherwise, the Deed Administrators shall deliver to the Company:
 - (A) all of the documents and information relating to the ADG Business;
 - (B) all corporate records, registers, financial records, minute books, cheque books, accounting books and other documents pertaining to the activities of the Company;
 - (C) asset forming part of the ADG Business and all title documents; and
 - (D) a duly executed form required to change the Company's registered office to the address nominated by Otsana in writing not less than three Business Days prior to Completion.
- (i) The creditors will accept the amount to be paid to each creditors from the Creditors Trust fund in full satisfaction and complete discharge or all debts and claims following which, they and each of them will, if called upon to do so, execute and deliver to the Company such release of any debt as the Company or the Deed Administrators may require.
- (j) The DOCA will terminate:
 - (i) immediately after Completion, or such later time as the Deed Administrators and Otsana provide notice for the purpose of meeting any requirement of the Corporations Act or ASX and, upon Completion, control of the Company shall return to the Directors; and
 - (ii) if:
 - (A) any Condition is not satisfied (or waived by Otsana) by the Due Date;
 - (B) Otsana breaches a material obligations under the DOCA; or
 - (C) Completion does not occur by the Due Date,

the Deed Administrators may call a meeting of creditors to consider and if thought fit pass a resolution to vary or terminate the DOCA in accordance with the Corporations Act.

3.4 Material contracts to the recapitalisation

BROQ Terms Sheet

Otsana, acting on behalf of the Company while it is subject to the terms of the DOCA, has entered into an agreement with Serravalle Pty Ltd (ACN 603 772 014) (**Serravalle**) and Robert Mazzega, a director and shareholder of Serravalle (acting as guarantor), pursuant to which Otsana agrees to sell (or procure the sale) and Serravalle agrees to purchase the BROQ Stock (**BROQ Terms Sheet**).

The key terms of the BROQ Terms Sheet are as follows:

- (a) Otsana agrees to sell (or procure the sale) and Serravalle agrees to acquire the BROQ Stock.
- (b) The consideration to be paid by Serravalle for the acquisition of the BROQ Stock is \$232,500 (exclusive of GST) in cash, which will be paid by Serravalle by way of three (3) instalments to Otsana as follows:
 - (i) \$100,000 payable on the date of execution of the BROQ Terms Sheet, the receipt of which has been acknowledged by Otsana;
 - (ii) \$66,250 payable on or before 30 June 2015, the receipt of which has been acknowledged by Otsana; and
 - (iii) \$66,250 payable on or before 30 July 2015. Otsana has acknowledged receipt of \$60,614. The remaining \$5,636 relates to obsolete stock and Otsana has agreed to waive payment of this amount.
- (c) Settlement of the acquisition will occur on that day which is seven (7) days following the execution date of the BROQ Terms Sheet. At settlement, Otsana must deliver (or otherwise procure the delivery) to Serravalle possession and control of the BROQ Stock.
- (d) The consideration to be paid by Serravalle to Otsana (acting on behalf of the Company) will be deemed to form part of, and will be applied to, the overall Creditor Payment.

Creditors Trust Deed

Pursuant to the terms of the DOCA, the Company has agreed to establish a trust (the **Creditors Trust**) to deal with the debts and claims against the Company that, but for the release of claims under the DOCA, would have been payable by the Company.

The Creditors Trust Deed provides for the establishment of the Creditors Trust and sets out, amongst other things, the powers of the trustees of the Creditors Trust and the manner of distribution of trust funds.

3.5 Capital Raising

The Company will, following all of the Essential Resolutions being passed, offer the Promoter Securities and General Placement Shares pursuant to the Prospectus to raise up to \$2,001,300.

The funds raised will enable the recapitalisation of the Company to be completed and enable the Company to meet its initial objectives and proposed expenditure plans.

The Company will make an application to ASX for its Securities to be reinstated to trading on the official list of ASX.

The purpose of the Capital Raising is to:

- (a) fund the Company's on-going operations;
- (b) provide funds to develop the Company's existing business;
- (c) provide funds for the acquisition and development of other investments, which may or may not be complementary to the Company's current business activities as identified by the Company; and
- (d) meet the administration costs of the Company and the expenses of the recapitalisation of the Company, including payments for the benefit of creditors pursuant to the DOCA.

3.6 Indicative timetable

Set out in the table below is the expected timing for completion of the Recapitalisation Proposal, subject to compliance with all regulatory requirements.

	Indicative Timing*
Annual General Meeting of Shareholders. ASX notified whether Shareholders' approval has been granted for the Essential Resolutions	28 January 2016
Offers open for the General Placement, following notification to ASX that the Essential Resolutions were approved by Shareholders	4 February 2016
Date that would ordinarily be the last day for trading in pre-Consolidation Securities	29 January 2016
Date that Securities would ordinarily commence trading on a deferred settlement (post-Consolidation) basis**	1 February 2016
Offers close for the General Placement	25 February 2016
Last day to register transfers on a pre-Consolidation basis (although the Company is anticipated to remain suspended at this stage)	3 February 2016
Record Date for the Consolidation	3 February 2016

First day for the Company to send notice to each Securityholder of the change in their details of holdings First day for the Company to register Securities on a post-Consolidation basis First day for issue of new holding statements and certificates	4 February 2016
Completion of the Recapitalisation Proposal, including issue of Promoter Shares, Promoter Options and General Placement Shares	29 February 2015
Dispatch date – deferred settlement market ends** Last day for the Company to send notice to each Securityholder of the change in their details of holdings. Last day for despatch of new holding statements and certificates	10 February 2016
Normal T+3 trading anticipated to commence on a post-Consolidation basis and commencement of trading of Securities, including the Promoter Shares and General Placement Shares, on ASX (subject to ASX agreeing to reinstate the Company's Securities to quotation)	4 March 2016

* The Proposed Directors and Deed Administrators reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders. The above table is indicative only.

