

**FIRESTRIKE RESOURCES LIMITED
(TO BE RENAMED “LINIUS TECHNOLOGIES LIMITED”)
ACN 149 796 332**

PROSPECTUS

For an offer of up to 70,000,000 Shares at an issue price \$0.05 per Share to raise up to \$3,500,000 with a minimum subscription of \$2,750,000 (**Public Offer**).

This Prospectus also contains an offer of the:

- (a) Consideration Shares to the Vendors (**Consideration Offer**);
- (b) 17,500,000 Shares to Avitus Capital Pty Ltd (or its nominees) (**Conversion Offer**); and
- (c) 5,000,000 Shares to CPS Capital Group Pty Ltd (or its nominees) (**CPS Offer**).

Completion of the Offers is conditional upon satisfaction of the Conditions set out in Section 2.4 of this Prospectus. No Securities will be issued pursuant to this Prospectus until such time as the Conditions are satisfied.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company’s activities.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

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

Lead Manager to the Public Offer

CPS Capital Group Pty Ltd (AFSL 294 848)



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1. CORPORATE DIRECTORY

Directors

Roger Steinepreis
Non-Executive Chairman

Paul Lloyd
CEO, Executive Director

David Holden
Non-Executive Director

Proposed Directors

Christopher Richardson
Proposed Executive Director

Stephen McGovern
Proposed Non-Executive Director

Stephen Kerr
Proposed Executive Director

Company Secretary

Paul Lloyd

Proposed Company Secretary

Stephen Kerr

Current ASX Code

FIE

Proposed ASX Code

LNU

Share Registry¹

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009

Telephone: (08) 9389 8033
Facsimile: (08) 9262 3723

Registered Office

FIE

Suite 1, Ground Floor
437 Roberts Road
Subiaco WA 6008

Telephone: (08) 9476 9209
Facsimile: (08) 9381 1122

Email: info@firestrike.com.au
Website: <http://www.firestrike.com.au>

Linus

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Collingwood VIC 3066

Email: info@linius.com
Website: <http://www.linius.com>

Solicitors to the Company

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Lead Manager

CPS Capital Group Pty Ltd
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Perth WA 6000

Phone: +61 8 9223 2222 / 1300 799 569
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Investigating Accountant and Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Intellectual Property Solicitors

Watermark Patent and Trade Mark
Attorneys
362 Rokeby Road
SUBIACO WA 6008

¹ This entity has been included for information purposes only. It has not been involved in the preparation of this Prospectus.

2. IMPORTANT NOTICE

2.1 General

This Prospectus is dated 3 March 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

2.2 Re-compliance Prospectus

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

2.3 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

2.4 Conditional Offers

The Offers are conditional on the following events occurring:

- (a) Shareholders approving the resolutions necessary to effect a change in the nature and scale of the Company's activities, Completion of the Acquisition and undertaking the Public Offer at the General Meeting to be held on 29 March 2016;
- (b) the Heads of Agreement becoming unconditional; and
- (c) receipt by the Company of ASX conditional approval to re-admit the Securities to Official Quotation on conditions satisfactory to the Company,

(together, the **Conditions**).

Accordingly, the Offers under this Prospectus are effectively inter-conditional on the successful completion of each other part of the Acquisition.

2.5 Forwarding-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Sections 5D and 9 of this Prospectus.

2.6 Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

2.7 Defined terms

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 17 of this Prospectus.

2.8 Time

All references to time in this Prospectus are references to Australian Western Standard Time.

2.9 Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares. There are risks associated with an investment in the Company and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on

capital investment, payment of dividends or the future value of the Shares. Refer to Sections 5D and 9 of this Prospectus for details relating to risk factors.

2.10 Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers, please call the Company Secretary, Paul Lloyd on +61 8 9476 9209.

3. INDICATIVE TIMETABLE*

Lodgement of Prospectus with the ASIC	3 March 2016
Opening Date of the Offers	3 March 2016
General Meeting of Shareholders	29 March 2016
Closing Date of the Offers	30 March 2016
Issue of Shares and Performance Shares under the Offers	1 April 2016
Completion of the Acquisition	1 April 2016
Despatch of holding statements	5 April 2016
Re-compliance with Chapters 1 and 2 of the ASX Listing Rules	8 April 2016
Re-quotations of Securities (including Shares issued under the Offers) on ASX	15 April 2016

** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without prior notice. The Company also reserves the right not to proceed with any of the Offers at any time before the issue of Shares and Performance Shares to Applicants.*

^ The above stated date for Completion of the Acquisition is only a good faith estimate by the Directors and may have to be extended.

4. CHAIRMAN'S LETTER

Dear Investor

The Board of Directors of Firestrike Resources Limited (to be renamed Linius Technologies Limited) (**FIE** or the **Company**) is pleased to present you with this Prospectus and the opportunity to become a shareholder in the Company as it transitions from a gold and base metal exploration company to a technology company.

The Company has entered into a binding heads of agreement with Linius (Aust) Pty Ltd (ACN 608 170 190) (**Linius (Aust)**) pursuant to which Firestrike will acquire 100% of the issued shares of Linius (Aust) from the shareholders of Linius (Aust) subject to the satisfaction or waiver of various conditions precedent.

Linius (Aust) was incorporated on 10 September 2015 by the Initial Linius Shareholders for the purpose of acquiring and commercializing the intellectual property and technology associated with Linius from an unrelated party, Phoenix Myrrh. The Linius technology includes a collection of patents and software representing partial implementations of those patents.

The Linius technology simplifies video files, by separating them into two components: the VDNA (or video-DNA) and the vStub (an index to core data which is trivial in size, about the size of a text email). Further detail on Linius are contained in Section 8.2.

Shareholder approval for the acquisition of Linius (Aust), the Public Offer, the Consideration Offer, the Conversion Offer, the CPS Offer and a change in the nature and scale of the Company's activities from a gold and base metal exploration company to a technology company, amongst other things, will be sought at the General Meeting of Shareholders to be held on 29 March 2016.

The Public Offer is one of the conditions precedent to Completion of the Acquisition and aims to raise up to \$3,500,000 (with a minimum subscription of \$2,750,000) through the issue of new Shares at an issue price of \$0.05 per Share.

Pursuant to the Heads of Agreement, the Company will issue Shares and Performance Shares to the Vendors as consideration for the acquisition of the Linius Shares. This Prospectus also contains an offer of the Consideration Shares to the Vendors.

This Prospectus also contains an offer for the issue of Shares pursuant to the conversion of a \$350,000 loan provided to Linius (Aust) by Avitus and an offer for the issue of Shares to CPS Capital Group Pty Ltd pursuant to a mandate between the Company and CPS Capital.

I commend the Company and its new direction to you and encourage you to consider the Public Offer.

Investors should be aware of the potential risks inherent in this investment which are detailed in this Prospectus. Before making your decision to invest, I ask that you carefully read this Prospectus and seek professional advice if required.

Yours sincerely

Roger Steinepreis
Chairman

5. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Firestrike Resources Limited (ACN 149 796 332) (ASX:FIE)	
Who is FIE?	<p>FIE listed on the ASX on 22 July 2011 as a Western Australian based mineral exploration company focused on exploring and developing mineral assets.</p> <p>Since listing, the Company has been focussed on gold and base metal exploration with projects in Western Australia and the United States of America. The Company's Australian projects were divested in 2015, however the Copper Ridge Project located in Salt Valley, Utah remains 100% owned by the Company's wholly owned subsidiary Firestrike Resources Incorporated.</p> <p>On 28 October 2015, the Company announced that it had entered into the Heads of Agreement with Linus (Aust) pursuant to which the Company will acquire 100% of the Linus Shares from the Vendors, subject to the satisfaction or waiver of various conditions precedent.</p>	Section 6.1
What are the terms of the Acquisition?	<p>The terms of the Heads of Agreement and the Acquisition generally are set out in section 14.1.</p> <p>The consideration for the Acquisition was agreed at 250,000,000 Shares and 200,000,000 Performance Shares to the Vendors. At \$0.02 per Share and a nil value attributed to the Performance Shares, the total value of the consideration is \$5,000,000. In addition, the Company has paid Linus (Aust) non-refundable deposits amounting to \$250,000.</p>	Section 14.1
Who is Linus (Aust)?	Linus (Aust) was incorporated on 10 September 2015 by the Initial Linus Shareholders for the purpose of acquiring and commercialising the intellectual property and	Sections 6.4 and 8.2