** As the Company's Securities are anticipated to be suspended from trading, deferred settlement trading will not occur.

3.7 Use of funds

An indicative two year expenditure budget for the funds raised is set out below:

Total funds raised	Full subscription \$2,001,300
Net Realisation of BROQ Stock	\$204,178
Total	2,205,478
Cost of recapitalisation process	\$100,000
Payment of re-listing fees (estimated)	\$30,000
Creditor Payment	\$600,000
Review and development of the BROQ Business	\$700,000
Review of new projects	\$350,000
Capital Raising fees (6%)	\$120,000
Working capital	\$305,478
Total	\$2,205,478

The above expenditure budget is indicative only and may change according to circumstances prevailing at the time. The Company's review and development plans are the best estimates available to the Company at this time. It is important to recognise that work programs are subject to changes in line with emerging results and circumstances.

The "Review of new projects" is proposed to include expenditure in sourcing and reviewing both complementary acquisitions which may potentially add to the existing business model as well as acquisitions or investments in industries which are different to the existing business operated by the Company or otherwise these funds will be applied towards general working capital. As with any business, the exact application of these funds is likely to develop and evolve over time.

A more detailed budget for the "Review and development of the BROQ Business" is set out below for the full subscription under the General Placement:

Review and development of the BROQ Business	Year 1	Year 2
Stock supplier review and analysis	\$30,000	\$20,000
Product performance and profitability review	\$40,000	\$40,000
Supply chain review and optimisation	\$50,000	\$50,000
Accommodation and travel expenses	\$20,000	\$20,000
	\$140,000	\$130,000
Sales and Customer Generation	Year 1	Year 2
BROQ brand and marketing review	\$50,000	\$20,000
Tendering for the supply of safety equipment to construction and mine sites	\$80,000	\$50,000
Online marketing and promotion	\$80,000	\$50,000
Accommodation and Travel Expenses	\$20,000	\$30,000
Management and administration costs	\$20,000	\$30,000
	\$250,000	\$180,000
TOTAL	\$390,000	\$310,000

As noted above, the expenditure budget and personnel are indicative only for planning purposes and may change following a review and assessment of the Company's BROQ Business by the Proposed Directors. As with any business, the exact application of these funds is likely to develop and evolve over time.

In practical terms it is proposed that the budgeted expenditure outlined above will be aimed towards the review and optimisation of the Company's BROQ Business. If successful, this will allow the Company to supply safety equipment to existing construction and mining clients as well as seeking the tenders for new customers and contracts.

3.8 Pro-forma capital structure

The estimated proposed capital structure post-Completion (assuming all Essential Resolutions are approved and the General Placement is fully subscribed) is set out in the table below.

The Company proposes to also lodge a Prospectus for the offer of the Promoter Securities and General Placement Shares.

Securities	Shares	Options
Currently on issue	316,456,218	Nil
Post Consolidation (1:40)	7,911,405	-
Promoter Shares and Promoter Options	65,000,000	65,000,000 ¹
General Placement Shares	200,000,000	-
TOTAL	272,911,405	65,000,000

Notes:

1. Unquoted Promoter Options exercisable at \$0.01 each (on a post-Consolidation basis) on or before the date which is 4 years after the date of issue, at an issue price of \$0.00001 each.

3.9 Pro-forma balance sheet

An unaudited pro-forma balance sheet of the Company following Completion is set out in Schedule 2.

3.10 Proposed directors

As noted above, upon Completion, all of the Directors and company secretary of the Company will resign and the Proposed Directors and Proposed Company Secretary will be appointed to the Company.

Set out below are summaries of the background and experience of each of the Proposed Directors.

Eric de Mori – proposed Non-Executive Chairman

Mr de Mori specialises in natural resources, technology and biotechnology transactions with a focus on the ASX. He advises clients on M&A activity, capital raisings, Initial Public Offerings (IPO's) Reverse Take Over's (RTO) recapitalisation and restructure and DOCA process management.

Mr de Mori was previously a Non-Executive Director of Newera Resources Ltd, now Consolidated Zinc Ltd (ASX.CZL), and also held director positions with Incitive Ltd, now Hawkey Oil and Gas Limited (ASX.HOG) and Coventry Resources Ltd (ASX.CVY). He was also a Non-Executive Director of Alcyone Resources Ltd (ASX.AYN) where he helped lead the company's corporate restructure and evolution into a successful silver producer. Mr de Mori was Corporate Advisor and major shareholder in Intermet Resources Ltd, where he was instrumental in leading the acquisition of US HR tech company 1-Page, and subsequent \$8.5m backdoor listing (ASX:1PG).

Mr de Mori graduated from Murdoch University with a Bachelor of Arts, and holds a Diploma of Financial Services (RG146 compliance) with Financial Services Institute of Australasia (FINSIA)

Nicholas Young – proposed Non-Executive Director

Mr Young holds a Bachelor of Commerce, majoring in Accounting and Finance, is a Chartered Accountant and has completed the Insolvency Education Program at the Australian Restructuring Insolvency and Turnaround Association.

Mr Young commenced his career in the Corporate Restructuring division of an accounting firm and has gained valuable experience in Australia and Southern Africa, across a wide range of industries, including mining and exploration, mining services, renewable energy, professional services, manufacturing and transport.

Mr Young has been involved in the recapitalisation of various ASX-listed companies.

Scott Mison – proposed Non-Executive Director

Mr Mison holds a Bachelor of Business degree and is a Member of the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia. Mr Mison has over 15 years' experience in finance and corporate compliance in Australia, UK, Central Asia and USA. He is currently a Director, CFO and Company Secretary of ASX and AIM listed Jupiter Energy Limited and ASX listed 1Page Limited and CFO and Company Secretary of Rift Valley Resources Ltd and IDM International Limited. Mr Mison is also a board member of Wheelchair Sports WA Inc.

3.11 Business Plan and Strategy

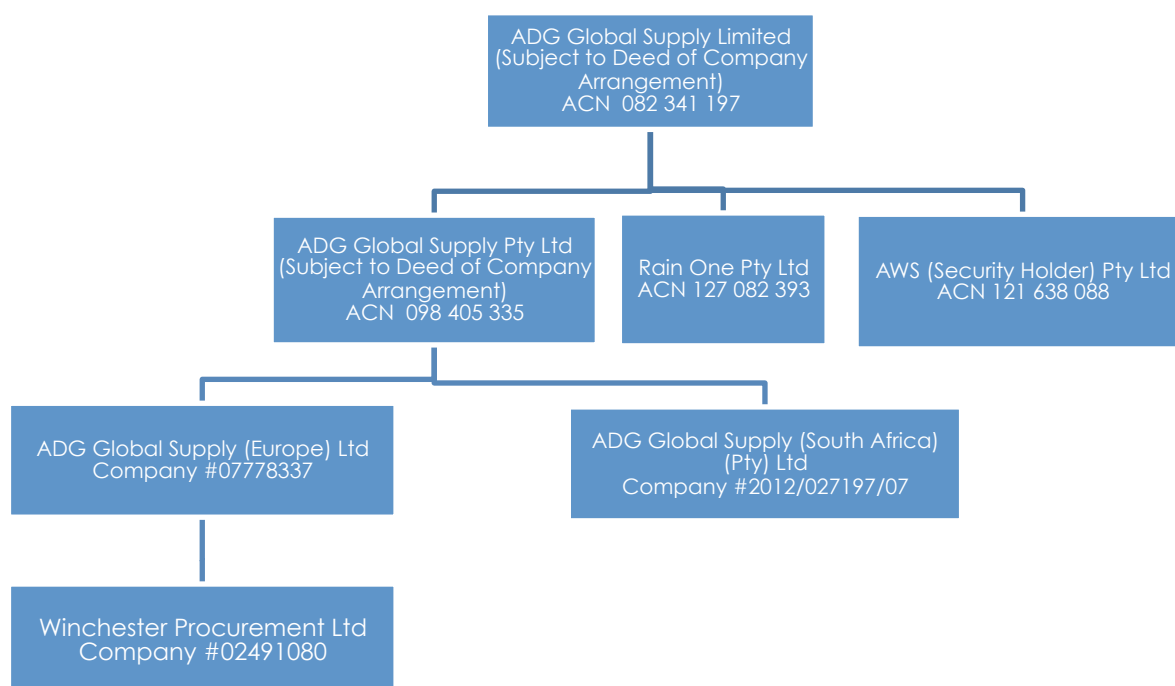
The Company intends to retain the BROQ Business going forward whilst all other assets will be transferred (at the discretion of Otsana) to the Creditor's Trust. The BROQ Business has a number of industry specific product lines that are sold and marketed to a number of clientele in the construction and mining industries.

BROQ has been promoting and selling hi-vis work wear, personal protective equipment, specialist insect repellent work wear as well as a number of industrial consumables lines such as abrasives, adhesives, exploration and electrical items.

BROQ has a targeted email marketing strategy that the Company intends to explore further through online marketing and promotion to a wider target audience.

Corporate Structure

A diagram setting out ADG's corporate structure is below:



The BROQ Business is owned and operated by ADG Global Supply Pty Ltd, a subsidiary of the Company. Otsana and the Deed Administrators are in discussions on the most commercial approach to maintaining the BROQ business and assets, whether through the maintenance of ADG Global Supply Pty Ltd or via an asset transfer from ADG Global Supply Pty Ltd to the Company or a newly incorporated subsidiary of the Company.

BROQ

BROQ is a registered trademark owned by subsidiary of ADG, ADG Global Supply Pty Ltd that was launched in March 2013. The strategy for the first 12-18 months was to sell products to ADG's and Winchester Supply's client base. In late 2014 BROQ was re-branded to BROQ SAFETY and a strategy was established to specialise the product range to a safety category of goods and enter a direct market sales strategy. The Company currently has a website and marketing collateral ready for a 2016 launch.

BROQ SAFETY

The BROQ SAFETY range has evolved from BROQ and is a core ADG brand. The BROQ SAFETY range is designed to perform and protect in a variety of challenging environments.

BROQ SAFETY offers the essentials for on-the-job protection with eye wear, respiratory protection, safety gloves and of course work wear. BROQ SAFETY is a key component of ADG's industrial products business.

BROQ SAFETY Insect Armour

Positioned as a sub-category and premium offer of BROQ SAFETY the insect armour range utilises technologies to produce the world's first combined mosquito and anti-bacterial treatment intrinsically engineered into the fabric. It is human and environment safe and has scientifically proven effectiveness. BROQ's Insect Armour is already protecting workers in over 22 countries around the world.

Suppliers

BROQ's products are manufactured by factory partners in China and Taiwan.