Item	Summary	Further information
	<p>technology associated with Linius from an unrelated party, Phoenix Myrrh.</p> <p>The original concept for the Linius technology was conceived by Finbar O’Hanlon in the mid 2000s and subsequently the technology and intellectual property were transferred to and developed by Phoenix Myrrh, including the grant of a US patent in 2014.</p> <p>The consideration for the acquisition from Phoenix Myrrh was \$5.4 million, paid by way of the issue of C class shares in Linius (Aust) to Phoenix Myrrh (representing in aggregate approximately 71.5% of that company) and \$400,000 in cash. Linius (Aust) completed this acquisition on 20 November 2015.</p> <p>Linius (Aust) has limited trading history and has generated no operating revenue to date. It is now focussed on the commercialisation and further development of the Linius technology.</p>	
<p>What is the Linius technology and what does it do?</p>	<p>The Linius technology simplifies video files, by separating them into two components: the VDNA (or video-DNA) and the vStub (an index to core data which is trivial in size, about the size of a text email). Without Linius, each video file is large, and modification of it requires modification of the entire, large file which is significantly more time consuming and requires many copies of these large files. With Linius, modification only impacts the relatively small vStub file, and only one large file is required per video.</p> <p>This approach has implications for multiple links in the Internet/digital-video value chain (Value Chain). The Value Chain is a term used to describe both the technical and business steps that take a video from the original camera up to “play-out” (ie. the point that the video is actually shown to an audience). Each of these links is essentially a distinct market, with distinct target audiences, competitors, technology and products.</p> <p>At the most basic level, the Linius technology has the potential to significantly reduce costs across the Value Chain, and in some cases to increase value, through fundamental technical changes that are applied differently at each link in the Value Chain.</p>	<p>Section 8.2</p>

Item	Summary	Further information
<p>How were the terms of the Acquisition agreed?</p>	<p>The Acquisition was negotiated on an arm's length basis, and the Company is satisfied that it was the best terms it was able to negotiate with the Vendors.</p> <p>The Company believes that \$0.02 per Share to be an appropriate value for the Shares to be issued under the Acquisition for the following reasons:</p> <ul style="list-style-type: none"> • the Company's Share price was reflective of the negative sentiment in the current resources market; • the Company had approximately \$600,000 in cash at the time of negotiating the Acquisition (or 0.66 cents) per Share). If the Company did not undertake the Acquisition it would have needed to reduce costs further and in due course undertake a capital raising to raise sufficient funds to ensure the Company could meet its ongoing exploration commitments and to attract another opportunity to the Company. This could have been heavily dilutive for the current Shareholders of the Company; and • a Share price of \$0.02 per Share represented a value of approximately \$1,800,000 for the Company at the time of the negotiation. The enterprise value of the Company at this price, once cash existing at that time of approximately \$600,000 is deducted, is approximately \$1,200,000 which is a reasonable valuation for a trading ASX listed company which has existing assets which are not highly valued and which is looking for possible acquisitions to move in a new direction. <p>Due to the fact that the Linius technology is early stage and pre commercialisation with no suitable history of revenue or earnings, it is not possible or appropriate to apply formal valuation methodologies (eg. discounted cash flow) to the Acquisition consideration.</p> <p>The Company also notes the statement of financial position of Linius (Aust) as at 30 November 2015 stating the value of its intangible assets at \$5.4 million.</p> <p>In determining whether the consideration was appropriate, and accordingly whether the Company should make the Acquisition, the</p>	<p>Section 14.1</p>

Item	Summary	Further information
	<p>Company considered the following factors:</p> <ul style="list-style-type: none"> • the Linius technology is unique and potentially transformative, and the video technology market provides a number of potential opportunities for implementing the technology (see Section 8.2 for further information on the market opportunities); • Linius (Aust) has patent protection potentially giving it a safe harbour in which to operate without the threat of others copying the technology and competing (see Section 8.2 and the Intellectual Property Report in Section 12); • Linius (Aust) has a credible technical and management team (see Sections 10.3 for details of management profiles); • a large portion of the consideration (approximately 44.4%) is deferred consideration only resulting in the issue of Shares once further performance milestones have been achieved (see Sections 7.2 and 15.4); • the Acquisition and Public Offer will result in a larger market capitalisation and enhanced Shareholder base and may encourage new investors in the Company because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than previously experienced by Shareholders prior to the announcement of the Acquisition; and • if the Company did not undertake the Acquisition, the Company would need to undertake a capital raising within a reasonable period which could be highly dilutive, depending on the then market conditions. Further, any acquisition post the recapitalisation may also be heavily dilutive for the current Shareholders, assuming such opportunity could be found in the future. <p>The Board is of the view that proceeding with the Acquisition is in the best interests of the Company for the reasons set out above.</p>	

Item	Summary	Further information
How will the Acquisition be implemented?	<p>The Company has called the General Meeting, to be held on 29 March 2016, to seek the approval of its Shareholders for the change in focus from its gold and base metal exploration to developing and operating a technology business.</p> <p>At the General Meeting, a resolution relating to the change in the nature and scale of the Company's activities, as well as resolutions required for Completion of the Acquisition and undertaking the Offers, will be put to Shareholders.</p> <p>The Company intends to pursue the orderly divestment of its exploration projects following Completion of the Acquisition and to focus on developing and commercialising the Linius technology. As such, the Company's Utah-based projects are not considered material in the context of the Offers.</p> <p>FIE proposes to change its name to "Linius Technologies Limited" on Completion of the Acquisition, which in the Board's opinion will be better suited to the Company's new strategic direction.</p>	Sections 6.2, 6.5, and 6.6

B. Business Model

What are the key business strategies of FIE?	Upon Completion of the Acquisition, the Company will focus on the further development and commercialisation of the Linius technology.	Sections 6.2 and 8.2.6
How will FIE and Linius (Aust) generate income?	<p>There are many markets in which opportunities exist for the Linius technology.</p> <p>Linius (Aust) will focus on completing implementation of the patents associated with the Linius technology as software (which will be termed a Video Virtualization Engine) (Linius VVE). It is intended that the Linius VVE will provide different applications and value propositions at various links in the Value Chain, and the Linius (Aust) business model will be a B2B software license, where third party resellers or system integrators (SIs) use the Linius VVE to provide specific, point solutions to problems in the current Value Chain where they (the resellers and SIs) have particular expertise. In certain enterprise scenarios, Linius (Aust) may</p>	Section 8.2.6

Item	Summary	Further information
	<p>choose to license the software directly.</p> <p>The Linius (Aust) business model aims to generate revenue predominantly through software licensing by, among other things:</p> <ul style="list-style-type: none"> (a) simplifying workflows throughout the Video Chain; and (b) integration of the Linius technology into advertising engines and workflow tools, facilitating truly personalised advertising and content experiences. 	
<p>What are the key dependencies of FIE's business model?</p>	<p>The key factors that FIE will depend on to meet its objectives are the Company's ability to:</p> <ul style="list-style-type: none"> (a) test and develop the Linius technology with commercial partners; (b) productise and release the Linius technology on a commercial basis; (c) continue to protect and expand its intellectual property in the Linius technology; and (d) to attract and retain key personnel. 	<p>Section 8.2.6</p>
<p>C. Key Investment Highlights</p>		
<p>What are the key investment highlights?</p>	<p>The Directors and Proposed Directors are of the view that an investment in the Company provides the following non-exclusive list of key highlights:</p> <ul style="list-style-type: none"> (a) the Acquisition represents an investment opportunity for the Company to change its business focus to that of a technology company; (b) the Acquisition provides an opportunity for the Company to diversify its interests to include Linius (Aust) which is engaged in the development and commercialisation of new ways for the delivery of video content over the internet; (c) the Acquisition will provide the opportunity to increase the value of the Company; 	<p>Section 6.3</p>

Item	Summary	Further information
	<p>(d) the Proposed Directors and management team have extensive experience and a track record with technology companies; and</p> <p>(e) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisition.</p>	
D. Key Risks		
<p>What are the key risks of an investment in FIE?</p>	<p>The business, assets and operations of the Company, including after Completion of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Securities of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.</p> <p>Based on the information available, a non-exhaustive list of the key risk factors affecting the Company are as follows. Investors should refer to Section 9 for a more detailed summary of the risks.</p> <p>(a) Re-Quotation of Shares on ASX</p> <p>The acquisition of Linus (Aust) constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX.</p> <p>(b) Commercially unproven technology</p> <p>The Linus technology is at a relatively early stage of development. While it has been tested to demonstrate that</p>	<p>Section 9</p>

Item	Summary	Further information
	<p>it can meet the claims of the patents, it has not yet been tested at scale in a commercial environment.</p> <p>(c) Technology not productised</p> <p>The Linius technology is yet to be productised and be made ready for commercial release. There can be no guarantee that the technology will ever be productised.</p> <p>(d) Patent rights</p> <p>Linius (Aust) currently has a number of granted patents and some patent applications. If Linius (Aust) fails to protect its future developments and intellectual property rights, competitors may gain access to its technology which would in turn harm its business.</p> <p>(e) Highly competitive market</p> <p>The market space dealing with video content is highly competitive and growing with new technologies and solutions trying to enter the market along with existing market player who already operate within the space. This competition creates risk for the adoption of the Linius technology in the market and the gaining of sufficient market share to become profitable.</p> <p>(f) Limited trading history</p> <p>Linius (Aust) was founded in 2015 and, whilst the Linius technology has been developed over a number of years and its management team have significant experience in the industry, Linius has limited trading history and has generated no operating revenue. The unproven potential of its proposed new business model makes any evaluation of the businesses or its prospects difficult.</p>	