Sales and Marketing Agreements

ADG has historically marketed and sold its BROQ and BROQ SAFETY products to third parties and through ADG's existing client base.

The Company intends to hold discussions with the third parties with a view to expanding the previous marketing and distribution networks as well as identifying new parties in new geographical locations to market and distribute BROQ and BROQ SAFETY products to.

Website Launch

ADG has developed a specialised website to assist with the marketing and promotion of BROQ SAFETY. The website's domain name is www.broqsafety.com. The website is expected to go live in early 2016.

The Company also owns the following domains:

- www.broqdrilling.com
- www.broqdrilling.com.au
- www.broq.com.au
- www.broqindustrial.com
- www.broqindustrial.com.au
- www.broqproducts.com
- www.broqproducts.com.au
- www.broqsafety.com
- www.broqsafety.com.au

Inventory

Otsana, on behalf of ADG, has entered into the BROQ Terms Sheet with Serravalle to sell existing BROQ Stock held by ADG in Perth for an amount of \$232,500 (exclusive of GST). This amount will be applied towards the Creditor Payment as noted in Section 3.4 above.

Trademarks

The Company has the following registered BROQ trademarks:

Australia (Owned by ADG)

- | | |
|------------------------------------|---------------------------------------------------|
| • BROQ (logo) | No. 1493937 (registered/protected) |
| • BROQ SAFETY (logo) | No. 1662634 (pending advertising period/accepted) |
| • BROQ SAFETY Insect Armour (logo) | No. 1662633 (pending advertising period/accepted) |

- DryTech (word) No. 1662632 (pending advertising period/accepted)

United Kingdom (Owned by ADG)

- BROQ SAFETY (logo) No. UK0003081052 (accepted)
- BROQ SAFETY Insect Armour logo not yet complete
- DryTech not yet complete

Compliances – Global Standards

The Company has completed the Australian and New Zealand compliance standards test for BROQ and BROQ SAFETY products.

The Company is currently working through the work wear standards and PPE standards for Europe.

Other opportunities

In addition to the above, the new management team will actively seek out complementary and non-complementary assets, investments and businesses that will generate additional shareholder value.

3.12 Reinstatement to official quotation

The Company is already admitted to the official list of ASX, however, trading in the Company's Securities was suspended on 10 December 2014. Following Completion, the Company will apply to ASX for reinstatement to trading of its Securities on ASX.

Reinstatement to trading is at the discretion of ASX and will be subject to compliance with ASX and Corporations Act regulatory requirements. The Company will seek reinstatement to trading to occur soon after Completion, subject to ASX's discretion and compliance with all conditions it applies to the Company's reinstatement.

3.13 Effect of the Recapitalisation Proposal

For the purposes of this Explanatory Statement, the following information is provided for consideration by the existing Shareholders.

The Company's Securities were last traded on ASX on 2 December 2014. Prior ASX share trading prices for the Company are not considered a reliable basis to assess the new Shares.

Due to the Company's current state of affairs, the lack of profit history and the immediate lack of a reliable future cash flow from remaining assets, maintainable earnings are not considered a reliable basis to assess the new Shares. Furthermore under the provisions of the Corporations Act shareholders rank behind all classes of creditors. It is expected that there will be a shortfall to creditors, following the realisation of the Company's assets. Accordingly, with no distribution to shareholders it is anticipated the current implicit value of the Shares at the date of this Explanatory Statement is nil.

The advantages of passing the Essential Resolutions and subsequent Completion include:

- (a) a cash injection of up to approximately \$2,001,300 into the Company, together with negligible liabilities, compared with the current position whereby the Company is in a net liability position; and
- (b) the Company's ability to seek reinstatement to trading of its Securities on ASX is enhanced. By obtaining reinstatement to trading of the Company's Securities, the Shareholders are offered potential liquidity to sell their post-Consolidation shareholdings on ASX.

The principal disadvantage to Shareholders is that their existing shareholdings will be diluted following the Consolidation on a one (1) for forty (40) basis and the issue of Promoter Securities and General Placement Shares pursuant to Resolutions 2 to 4. However, this must be balanced with the fact that their existing shareholdings currently have nil value and the fact that, should the Recapitalisation Proposal not proceed, the Company could be placed into liquidation. Following Completion, their reduced shareholdings would have value based on the cash raised by the Company and the return to liquidity through reinstatement to trading on ASX.

3.14 Vision of the Board and Proposed Directors

The Board initially intends to raise sufficient funds to ensure the Company's current business operations can continue operating as a going concern.

Following the issue of the Promoter Securities and General Placement Shares contemplated by this Notice of Meeting, the Proposed Directors intend to review the previous strategy implemented by the Company with a view to the Company pursuing other acquisitions that have a strategic fit or will otherwise add value to Shareholders. Thereafter, the business plan going forward will focus on strategies that will generate the greatest returns and value for Shareholders, which may include opportunities outside the main business activities.

While no arrangements are currently in place for new businesses or assets, the Proposed Directors are confident that the Company will attract new business or asset opportunities once it has sufficient cash to meet its commitments going forward.

4. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

4.1 Background

Resolution 2 seeks Shareholder approval for the Company to undertake a consolidation of its capital (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward.

Resolution 2 is subject to all Essential Resolutions being approved by Shareholders.

4.2 Legal requirements

Section 254H(1) of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

ASX Listing Rule 7.22 also require that in respect of options, the number of options must be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

The Company current has no Options on issue, and, if approved by Shareholders, the Promoter Options to be issued pursuant to Resolution 2 will be issued on a post-Consolidation basis.