Item	Summary	Further information
E. Directors and Key Management Personnel		
Who are the Directors and Proposed Directors?	<p>It is proposed that upon Completion of the Acquisition:</p> <p>(a) Christopher Richardson, Stephen McGovern and Stephen Kerr will be appointed to the Board; and</p> <p>(b) Roger Steinepreis, Paul Lloyd and David Holden will resign from the Board.</p> <p>The profiles of each of the Directors and Proposed Directors are set out in Section 10.3. Details of the personal interests of each of the above individuals are set out in Section 10.4.</p>	Section 10
F. Financial Information		
How has FIE been performing?	The reviewed statement of financial position for FIE as at 30 June 2015 is set out in the Investigating Accountant's Report in Section 11.	Section 11
What is the financial outlook for FIE?	The reviewed pro-forma statement of financial position for FIE as at 30 November 2015 (which assumes Completion of the Acquisition) is set out in the Investigating Accountant's Report in Section 11.	Section 11
Does FIE have sufficient funds for its activities?	The funding for the Company's short to medium term activities will be generated from a combination of the money raised under the Public Offer and existing cash reserves. The Board believes that these funds will provide the Company with sufficient working capital at anticipated expenditure levels to achieve its objectives set out in this Prospectus.	Sections 7.5 and 7.6
G. Offers		
What is the purpose of the Public Offer?	<p>The purpose of the Public Offer is to position the Company to seek to achieve the objectives set out below in Section 7.1 and to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules.</p> <p>The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of seeking ASX's approval for reinstatement of</p>	Sections 7.1, 7.3 and 7.6

Item	Summary	Further information
	<p>the Company's Shares to quotation following the continuing suspension following the General Meeting.</p> <p>The purpose of the Public Offer is also to provide sufficient capital for product development, sales and marketing, compliance and management and sufficient working capital to meet the Company's anticipated overhead and administration expenses over the next 12 months.</p> <p>On completion of the Public Offer the Board believes the Company will have sufficient working capital to achieve these objectives.</p> <p>The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first 12 months following reinstatement of the Company to quotation on the official list of ASX in the manner set out in the table in Section 7.6.</p>	
<p>What is the purpose of the Consideration Offer?</p>	<p>The purpose of the Consideration Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Consideration Shares.</p> <p>The Company notes that as Milestone 1 has been met the Class A Performance Shares will convert upon issue and therefore the Company will issue 300,000,000 Shares and 150,000,000 Performance Shares (being the Class B Performance Shares, Class C Performance Shares and Class D Performance Shares) amongst the Vendors as set out in Section 7.2.</p>	<p>Section 7.2</p>
<p>What is the purpose of the Conversion Offer and the CPS Offer?</p>	<p>The purpose of the Conversion Offer is for conversion of the \$350,000 in funds drawn down by Linus (Aust) under the Convertible Loan Agreement into Shares and to remove the need for an additional disclosure document to be issued upon the sale of any Shares issued pursuant to the Conversion Offer.</p> <p>The purpose of the CPS Offer is to issue the Shares the subject of the Mandate to CPS Group and to remove the need for an additional disclosure document to be issued upon the sale of any Shares issued pursuant to the CPS Offer.</p>	<p>Sections 7.3, 7.4 and 7.5</p>

Item	Summary	Further information
Is the Public Offer underwritten?	The Public Offer is not underwritten.	Section 7.1(b)
What is being offered and who is entitled to participate in the Offers?	<p>The Company is offering under the Public Offer up to 70,000,000 Shares at an issue price of \$0.05 per Share to raise up to \$3,500,000, with a minimum subscription of \$2,750,000.</p> <p>The Consideration Offer is made to the Vendors. Accordingly, you should not complete an Application Form in relation to the Consideration Offer unless specifically directed to do so by the Company.</p>	Section 7
What will FIE's capital structure look like after completion of the Offers and the Acquisition?	Refer to Section 7.7 for a pro forma capital structure following Completion of the Acquisition showing the Consideration Shares and Shares under the Offers.	Section 7.7
Will I be guaranteed a minimum allocation under the Public Offer?	No, the Company is not in a position to guarantee a minimum application of Shares under the Public Offer.	Section 7.11
What are the terms of the Shares and Performance Shares offered under the Offers?	A summary of the material rights and liabilities attaching to the Shares and Performance Shares offered under the Offers are set out in Sections 15.2 and 15.4.	Sections 15.2 and 15.4
Will any Securities be subject to escrow?	<p>Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities (including those issued under the Consideration Offer) on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p>	Section 7.13

Item	Summary	Further information
Will the Shares be quoted?	Application for quotation of all Shares that are to be listed to be issued under the Offers will be made to the ASX no later than 7 days after the date of this Prospectus.	Section 7.12
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in Section 3.	Section 3
What is the minimum investment size under the Public Offer?	Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (40,000 Shares) and thereafter, in multiples of \$200 worth of Shares (4,000 Shares).	Section 7.1(c)
Are there any conditions to the Offers?	<p>The Offers are conditional upon satisfaction of the Conditions.</p> <p>If any of the Conditions are not satisfied then the Company will not proceed with the Public Offer and the Company will repay all Application Monies received. If the Company does not proceed with the Public Offer it will not proceed with the Consideration Offer, the Conversion Offer or the CPS Offer.</p>	Section 2.4
H. Use of proceeds		
How will the proceeds of the Public Offer be used?	<p>The Public Offer proceeds will be used for:</p> <ul style="list-style-type: none"> • Linius product development; • sales, marketing and administration; • corporate overhead; • costs of the Offers; and • working capital. 	Sections 7.6 and 15.10
I. Additional information		
Is there any brokerage, commission or duty payable by applicants?	No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offers.	
What are the tax implications of investing in Shares?	<p>Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's</p>	

Item	Summary	Further information
	particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.	
Where can I find more information?	<ul style="list-style-type: none"> • By speaking to your sharebroker, solicitor, accountant or other independent professional adviser. • By reviewing FIE's public announcements, which are accessible from ASX's website at http://www.asx.com.au under the ASX code "FIE". • By visiting FIE's website at http://www.firestrike.com.au/. • By contacting Paul Lloyd, FIE's Company Secretary, on +61 8 9476 9209. • By contacting the Share Registry on (08) 9389 8033. 	

6. TRANSACTION OVERVIEW

6.1 The Company

Firestrike Resources Limited (**FIE** or the **Company**) is a public company listed on the official list of ASX (ASX code: FIE) with its principal focus being exploring and developing mineral assets. The Company was incorporated on 10 March 2011 and was admitted to the official list of the ASX on 22 July 2011.

Since listing, the Company has focussed on exploring and developing minerals with its principal activity being exploration for gold and base metals. The Company currently maintains one exploration project in Salt Valley, Utah in the United States of America. Pursuant to its continuous disclosure obligations, the Company has kept the market fully informed and updated in relation to its projects. Details of this project and the work done to date are available on the Company's ASX announcements platform.

In addition to its principal business activities, the Company has been evaluating alternative corporate opportunities, which have the potential to deliver strong future growth for Shareholders. Following Completion of the Acquisition, it is the current intention of the Board and the Proposed Directors to pursue an orderly divestment of the Company's Utah-based exploration project.

6.2 The Acquisition

Pursuant to the Heads of Agreement, the Company will acquire 100% of the Linius Shares from the Linius Shareholders.

Upon successful Completion of the Acquisition, the Company will focus on developing and operating the Linius technology. A more detailed summary of Linius (Aust) and the proposed business of the Company following Completion is set out in Section 8.

6.3 Key investment highlights

The Directors and Proposed Directors are of the view that an investment in the Company provides the following non-exclusive list of key highlights:

- (a) the Acquisition represents an investment opportunity for the Company to change its business focus to that of a technology company;
- (b) the Acquisition provides an opportunity for the Company to diversify its interests to include Linius (Aust) which is engaged in the business of the development and commercialisation of new ways for the delivery of video content over the internet;
- (c) the Acquisition will provide the opportunity to increase the value of the Company;
- (d) the Proposed Directors and management team have extensive experience and a track record within the technology industry; and
- (e) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisition.

6.4 Details on Linius (Aust)

Linius (Aust) was incorporated on 10 September 2015 by the Initial Linius Shareholders for the purpose of acquiring and commercializing the intellectual property and technology associated with Linius from an unrelated party, Phoenix Myrrh.

The Linius technology simplifies video files, by separating them into two components: the VDNA (or video-DNA) and the vStub (an index to core data which is trivial in size, about the size of a text email). Without Linius, each video file is large, and modification of it requires modification of the entire, large file which is significantly more time consuming and many (sometimes hundreds of) copies of these large files are required. With Linius, modification only impacts the relatively small vStub file, and only one large file is required per video. This approach has implications for nearly every link in the Internet/digital-video value chain (**Value Chain**), and is described in further detail in Section 8.2.

6.5 Suspension and Re-admission to ASX

As FIE is currently focussed on developing and exploring minerals, the Acquisition, if successfully completed, will represent a significant change in the nature and scale of FIE's operations to a technology company focused on developing and commercialising the Linius technology.

The change in the nature and scale of FIE's activities will require:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

FIE will apply for voluntary suspension of its Shares with effect from the close of the General Meeting to be held on 29 March 2016. The Shares will not be reinstated to Official Quotation until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by the ASX to the Official List.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3.

It is expected that the conduct of the Offers pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Applicants should be aware that the ASX will not re-admit or admit any Shares to Official Quotation until FIE re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by the ASX to the Official List. In the event that FIE does not receive conditional approval for re-admission to the Official List, FIE will not proceed with the Offers and will repay all Application monies received by it in connection with this Prospectus (without interest).

6.6 Change of Name

Subject to Shareholder approval being obtained, FIE will change its name to “Linus Technologies Limited” as a condition precedent to Completion of the Acquisition, which in the Directors’ opinion will be better suited to the Company’s new strategic direction.

An overview of the Company’s business following Completion of the Acquisition is set out in Section 8.

7. DETAILS OF THE OFFERS

7.1 The Public Offer

Pursuant to this Prospectus, the Company will be offering up to 70,000,000 Shares at an issue price of \$0.05 per Share to raise up to \$3,500,000.

The Shares offered under the Public Offer will rank equally with the existing Shares on issue. Refer to Section 15.2 for a summary of the terms of Shares.

(a) **Minimum subscription**

The minimum subscription is \$2,750,000 for the Public Offer.

(b) **No underwriting**

The Public Offer is not underwritten.

(c) **Minimum application amount**

Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (40,000 Shares) and thereafter, in multiples of \$200 worth of Shares (4,000 Shares).

(d) **Eligible participants**

To participate in the Public Offer you must be a resident of Australia. See Section 7.16 for further details.

Where the Company accepts oversubscriptions, the Shares to be issued under the oversubscriptions will be issued at the absolute discretion of the Directors.

Accordingly, the Company is not in a position to guarantee a minimum application of Shares under the Public Offer.

(e) **Quotation and trading**

Application for quotation of the Shares issued under the Public Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.12 for further details.

No Shares issued pursuant to the Public Offer will be subject to any escrow requirements by the ASX.

7.2 Consideration Offer

This Prospectus also includes an offer of:

- (a) 250,000,000 Shares to Phoenix Myrrh (or its nominees); and
- (b) 50,000,000 Shares to the Initial Linus Shareholders (or their nominees);
- (c) 150,000,000 Performance Shares to the Initial Linus Shareholders (or their nominees),

pursuant to the Heads of Agreement in consideration for the acquisition by the Company of 100% of the Linus Shares (**Consideration Offer**).

As Milestone 1 has been met, by virtue of entry into the Evaluation and Limited Deployment Agreement with Digisoft summarised in Section 14.5(i), the Class A Performance Shares will convert upon issue and therefore the Company will issue a total of 300,000,000 Shares and 150,000,000 Performance Shares (being the Class B Performance Shares, Class C Performance Shares and Class D Performance Shares) amongst the Vendors.

The material terms and conditions of the Heads of Agreement are summarised at Section 14.1 of this Prospectus.

Application for quotation of the Shares issued under the Consideration Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.12 for further details.

Only the Vendors (or their nominees) may accept the Consideration Offer. A personalised Application Form in relation to the Consideration Offer will be issued to the relevant Vendors (or their nominees) together with a copy of this Prospectus.

The Shares and Performance Shares issued under the Consideration Offer may be subject to escrow under the ASX Listing Rules. Please refer to Section 7.13 for further details.

7.3 Conversion Offer

This Prospectus also includes an offer of Shares for conversion of the \$350,000 funds drawn down by Linus (Aust) pursuant to the Convertible Loan Agreement between the Company, Linus (Aust) and Avitus (**Conversion Offer**).

The material terms of the Convertible Loan Agreement are summarised at Section 14.2 of this Prospectus.

Application for quotation of the Shares issued under the Conversion Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.12 for further details.

Only Avitus (or its nominees) may accept the Conversion Offer. A personalised Application Form in relation to the Conversion Offer will be issued to Avitus (or its nominees) together with a copy of this Prospectus.

7.4 CPS Offer

This Prospectus also includes an offer of Shares to CPS Capital at a deemed issue price of \$0.02 per Share pursuant to the Mandate between the Company and CPS Capital (**CPS Offer**).

The material terms of the Mandate are summarised at Section 14.3 of this Prospectus.

Application for quotation of the Shares issued under the CPS Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 7.12 for further details.

Only CPS Capital may accept the CPS Offer. A personalised Application Form in relation to the CPS Offer will be issued to CPS Capital together with a copy of this Prospectus.

7.5 Purpose of the Offers

The primary purpose of the Public Offer is to:

- (a) assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (e.g. Shareholder spread) (see Section 6.5 for further details); and
- (b) to provide the Company with additional funding to progress the development and marketing of the Linus technology and provide the Company with sufficient working capital to meet its anticipated overhead and administrative expenses over the next 12 months.

The Company intends on applying the funds raised under the Public Offer along with its current cash reserves in the manner detailed in Section 7.6.

The purpose of the Consideration Offer is to remove the need for an additional disclosure document to be issued upon the sale of any Consideration Shares.

The purpose of the Conversion Offer and the CPS Offer is to remove the need for any additional disclosure document to be issued upon the sale of any Shares issued pursuant to the Conversion Offer and the CPS Offer.

7.6 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, in the next 12 months following re-admission to the Official List of the ASX (for the purpose of satisfying the ASX's requirements for re-listing following a significant change to the nature and scale of the Company's activities) as follows:

Item	Proposed minimum Capital Raising (\$2,750,000) plus existing cash	Proposed maximum Capital Raising (\$3,500,000) plus existing cash
Existing cash reserves	\$748,000	\$748,000
Funds raised under Capital Raising	\$2,750,000	\$3,500,000
TOTAL	\$3,498,000	\$4,248,000
Linus product development	\$1,500,000	\$1,500,000
Sales, marketing and administration	\$1,105,483	\$1,105,483
Corporate Overhead	\$184,500	\$184,500
Costs of the Offers	\$309,405	\$355,484
Working Capital	\$398,612	\$1,102,533
TOTAL	\$3,498,000	\$4,248,000

Notes:

- 1 Refer to the Investigating Accountant's Report set out in Section 11 of this Prospectus for further details.
- 2 Refer to Section 15.10 of this Prospectus for further details in relation to expenses of the Offers.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Sections 5D and 9).

The Board believes that the funds raised from the Offer, combined with existing funds will provide the Company with sufficient working capital at anticipated expenditure levels to achieve its objectives set out in this Prospectus.

It should be noted that the Company is unlikely to be self-funding through its own operational cash flow at the end of the 12 month period referred to above. Accordingly, the Company may require additional capital beyond this point, which will likely involve the use of additional debt or equity funding. The use of further debt or equity funding will be considered by the Board where it is appropriate to expand growth and marketing efforts, accelerate a specific project or capitalise on further opportunities.

7.7 Capital Structure

The expected capital structure of the Company following completion of the Offers and all related matters (assuming no Options are exercised) will be as follows:

Securities	Proposed minimum Capital Raising (\$2,750,000)			Proposed maximum Capital Raising (\$3,500,000)		
	Shares	Options	Performance Shares	Shares	Options	Performance Shares
Existing issued securities	119,511,308	14,527,554 ¹	-	119,511,308	14,527,554	-
Shares under the Consideration Offer ²	300,000,000	-	-	300,000,000	-	-
Performance Shares issued under the Consideration Offer ³	-	-	150,000,000	-	-	150,000,000
Public Offer Shares ⁴	55,000,000	-	-	70,000,000	-	-
Conversion Offer Shares ⁵	17,500,000	-	-	17,500,000	-	-
CPS Offer Shares ⁶	5,000,000	-	-	5,000,000	-	-
New Options to be issued to Proposed Directors and Gavin Campion ⁷	-	58,500,000	-	-	58,500,000	-
New Options to be issued to Avitus (or its nominees) ⁸	-	3,000,000	-	-	3,000,000	-
TOTAL SECURITIES POST-COMPLETION	497,011,308	76,027,554	150,000,000	512,011,308	76,027,554	150,000,000