4.3 Fractional entitlements

Not all Shareholders will hold that number of Shares which can be evenly divided by 40. Any fractional entitlements of Shareholders as a consequence of the Consolidation will be rounded up to the nearest whole Share.

4.4 Effect on capital structure

The effect of the Consolidation on the capital structure of the Company (excluding additional issues contemplated in this Notice), as illustrated in the table in Section 3.8 of this Explanatory Statement and below, is that each holding of Shares will be reduced by 40 times its current level (subject to rounding). However, each Shareholder's proportional interest in the Company's capital will remain unchanged as a result of the Consolidation.

Security	Current	Post-Consolidation (1:40)
Shares	316,456,218	7,911,405
Options	Nil	Nil

4.5 Taxation implications

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation. Neither the Company, Otsana nor the Deed Administrators (or any of their advisors) accept any responsibility for the individual taxation implications arising from the Consolidation.

4.6 Holding statements and certificates

From the date the Consolidation is approved by Shareholders all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange, in accordance with the timetable set out below, 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 or exercise.

4.7 Indicative Timetable

If Resolution 2 is passed and all other Essential Resolutions are passed, the Consolidation will take effect from the date on which this Resolution 2 is passed pursuant to the timetable set out in Section 3.6 of this Explanatory Statement and in accordance with the timetable set out in Appendix 7A (paragraph 8) of the ASX Listing Rules.

5. RESOLUTION 3 – ISSUE OF PROMOTER SHARES

5.1 General

Resolution 3 seeks Shareholder approval for the issue of up to 65,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.00001 per Share to raise up to \$650 (**Promoter Shares**).

Resolution 3 is subject to all Essential Resolutions being approved by Shareholders.

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

5.2 Technical information required by ASX Listing Rule 7.3

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

- (a) the maximum number of Promoter Shares to be issued is 65,000,000 (on a post-Consolidation basis);
- (b) the Promoter Shares are anticipated to be issued upon Completion and, in any event, will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Promoter Shares will occur on the same date;
- (c) the issue price will be \$0.00001 per Promoter Share (on a post-Consolidation basis);
- (d) the Promoter Shares will be issued to the Promoter Nominees. Other than as contemplated by Resolutions 9 to 11, none of these subscribers will be related parties of the Company;
- (e) the Promoter Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of the Promoter Shares as described in Section 3.7 of this Explanatory Statement.

6. RESOLUTION 4 – ISSUE OF GENERAL PLACEMENT SHARES

6.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 200,000,000 Shares (on a post-Consolidation basis) at an issue price of \$0.01 per Share to raise up to \$2,000,000 (**General Placement Shares**).

The Company proposes to lodge a Prospectus for the offer of the General Placement Shares and Promoter Securities.

Resolution 4 is subject to all Essential Resolutions being approved by Shareholders.

A summary of ASX Listing Rule 7.1 is set out in Section 5.1 above.

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

6.2 Technical information required by ASX Listing Rule 7.3

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

- (a) the maximum number of General Placement Shares to be issued is 200,000,000 (on a post-Consolidation basis);
- (b) the General Placement Shares are anticipated to be issued upon Completion and, in any event, will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the General Placement Shares will occur on the same date;
- (c) the issue price will be \$0.01 per General Placement Share (on a post-Consolidation basis);
- (d) the General Placement Shares will be issued through the Prospectus to existing Shareholders, Promoter Nominees and the general public. The identity of those parties is not yet known. Other than as contemplated by Resolutions 9 to 11, none of these subscribers will be related parties of the Company;
- (e) the General Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of the General Placement Shares as described in Section 3.7 of this Explanatory Statement.

7. RESOLUTION 5 – ISSUE OF PROMOTER OPTIONS

7.1 General

Resolution 5 seeks Shareholder approval for the issue of up to 65,000,000 unquoted Options (on a post-Consolidation basis) at an issue price of \$0.00001 per Option to raise up to \$650 (**Promoter Options**).

Resolution 5 is subject to all Essential Resolutions being approved by Shareholders.

A summary of ASX Listing Rule 7.1 is set out in Section 5.1 above.

The effect of Resolution 5 will be to allow the Company to issue the Promoter Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue the Promoter Options:

- (a) the maximum number of Promoter Options to be issued is 65,000,000 (on a post-Consolidation basis);
- (b) the Promoter Options are anticipated to be issued upon Completion and, in any event, will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the issue price will be \$0.00001 per Promoter Option (on a post-Consolidation basis);
- (d) the Promoter Options will be issued to the Promoter Nominees. Other than as contemplated by Resolutions 9 to 11, none of these subscribers will be related parties of the Company;
- (e) the Promoter Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) the Company intends to use the funds raised from the issue of the Promoter Options as described in Section 3.7 of this Explanatory Statement.

8. RESOLUTIONS 6 TO 8 – ELECTION OF DIRECTORS – ERIC DE MORI, NICHOLAS YOUNG AND SCOTT MISON

In accordance with the terms of the DOCA, the Deed Administrators have the power to appoint the Proposed Directors and remove the current Directors on written notice to the current Directors.

At Completion, the current Directors and company secretary of the Company will resign and the Proposed Directors and Proposed Company Secretary will be appointed to the Company.

Resolutions 6 to 8 seek approval for the election of Eric de Mori, Nicholas Young and Scott Mison as directors with effect from Completion.

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders.

Refer to Section 3.10 of the Explanatory Statement for a summary of the background and experience of the Proposed Directors.

Resolutions 6 to 8 are subject to all Essential Resolutions being approved by Shareholders.

9. RESOLUTIONS 9 TO 11 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTIES

9.1 General

Pursuant to Resolutions 3, 4 and 5 the Company is seeking Shareholder approval for the issue of up to:

- (a) 65,000,000 Promoter Shares (on a post-Consolidation basis) at an issue price of \$0.00001 per Share to raise \$650;
- (b) 200,000,000 General Placement Shares (on a post-Consolidation basis) at an issue price of \$0.01 per Share to raise up to \$2,000,000; and
- (c) 65,000,000 Promoter Options (on a post-Consolidation basis) at an issue price of \$0.00001 per Option to raise up to \$650,

(together, the **Capital Raising**).

Eric de Mori, Nicholas Young and Scott Mison (**Proposed Directors**) wish to participate in the Capital Raising.

Resolutions 9 to 11 seek Shareholder approval for the issue of up to:

- (a) 51,000,000 General Placement Shares (on a post-Consolidation basis);
- (b) 51,000,000 Promoter Shares (on a post-Consolidation basis); and
- (c) 51,000,000 Promoter Options (on a post-Consolidation basis),

to the Proposed Directors (or their respective nominees) arising from the participation by the Proposed Directors in the Capital Raising (**Participation**).

Resolutions 9, 10 and 11 are subject to all Essential Resolutions being approved by Shareholders.

9.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

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

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

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

The Participation will result in the issue of Promoter Shares, General Placement Shares and Promoter Options which constitutes giving a financial benefit and the Proposed Directors are related parties of the Company by virtue of being proposed directors of the Company.

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

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Additionally, approval of Resolutions 9 to 11 may result in the Proposed Directors having a "material personal interest" in the matters referred to in this Notice. The Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated by Resolutions 9 to 11. Accordingly, Shareholder approval is sought for the Participation.

9.3 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the related parties are Messrs Eric de Mori, Nicholas Young and Scott Mison and they are related parties by virtue of being proposed Directors of the Company;
- (b) the maximum number of Promoter Shares, General Placement Shares and Promoter Options (being the nature of the financial benefits being provided) to be issued to the Proposed Directors will be as follows:
 - (i) up to 17,000,000 General Placement Shares, 17,000,000 Promoter Shares and 17,000,000 Promoter Options (all on a post-Consolidation basis) to Eric de Mori (or his nominee);
 - (ii) up to 17,000,000 General Placement Shares, 17,000,000 Promoter Shares and 17,000,000 Promoter Options (all on a post-Consolidation basis) to Nicholas Young (or his nominee); and
 - (iii) up to 17,000,000 General Placement Shares, 17,000,000 Promoter Shares and 17,000,000 Promoter Options (all on a post-Consolidation basis) to Scott Mison (or his nominee);
- (c) the maximum number of Promoter Shares, General Placement Shares and Promoter Options to be issued to the Proposed Directors is up to 51,000,000 General Placement Shares, 51,000,000 Promoter Shares and up to 51,000,000 Promoter Options (all on a post-Consolidation basis);
- (d) the Promoter Shares, General Placement Shares and Promoter Options will be issued to the Proposed Directors no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Promoter Shares, General Placement Shares and Promoter Options will occur on the same date;
- (e) the issue price will be:
 - (i) \$0.00001 per Promoter Share (on a post-Consolidation basis), being the same price as all other Promoter Shares issued under the Capital Raising;
 - (ii) \$0.01 per General Placement Share on a post-Consolidation basis), being the same price as all other General Placement Shares issued under the Capital Raising; and

- (iii) \$0.00001 per Promoter Option on a post-Consolidation basis), being the same as all other Promoter Options issued under the Capital Raising;
- (f) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in Section 3.7 of this Explanatory Statement;
- (g) the Promoter Shares and General Placement Shares issued under the Capital Raising will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) the Promoter Options will be issued on the same terms and conditions as all other Promoter Options issued under the Capital Raising, being those set out in Schedule 1;
- (i) the value of the financial benefit provided to each Proposed Director is calculated by the number of Securities being issued to that Proposed Director multiplied by the issue price under the General Placement and is set out below:

Securities	Value per Security	Financial Benefit
Eric de Mori		
17,000,000 Promoter Shares	\$0.01	\$170,000
17,000,000 General Placement Shares	\$0.01	\$170,000
17,000,000 Promoter Options	\$0.005897	\$100,247
TOTAL		\$440,247
Nicholas Young		
17,000,000 Promoter Shares	\$0.01	\$170,000
17,000,000 General Placement Shares	\$0.01	\$170,000
17,000,000 Promoter Options	\$0.005897	\$100,247
TOTAL		\$440,247
Scott Mison		
17,000,000 Promoter Shares	\$0.01	\$170,000
17,000,000 General Placement Shares	\$0.01	\$170,000
17,000,000 Promoter Options	\$0.005897	\$100,247
TOTAL		\$440,247

The Company has been suspended from trading since 10 December 2014, with the last trading price of the Company prior to going into administration being \$0.011 on 2 December 2014.

However, pursuant to the General Placement, the Company will be issuing Shares at \$0.01, and the Proposed Directors therefore consider that \$0.01 is a more appropriate valuation for the cost of the Promoter Shares and General Placement Shares being issued pursuant to Resolutions 9, 10 and 11.