Notes

1. Quoted Options exercisable at \$0.04 on or before 31 December 2016.
2. It is proposed to issue 250,000,000 Shares to Phoenix Myrrh as part of the acquisition of 100% of the Linius Shares. 50,000,000 Shares are proposed to be issued to the Initial Linius Shareholders as Milestone 1 has been and the Class A Performance Shares will therefore convert upon issue. These Shares will be offered pursuant to the Consideration Offer. Shareholder approval for the issue of the Consideration Shares is being sought at the General Meeting.
3. It is proposed to issue 200,000,000 Performance Shares to the Initial Linius Shareholders as part of the acquisition of 100% of the Linius Shares.. These Performance Shares will be offered pursuant to the Consideration Offer. As Milestone 1 has been achieved, following completion of the Offers 50,000,000 Class B Performance Shares, 50,000,000 Class C Performance Shares and 50,000,000 Class D Performance Shares will remain on issue. Shareholder approval for this issue is being sought at the General Meeting.
4. Shareholder approval for this issue is being sought at the General Meeting.
5. It is proposed to issue 17,500,000 Shares to Avitus (or its nominees) pursuant to the terms of the Convertible Loan Agreement summarised in Section 14.2. Shareholder approval for this issue is being sought at the General Meeting.
6. It is proposed to issue 5,000,000 Shares to CPS Capital (or its nominees) pursuant to the Mandate summarised in Section 14.3. Shareholder approval for this issue is being sought at the General Meeting.
7. It is proposed to issue a total of 17,500,000 New Options to Proposed Directors as follows: 10,000,000 New Options to Christopher Richardson (or his nominees), 6,000,000 New Options to Stephen McGovern (or his nominees) and 1,500,000 New Options to Stephen Kerr (or his nominees). It is also proposed to issue Gavin Campion (or his nominees), 41,000,000 New Options for past services provided to Linius (Aust) and future services to be provided to the Company. The New Options are exercisable on the terms and conditions set out in Section 15.3 and Shareholder approval for the grant of the New Options is being sought at the General Meeting.
8. The Company proposes to issue these New Options to Avitus (or its nominees) pursuant to its placement capacity under ASX Listing Rule 7.1 following Completion.

The dilutionary impact in percentage terms on investors under the Public Offer is set out below.

<i>Percentage of Shares held by different categories of Shareholder on completion of the Acquisition and the Offers</i>		
Category of Shareholder	Minimum Subscription	Maximum Subscription
Existing Shareholders as at the date of this Prospectus	24.05%	23.34%
Participants in the Public Offer	11.07%	13.67%
Vendors under the Consideration Offer	60.36%	58.59%
Avitus (or its nominees) under the Conversion Offer	3.52%	3.42%
CPS Capital (or its nominees) under the CPS Offer	1.00%	0.98%

Total	100%	100%
Total number of Shares on issue	497,011,308	512,011,308
Note: The above assumes that that the Class A Performance Shares have converted into Shares, no other Performance Shares have been converted and no Options have been exercised.		

Percentage of Shares held by different categories of Shareholder on a fully diluted basis		
Category of Shareholder	Minimum Subscription	Maximum Subscription
Existing Shareholders and Option holders as at the date of this Prospectus	18.54%	18.16%
Participants in the Public Offer	7.61%	9.48%
Vendors under the Consideration Offer	62.23%	60.97%
Recipients of New Options	8.51%	8.33%
Avitus (or its nominees) under the Conversion Offer	2.42%	2.38%
CPS Capital (or its nominees) under the CPS Offer	0.69%	0.68%
Total	100%	100%
Total number of Shares on issue	723,038,862	738,038,862
Note: The above assumes that all Options are exercised and all of the Performance Shares have converted, but no new capital has been raised and no Securities issued other than the New Options to be issued to the Proposed Directors and those the subject of this Prospectus.		

This is a statement of current intentions as at the date of this Prospectus. Intervening events may alter how the Company funds the Acquisition which may impact the proposed capital structure.

7.8 Substantial Shareholders

As at the date of this Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	%
Sunshore Holdings Pty Ltd	12,500,000	13.81
Ranchland Holdings Pty Ltd ¹	9,276,300	10.25
David Paganin <DA Paganin Family Trust No. 2>	6,600,000	7.29

Duncan Lawrie Offshore Services Limited	5,000,000	5.52
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Notes:

1. Ranchland Holdings Pty Ltd is associated with current Director, Roger Steinepreis.

On completion of the Offers (assuming full subscription under the Offers, conversion of the Performance Shares and no Securities issued other than those the subject of this Prospectus and the 3,000,000 New Options proposed to be issued to Avitus), the following Shareholders are expected to hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	Minimum Subscription	Maximum Subscription
Phoenix Myrrh Technology Pty Ltd (ACN 139 996 259) ¹	250,000,000	34.58%	33.87%
Gavin Champion (and his related entities) ²	131,000,000	18.12%	17.75%
Stephen McGovern (and his related entities) ³	46,000,000	6.36%	6.23%
Naley Pty Ltd (ACN 152 934 855) ⁴	40,000,000	5.53%	5.42%

Notes:

1. Pursuant to the Heads of Agreement, it is proposed to issue Phoenix Myrrh these Shares as part of the consideration for the Acquisition, Shareholder approval for the issue of these Shares will be sought at the General Meeting.
2. Based on the conversion of 90,000,000 Performance Shares held by Mr Champion's controlled entity Earthrise Holdings Pty Ltd (ACN 130 133 292) as trustee for the Champion Investment Trust and issued as part of the consideration for the Acquisition and the exercise of 41,000,000 New Options to be issued to Mr Champion (or his nominees). Shareholder approval for both of these issues will be sought at the General Meeting.
3. Based on the conversion of 40,000,000 Performance Shares held by Mr McGovern's controlled entity Steve McGovern Nominees Pty Ltd (ACN 133 645 217) and issued as part of the consideration for the Acquisition and the exercise of 6,000,000 New Options to be issued to Mr McGovern (or his nominees). Shareholder approval for both of these issues will be sought at the General Meeting.
4. Based on the conversion of 40,000,000 Performance Shares held issued as part of the consideration for the Acquisition, Shareholder approval for the issue of these Shares will be sought at the General Meeting.

7.9 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential Applicants. As such, all potential investors in FIE are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

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

7.10 Applications

Applications for Shares and Performance Shares under the Offers must be made using the relevant Application Form. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by:

- (a) in respect of the **Public Offer – no later than 5.00pm (WST) on the Closing Date**, which is currently scheduled to occur on 30 March 2016;
- (b) in respect of the **Consideration Offer – no later than 5.00pm (WST) on the Closing Date**, which is currently scheduled to occur on 30 March 2016;
- (c) in respect of the **Conversion Offer – no later than 5.00pm (WST) on the Closing Date**, which is currently scheduled to occur on 30 March 2016; and
- (d) in respect of the **CPS Offer – no later than 5.00pm (WST) on the Closing Date**, which is currently scheduled to occur on 30 March 2016.

Applications under the Public Offer must be accompanied by payment in full in Australian currency by cheque, direct debit or BPAY® in accordance with the instructions set out in the Application Form.

Participation in the Consideration Offer, Conversion Offer and CPS Offer is personal and personalised Application Forms in relation to the Consideration Offer, Conversion Offer and CPS Offer will be issued to the relevant participants together with a copy of this Prospectus.

The Company reserves the right to close the Offers early.

If you require assistance in completing an Application Form, please contact the Share Registry on (08) 9389 8033.

7.11 Issue of Shares and Allocation Policy

(a) General

Subject to the satisfaction of the Conditions (see Section 2.4), the issue of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date and in accordance with the timetable set out in Section 3.

(b) Public Offer

The allocation of Shares under the Public Offer will be determined by the Board in their absolute discretion.

There is no guaranteed allocation of Shares under the Public Offer.

The Board reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application monies will be refunded (without interest) to the Applicant as soon as practicable after the Public Offer Closing Date.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

(c) Consideration Offer, Conversion Offer and CPS Offer

The Consideration Offer is a personal offer to the Vendors. As such, Shares and Performance Shares offered under the Consideration Offer will be allocated and issued to those parties (or their respective nominees) only.

The Conversion Offer is a personal offer to Avitus. As such, Shares offered under the Conversion Offer will be allocated and issued to Avitus (or its nominees) only.

The CPS Offer is a personal offer to CPS Capital. As such, Shares offered under the CPS Offer will be allocated and issued to those parties (or their respective nominees) only.

Subject to satisfaction of the Conditions, allocations under the Consideration Offer, Conversion Offer and CPS Offer are guaranteed.

(d) Defects in Applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an Application as valid, or how to construe, amend or complete it, will be final.

(e) Interest

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all Application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all

interest that accrues on the bank account and each Applicant waives the right to claim interest.

7.12 ASX listing

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 6.5). As such, the Shares may not be able to be traded for some time after the close of the Offers.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of this Prospectus, or such period as varied by the ASIC, or if ASX otherwise rejects the Company's application for re-admission to the Official List (see Section 6.5), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances the Company will not proceed with the Acquisition.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

7.13 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities on issue (including the Consideration Shares) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

7.14 Top 20 Shareholders

The Company will announce to the ASX details of its top 20 Shareholders following completion of the Offers and prior to the Securities re-commencing trading on ASX.