- (j) the value of the Promoter Options to be issued to the Proposed Directors and the valuation methodology is set out in Schedule 3;
- (k) the relevant interests of the Proposed Directors in the Securities of the Company are set out below:

Related Party	Shares	Options¹
Eric de Mori	Nil	Nil
Nicholas Young	Nil	Nil
Scott Mison	Nil	Nil

Notes:

- 1. The Company currently has no Options on issue; however, each Proposed Director's Optionholding will increase in the event Resolutions 9, 10 and 11 are approved by Shareholders.
- (l) the remuneration and emoluments from the Company to the Proposed Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Financial year ended 30 June 2015	Financial year ended 30 June 2016
Eric de Mori	Nil	\$36,000
Nicholas Young	Nil	\$36,000
Scott Mison	Nil	\$36,000

- (m) if the Promoter Shares, General Placement Shares and Promoter Options are issued to the Proposed Directors and the Promoter Options are exercised into Shares, a total of 153,000,000 Shares (on a post-Consolidation basis) would be issued. This will increase the number of Shares on issue from 7,911,405 (on a post-Consolidation basis) to 160,911,405 (assuming that no other Options are exercised and no Shares are issued), with the effect that the Shareholding of existing Shareholders would be diluted by an aggregate of 95.08%, comprising 31.69% by Mr Eric de Mori, 31.69% by Mr Nicholas Young and 31.69% by Mr Scott Mison.

The market price for Shares during the term of the Promoter Options would normally determine whether or not they are exercised. If, at any time any of the Promoter Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Promoter Options, there may be a perceived cost to the Company.

- (n) The Company's Securities were suspended from quotation on 10 December 2014 and remain in suspension. The last trading price of the Shares prior to the Company going into administration was \$0.011 on 2 December 2014;
- (o) the primary purpose of the issue of the Promoter Shares, General Placement Shares and Promoter Options is to allow the Proposed Directors to participate in the Capital Raising; and
- (p) none of the current Directors of the Company have an interest in the outcome of Resolutions 9 to 11. The current Directors do not make a recommendation because the Company is subject to a Deed of Company Arrangement. However, it is noted that:
 - (i) the issue of Promoter Shares, General Placement Shares and Promoter Options pursuant to Resolutions 9 to 11 are on the same terms as the issue of Promoter Shares, General Placement Shares and Promoter Options under the Capital Raising; and
 - (ii) the issue of Promoter Shares, General Placement Shares and Promoter Options to the Proposed Directors might be regarded as aligning the interests of the Proposed Directors with those of Shareholders; and
- (q) the Proposed Directors and the Deed Administrators are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 9 to 11.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Promoter Shares, General Placement Shares and Promoter Options to the Proposed Directors (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

10. RESOLUTION 12 – REPLACEMENT OF CONSTITUTION

10.1 General

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

Resolution 12 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2008.

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

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature. The Directors believe these amendments are not material nor will they

have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

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

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.adgglobalsupply.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9329 5900). Shareholders are invited to contact the Company if they have any queries or concerns.

10.2 Summary of material proposed changes

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

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

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

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

Dividends (clause 21)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 35)

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

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

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

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

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

Reasons for proportional takeover provisions

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

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, other than as set out in this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

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

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

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

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

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

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 12.

GLOSSARY

\$ means Australian dollars.

ADG Business means, save to the extent that Otsana elects to exclude any such assets prior to the Completion, all of the unencumbered assets of the Company including but not limited to, registered business names, intellectual property rights, goodwill, marketing material, domain names, websites, source code, trademarks, patents, the plant and equipment, servers, customer and supplier lists, contracts, remaining stock, the BROQ Business and any other assets to operate the business of the Company including business policies and procedures and funds to be raised by the Company after the execution date of the DOCA (but excluding the Creditor Payment).

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

Appointment Date means the date of appointment of the Deed Administrators on 6 January 2015.

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

BROQ Business means the BROQ line of products, business and assets owned and operated by the Company.

BROQ Stock means the stock, inventory and equipment owned by the Company relating to the BROQ Business.

BROQ Terms Sheet has the meaning given in Section 3.4 of the Explanatory Statement.

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

Capital Raising has the meaning given in Section 3.3(d) the Explanatory Statement.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **ADG** means ADG Global Supply Limited (Subject To Deed of Company Arrangement) (ACN 082 341 197).

Completion means settlement and completion of the Recapitalisation Proposal which is anticipated to occur as soon as practicable after the date of the Meeting.

Conditions has the meaning given in Section 3.3(a) of the Explanatory Statement.

Consolidation means the consolidation, on a one (1) for forty (40) basis, of the Company's existing Securities.

Constitution means the Company's constitution.

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

Creditor Payment has the meaning given in Section 3.3(e) of the Explanatory Statement.

Creditors Trust means the trust established pursuant to the Creditors Trust Deed, as described in Section 3.4 of the Explanatory Statement.

Creditors Trust Deed means the ADG Creditors Trust Deed between the Company and the Deed Administrators, as described in Section 3.4 of the Explanatory Statement.

Deed Administrators means Mr Simon Theobald and Ms Melissa Humann of PPB Advisory as joint and several administrators of the Company.

DOCA means the deed of company arrangement between the Company, Otsana and the Deed Administrators dated 25 September 2015, which embodies the Recapitalisation Proposal.

Directors means the current directors of the Company.

Due Date means 31 March 2016 or such later date as agreed in writing by the Deed Administrators and Otsana.

Essential Resolutions means Resolutions 2 to 11 (inclusive).

Explanatory Statement means the explanatory statement accompanying the Notice.

General Placement means the offer of up to 200,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.01 each to raise up to \$2,000,000.

General Placement Shares means up to 200,000,000 Shares (on a post-Consolidation basis) at an issue price of not less than \$0.01 each.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Otsana or **Promoter** means Otsana Pty Ltd (ACN 145 168 216) trading as Otsana Capital.