7.15 Clearing House Electronic Sub-Register System and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Shares issued to them

under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Shares can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may request a holding statement at any other time, however a charge may be made for such additional statements.

7.16 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Shares in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed in order to accept any of the Offers.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. Other than Australia, this Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

The Offers do not and will not constitute an offer of Shares in the US. Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any Applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that applicant's application.

7.17 Enquiries

If you have any queries in relation to the Offers, please contact Paul Lloyd, the Company Secretary on +61 8 9476 9209.

8. COMPANY OVERVIEW

8.1 Business Overview

As detailed in Section 6.1, since listing, the Company has focused on mineral exploration, with its principal focus being on exploration in Western Australia and the United States. Further information can be found on FIE's website, <http://www.firestrike.com.au>.

On 28 October 2015, the Company announced to ASX that it had entered into the Heads of Agreement pursuant to which the Company will acquire 100% of the Linius Shares from the Vendors.

8.2 Overview of Linius

8.2.1 Background

Linius (Aust) was incorporated on 10 September 2015 by the Initial Linius Shareholders for the purpose of acquiring and commercializing the intellectual property and technology associated with Linius from an unrelated party, Phoenix Myrrh.

The Linius technology includes a collection of patents and software representing partial implementations of those patents.

The original concept for the Linius technology was conceived by Finbar O'Hanlon in the mid 2000s, and he filed for a US patent in 2007. In 2009, Mr O'Hanlon founded Phoenix Myrrh and transferred his rights in the Linius intellectual property to that company to continue development of the technology and patents associated with the technology. From that time software was developed and the patent portfolio expanded internationally and, in 2014, the US patent was officially granted (see below for further information on patents and intellectual property generally).

The consideration for the acquisition from Phoenix Myrrh was \$5.4 million, paid by way of the issue of C class shares in Linius (Aust) to Phoenix Myrrh (representing in aggregate approximately 71.5% of that company) and \$400,000 in cash. Linius (Aust) completed this acquisition on 20 November 2015 and is focussed on the commercialisation and further development of the Linius technology.

The Linius technology simplifies video files, by separating them into two components: the VDNA (or video-DNA) and the vStub (an index to core data which is trivial in size, about the size of a text email). Without Linius, each video file is large, and modification of it requires modification of the entire, large file which is significantly more time consuming and many (sometimes hundreds of) copies of these large files are required. With Linius, modification only impacts the relatively small vStub file, and only one large file is required per video. This approach has implications for multiple links in the Internet/digital-video value chain (**Value Chain**), and is described in further detail below.

Linius (Aust) intends to complete the implementation of these patents as software (to be termed a Video Virtualization Engine) (**Linius VVE**). The Linius VVE will provide different applications and value propositions at various links in the Value Chain, and the Linius (Aust) business model will be a B2B software license, where third party resellers or system

integrators (**SIs**) use the Linus VVE to provide specific, point solutions to problems in the current Value Chain where they (the resellers and SIs) have particular expertise.

In certain enterprise scenarios, Linus (Aust) may choose to license the software directly.

8.2.2 Digital and Internet Video

Digital video is video that is stored in a digital, as opposed to analog, format. Just as audio recordings moved from analog records, to analog magnetic tapes, then to digital data on CDs and disks, video moved from recordings on film, to analog recordings on VCR tapes, then to digital recordings on DVDs and disks.

Internet video is digital video which is transported using the various Internet technologies. All Internet video is digital video, but not all digital video is Internet video (eg. the video recorded on a digital camcorder is digital, but not yet Internet video).

The Value Chain is a term used to describe both the technical and business steps that take a video from the original camera up to “play-out”, the point that the video is actually shown to an audience.

When it comes to digital/Internet video, there are a few different links in the chain that can be used to describe this process. In broad terms, the Value Chain contains the following eight links:

- Capture/Recording
- Post-Production
- Ingestion and Transcoding
- Storage and Hosting
- Asset Management and Workflow
- Protection and Security (DRM)
- Delivery (CDN)
- Presentation/Play-Out

Although there is some overlap, each of these links is essentially a distinct market, with distinct target audiences, competitors, technology and products.

Figure 1 below shows the links in the Value Chain as distinct markets and some example organisations that sell into each link. These organisations represent the target customers for the Linus technology, or organisations that could be disrupted by the technology.

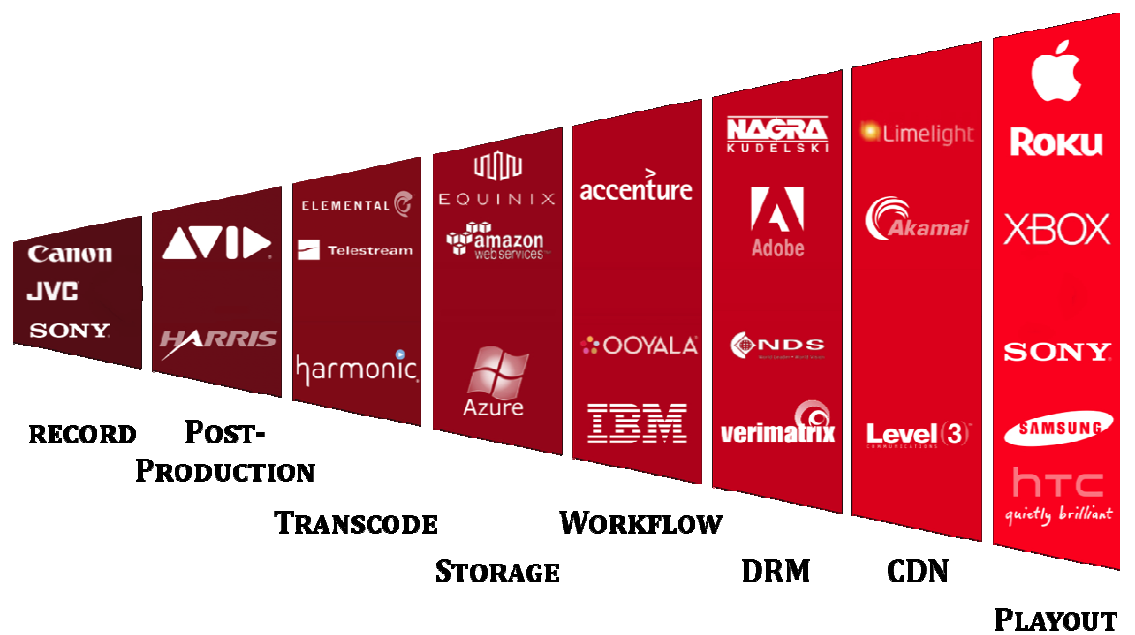


Figure 1: Links in the Value Chain.

They are described in further detail below.

(a) **Capture/Recording**

This is where the physical recording of the video with camera occurs. Instead of recording to film, digital cameras record digital video as some sort of computer file. The format of that file may be something proprietary to the camera manufacturer, or one of several containers and codecs (which are technical terms for how the video is stored and then encoded or decoded). There are a myriad of digital video file formats and new formats continue to be developed.

(b) **Post-Production/Editing**

This is where things like sub-titling, insertion of graphics, colour correction, and sound-editing happen.

(c) **Ingestion and Transcoding**

This is a fairly technical part of the process, but the concepts are generally easy to understand.

There are three different elements or dimensions to transcoding:

- (i) **The aspect ratio of the video to be played.** Just like how old "square" TVs compare to HD TVs, videos need to be converted to many different "shapes" or aspect ratios, depending on what the final projection device will be (i.e. a movie screen, a TV, a cell phone, a tablet, etc).
- (ii) **The quality of the video.** A higher quality video is a bigger file, and typically multiple, different qualities are required to deal with the varying speeds of Internet connection.

- (iii) ***The software used to play the final file.*** There are many, different competing encoding formats for video, not one standard (see commentary above on containers and codecs).

The process of taking the original, master video, and converting it in all three of those elements or dimensions is known as “transcoding”.

- (d) **Storage and hosting**

All of those transcoded files need to be put somewhere.

For small organisations, they could be stored locally on hard disks, but an entire industry has sprung up (not just for video) to enable storage in the cloud.

Even though the physical media for storage has become (and continues to become) cheaper over time, as cheap as it is today, using storage properly is still a difficult process to manage for most organisations. Sensitive data should be backed up and most organisations are aware of the concept of incremental backups (a scheme where, for example, there are monthly, weekly, and daily backups). However, more than half of businesses do not conduct daily backups.

One of the major features of cloud computing is off-site backup. Challenges remain around automation and encryption, but the advent of cloud computing has enabled regular, remote backups and has made it easier to implement hierarchical storage management.

- (e) **Asset Management and Workflow**

A video, at this stage in the process, isn’t just one file. It’s all of the various transcoded files created above, plus a collection of assets. In this context, assets include subtitles in various languages, static images used to advertise the video and trailers associated with the video. Workflow software manages the coordination of all of these pieces.

- (f) **Protection and Security (DRM)**

An acronym for Digital Rights Management, DRM is how copyright holders are able to enforce their ownership, and ultimately collect money for their digital works.