PPB Advisory means PPB Pty Ltd (ACN 972 164 718) trading As PPB Advisory.

Project has the meaning given in section 3.2 of the Explanatory Statement.

Promoter Nominees means Otsana, or any sophisticated or professional investors nominated by Otsana to receive Promoter Securities and General Placement Shares, and their associates.

Promoter Options means up to 65,000,000 unquoted Options (on a post-Consolidation basis), with an issue price of \$0.00001 each to raise up to \$650, to be issued to the Promoter Nominees, exercisable at \$0.01 each and expiring on the date that is 4 years after the date of issue.

Promoter Securities means the Promoter Shares and Promoter Options.

Promoter Shares means up to 65,000,000 Shares (on a post-Consolidation basis) to be issued to the Promoter Nominees at an issue price of \$0.00001 each, to raise up to \$650.

Proposed Company Secretary means Scott Mison.

Proposed Directors means Eric de Mori, Nicholas Young and Scott Mison.

Prospectus has the meaning set out in Section 3.3(d) of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Recapitalisation Proposal means the proposal submitted by Otsana to the Company to reconstruct and recapitalise ADG in order that the Company can continue to operate as a going concern and seek reinstatement to trading on ASX.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

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

Security means a Share or Option as the context requires.

Securityholder means a holder of a Security.

Serravalle means Serravalle Pty Ltd (ACN 603 772 014) trading as Directly 2 U of 15 Belgravia Street, Belmont WA 6014.

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF PROMOTER OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date which is 4 years after the date of their issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

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

(h) **Shares issued on exercise**

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

(i) **Quotation of Shares issued on exercise**

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

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

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

(n) **Transferability**

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

SCHEDULE 2 – PRO-FORMA BALANCE SHEET

		Audited 30 June 2015 \$'000	Unaudited Pro- forma after Recapitalisation Proposal \$'000
	Notes	\$	\$
Current Assets			
Cash & cash equivalents	1,3	-	1,355
Trade receivables		-	-
Other financial assets		-	-
Other current assets		-	-
Total Current Assets		-	1,355
Non-Current Assets			
Investments accounted for using the equity method	5	-	-
Other financial assets		-	-
Property, plant and equipment		-	-
Intangible assets		-	-
Total Non-Current Assets		-	-
TOTAL ASSETS		-	1,355
Current Liabilities			
Trade & other payables	2	384	-
Income tax payable			-
Borrowings		7,790	-
Provisions			-
Total Current Liabilities		8,174	-
TOTAL LIABILITIES		8,174	-
NET ASSETS		(8,174)	1,355
Equity attributable to the equity holders of the Company			
Issued Capital	1	18,684	20,685
Options valuation reserve		345	345
Foreign exchange translation reserve		-	-
Accumulated losses	3	(27,203)	(19,674)
TOTAL EQUITY		(8,174)	1,355

Notes: the pro forma balance sheet is based on an audit for the period ended 30 June 2015 and is subject to finalisation of the DOCA and Recapitalisation Proposal .

1. Assuming the issue of:

(a) 65,000,000 Promoter Shares (on a post-Consolidation basis) to Promoter Nominees;

- (b) 200,000,000 General Placement Shares (on a post-Consolidation basis) to existing Shareholders and Promoter Nominees; and
 - (c) 65,000,000 Promoter Options (on a post-Consolidation basis) to Promoter Nominees.
2. Total ordinary trade creditors (subject to adjudication) and outstanding deed administration fees inc GST.
 3. Includes: cost of Recapitalisation Process of \$100,000, payment of estimated listing fees of \$30,000, the Creditor Payment of \$600,000 and payment of capital raising fees of \$120,000.

SCHEDULE 3 – VALUATION OF PROPOSED DIRECTORS' PROMOTER OPTIONS

The Promoter Options to be issued to the Proposed Directors pursuant to Resolutions 9, 10 and 11 have been independently valued.

Using the Black and Scholes option model and based on the assumptions set out below, the Promoter Options were ascribed the following value:

Assumptions:	
Valuation date	<i>3 December 2015</i>
Market price of Shares	<i>\$0.01</i>
Exercise price	<i>\$0.01</i>
Expiry date (length of time from issue)	<i>4 years</i>
Risk free interest rate	<i>2.25%</i>
Volatility (discount)	<i>79%</i>
Indicative value per Related Party Option	<i>\$0.005897</i>
Total Value of Related Party Options	<i>\$300,741</i>
- <i>Eric de Mori</i>	<i>\$100,247</i>
- <i>Nicholas Young</i>	<i>\$100,247</i>
- <i>Scott Mison</i>	<i>\$100,247</i>

Note: The valuation noted above is not necessarily the market price that the Promoter Options could be traded at and is not automatically the market price for taxation purposes.

APPOINTMENT OF PROXY FORM

ADG GLOBAL SUPPLY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 082 341 197

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00 am (WST), on 28 January 2016 at RSM, 8 St Georges Terrace, Perth WA 6000, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report			
Resolution 2	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Promoter Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of General Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Promoter Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Eric de Mori	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Election of Director – Nicholas Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Election of Director – Scott Mison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Shares and Options to Eric de Mori	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Shares and Options to Nicholas Young	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Shares and Options to Scott Mison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail: YES ☐ NO ☐

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to ADG Global Supply Limited (Subject to Deed of Company Arrangement), c/- PPB Advisory, GPO Box 7761, Cloisters Square WA 6850 ; or
 - (b) facsimile to the Company on facsimile number +61 8 9329 5999,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.