DRM is a broad category that encompasses various technologies surrounding the use, modification, and distribution of copyrighted works, including encryption, copy protection, licensing, and various other access control mechanisms.

One example of DRM is the region encoding of DVDs, but there are dozens of different technical approaches to solving the various problems of intellectual property protection.

(g) **Delivery (CDN)**

CDN stands for Content Delivery Network.

This is a particular class of internet infrastructure whose sole purpose is to deal with slow internet speeds or, more specifically, speeds that are slower than people desire it to be given the size of content they want to consume, wherever they are.

CDNs take content (images, websites, videos) and push multiple copies out to the “edge” of the network, so that they’re closer to the consumer, and can therefore be consumed more quickly.

(h) **Presentation/Playout**

Playout is where actual viewing of the video occurs. This could be on a smartphone, at the cinema, on a smart TV, or on a computer.

Each of these links is a significant market in its own right, and each adds value. But from the perspective of the artist creating the video, and the audience consuming the video, they are effectively just added cost. At the most basic level, the Linus technology serves to reduce these costs, and in some cases to increase value, through fundamental technical changes that are applied differently at each link in the Value Chain (see The Linus Effect in Section 8.2.5 below).

8.2.3 Effect on Creators and Consumers

The net result of all of these steps is a huge proliferation of files. For example, one TV producer is making over 300 versions of its titles to support all the formats and devices.

Incrementally, the costs associated with this are almost negligible. A two-hour HD movie is about 3.0–4.5 GB in file size. Storage costs are reducing over time, with the current price of a TB of desktop storage at about \$10US. Storing a single file could cost as little as 3 cents.

Single file storage isn’t the problem. The problem is one of scale. When one starts with hundreds of versions or files for each video, and a video library that consists of hundreds or thousands of such videos, and then spreads multiple copies of those files around the world (see CDN, above), costs quickly escalate. And not just the costs of storage, but the costs of managing those millions of files around the Internet.

In 2014, the global virtual video value chain represented in aggregate over US\$16.5 billion in costs.

8.2.4 The Linus Technology

The core Linus patent deals with the “virtualization” of video assets. Further information on the patents and other intellectual property is set out below.

Film, television and music media has come from a world where media was stored on tape. The industry introduced a workflow where a specific process was attached to the recording, packaging, storing and distributing of this tape based media. As technology evolved from tape, to CD and other encoded physical media, to the Internet, the broadcasting industry's platforms and workflows didn't change significantly. The first two links in the Value Chain result in the output of a master copy. In the pre-Internet world, that master was used to create physical duplicates for distribution — film reels for cinemas, VCR tapes, DVDs, laser disks and so on. In the digital world, whether or not the internet is involved, masters are digital files. As technology on the Internet quickly evolved over the last 20 years, technological advances (such as different ways of encoding the media, copy-protecting the media and so on) caused a proliferation of digital files.

Figure 2 below illustrates this proliferation. For each video, the content owner still has physical copies printed from the master for physical distribution but, on the Internet, each one of those masters is converted into hundreds of thousands of files, as described in the Digital and Internet Video section, above.

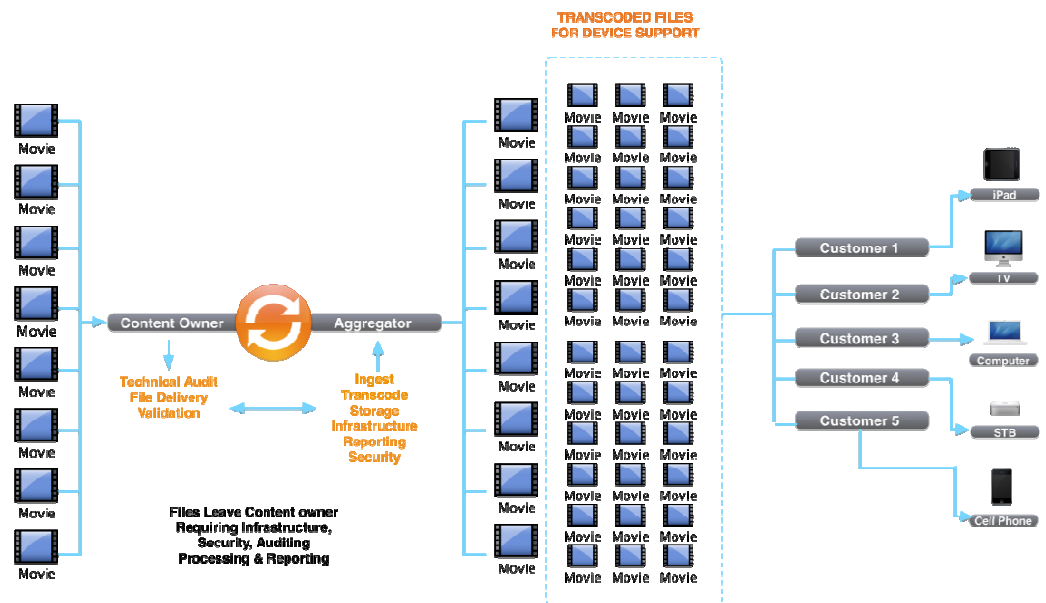


Figure 2: Proliferation of files in Internet video distribution

Current technologies focus on making videos smaller by mechanisms such as compression, and easier to manage with improved workflow tools and technology platforms.

The film, television, and other video industries stuck to their process of creating a master file, and the Internet technologist set about solving various technical issues on an ad hoc basis, with neither side really stepping back to think about how data is different than film. The Linus technology exploits this distinction — it understands that data is different

than film. Each file contains a core piece of data that is a master copy of the original work or “VDNA” (video-DNA).

The Linius technology extracts that VDNA from the master file, and builds a vStub — an index to that core data which is trivial in size (about the size of a text email). This vStub then is the only thing that needs to be modified to support all of the processes in the Value Chain.

Figure 3 below illustrates Internet distribution after the introduction of the Linius technology — there is no longer any great proliferation of files required.

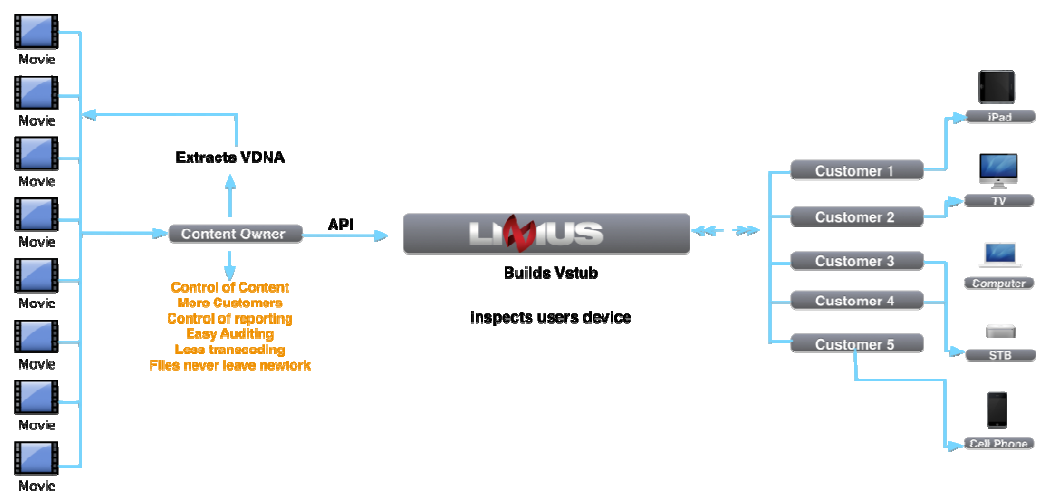


Figure 3: Internet video distribution with the Linius technology

At any point in the process where currently there are multiple, large files — transcoding, storage, workflow-management, DRM/encryption and CDN — introducing Linius into the process means there now only needs to be one relatively small file.

All of the steps in the process that are currently performed on these large files are now done on the relatively small vStub, dramatically reducing storage costs, distribution costs and CPU usage. Any CPU intensive work that has to deal with several GB of data can with Linius now deal with only several KB of data.

Moreover, whole new monetisation models become possible, because the video can be customized for each audience member. Each vStub file is small, so it is possible to create one for each individual consumer of the video.

Figure 2 above shows the large collection of files sits in front of several consumers. That “in front” location could be different depending on the business in question (e.g. for a cable TV company, it could be the

neighbourhood point of presence; for a brand, it could be the CDN edge closest to that group of consumers; for YouTube, it could be the regional Google data centre), but in all current cases, the model is the same. The number of customers served could be a few thousand in the case of a cable company serving a neighbourhood, or tens of millions in the case of a CDN network (e.g. there are currently 54 edge locations on Amazon's CDN, serving the entire Internet).

The number of files involved is already large. If that number were to multiply by thousands, let alone millions, then costs and complexity of management swell to the point where it is simply impractical, if not outright impossible, to create unique versions of each video for each customer, with current technology.

In the current model, each of the end files needs to be processed in advance, for each step between post-production and playout. With the Linius technology, the need to transcode, protect, and distribute different files is completely removed. Not only does a single file replace the current file proliferation, but it also holds true when going all the way through to the end customer (as shown in Figure 3, above).

Figure 4 explains the difference between the current methodology of transcoding and storing millions of files around the Internet, and the Linius methodology of extracting the VDNA from the original video and dynamically delivering the necessary video to the end consumer.

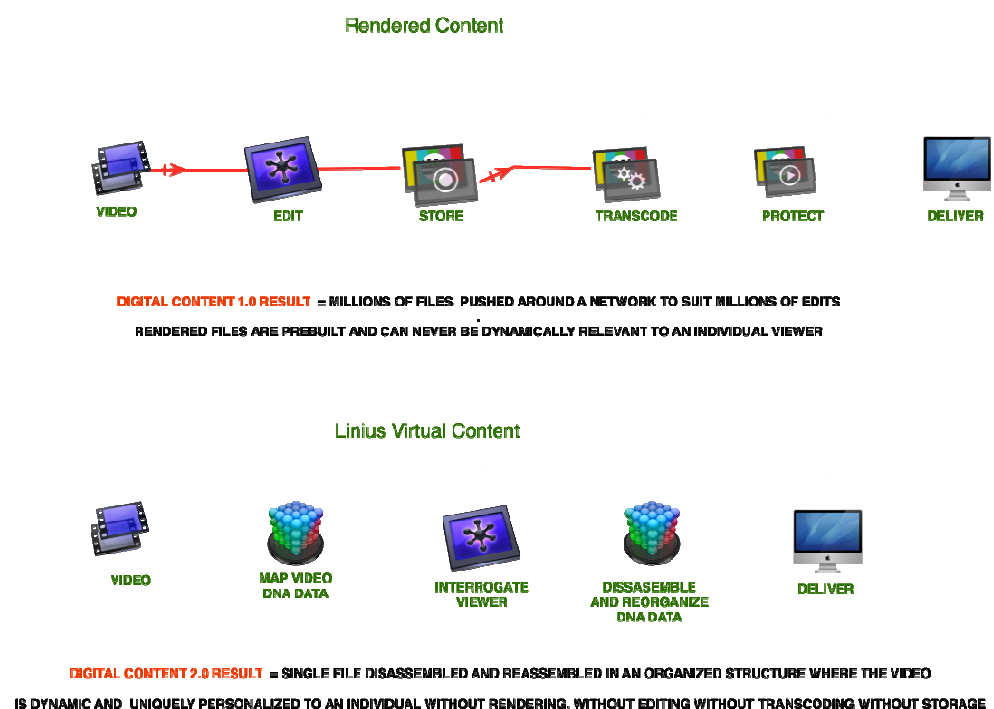


Figure 4: Current methodology vs. Linius methodology

The most obvious application for this personalisation is advertising. With the Linius technology, it is possible for pay-TV providers to give the same sort of unique advertising experience to viewers that is currently available on the web. Today, advertisements on websites or a Facebook page, among others, are specifically targeted to the person

viewing the site or page. However, unlike advertising in this form, pay TV operators are currently only able to deliver customized advertising at the neighbourhood level with currently commercially available technologies. For example, if you're watching pay-TV in St. Kilda, you may see ads for the St Kilda Football Club, but if you're looking at a Facebook page through an Internet connection in St Kilda, you may see ads for the football club that you have personally "liked" on Facebook. Linius has the potential to transform the pay-TV experience, as it enables videos to be made available per individual customer, such that the same level of personalisation on viewing a Facebook page is now possible in pay-TV.

8.2.5 The Linius Effect

The Linius technology impacts each link in the Value Chain in a slightly different way. Ultimately, the technology is sufficiently transformative that it is not possible to predict all of the applications for which it can be used, however below is set out some of the more obvious highlights for each link in the Value Chain.

(a) Capture/Recording

The capture/recording link in the Value Chain has the least obvious immediate applications for the Linius technology. The technology could be incorporated into recording devices such that a native set of Linius files (VDNA and vStub) were the output of the device, rather than the current, typically proprietary formats.

However, there are no current plans to deploy the technology in this market.

(b) Post-Production

A significant impact of the Linius technology will be in the area of post-production in conjunction with editing software. Using current technology, editing videos often requires re-rendering. The process is not dissimilar to transcoding, and is extremely computer-intensive. By enabling video-editing software to manipulate Linius video files (VDNA and vStub), there is the potential to dramatically reduce the amount of time required to edit videos.

The exact amount of time reduction would depend on the specifics of the video (eg. scripted content requires much less editing than unscripted). Experts disagree on how much time is required to edit a given video, however a reasonable benchmark is that each minute of video requires 2.5 hours of editing. A reduction in the amount of editing time will inevitably reduce costs.

The hypothetical, but potentially much larger, impact of the technology as applied to this market would come from the ability to perform advanced editing capabilities on much less powerful computers. Using the Linius technology as the file model for videos, professional video-editing software capabilities may be used by amateur and semi-professionals videographers everywhere.

Linus (Aust) views this as a potentially large market. However, because the value is hypothetical at this stage engaging this market is a lower priority than some of the opportunities discussed below.

(c) **Ingestion and Transcoding**

This link in the Value Chain is the one that is most immediately and obviously disrupted by the Linus technology. The global video transcoding industry represented US\$1 billion US in 2013 and recent studies indicate that the market is expected to grow at a compound annual growth rate of 15% to 2019.¹

The ability to disrupt a market of this size would be of immediate interest to industry participants and is one of the first areas where Linus (Aust) will seek to commercialise the Linus technology.

(d) **Storage and Hosting**

The impact of the Linus technology on storage and hosting (except in the case of CDNs, described below) is largely indirect. Linus (Aust) has no immediate plans to commercialise in this space.

(e) **Asset Management and Workflow**

From an asset management and workflow perspective, the impact of the Linus technology is similar to what is seen in the post-production link of the Value Chain. By reducing the number of files (and aggregate amount of data) that needs to be managed, cost savings are possible in storage, bandwidth, and CPU utilisation. However, there is no obvious upside market, as there is in post-production, so pursuit of this market is low-priority.

(f) **Protection and Security (DRM)**

Existing DRM methodologies, be they encryption, or licensing, or otherwise are not materially impacted or affected by the operation of the Linus technology.

There may be some benefits that the Linus technology can provide for DRM, however they are technically complicated and require additional research. This market will not be an immediate target for Linus (Aust).

(g) **Delivery (CDN)**

The overall CDN market is large and growing — projected to be approximately US\$4.6 billion by 2017, with video accounting for 81% of that.² However, it is also a commodity market with

¹ Report on Global Video Transcoding Market 2015-2019, Infiniti Research Limited, June 2015

² Report on Content delivery networks: Market dynamics and growth perspectives, Informa UK Ltd, 2012

substantial price pressure — down 20% in 2014 and was projected to be down another 15% in 2015.³

The Linius technology represents a direct, linear cost reduction to the CDNs. If they currently need to store three copies of each video, and the Linius technology lowers that to one copy only, then they get an approximately 66% cost reduction on storage. Similarly if they need to store 100 copies and it can be reduced to one, they get a 99% cost reduction on storage.

Every competitor in the CDN market is a potential customer for the Linius technology, and this will be one of the first markets that is pursued by Linius (Aust).

(h) **Presentation/Play-Out**

Playout devices — from smart phones to cinema screens — are not materially impacted or affected by the operation of the Linius technology.

This link in the Value Chain is where the Linius technology most easily and obviously provides additional revenue opportunities, as opposed to cost cutting opportunities (see the discussion on monetisation in the Linius Technology section). For this reason, this will be one of the areas that Linius (Aust) intends to immediately target.

8.2.6 Business Model

As the section above on the Linius Effect highlights, there are many markets in which opportunities lie to apply the Linius technology.

Some of those opportunities are more obvious and more immediate than others. While it would be possible to directly enter any of those markets, Linius (Aust) is of the view that there is less risk, and greater opportunity, in providing the underlying software to existing organisations in each market segment.

Go-to-Market Strategy

Each link in the Value Chain represents a unique market, with different competitors and different functional requirements. For example, to compete directly in the CDN market would require building a CDN, establishing a sales force that targets content distributors and network operators, establishing peering relationships with major Internet exchanges and tier 1 carriers, and so on.

As discussed in the section above on the Linius Effect, the CDN market is a commodity space — reducing costs while simultaneously staying current on features is critical. Linius (Aust) could compete directly in this space, but it would require substantially more capital, would take longer to build out the relationships, and would have the added risk that other competitors could derive other methods of lowering their costs, reducing Linius (Aust)'s competitive advantage.

³ Report on the State of the CDN Market: Video Pricing, Contract, Volume and Market Sizing Trends, Dan Rayburn (cdnpricing.com), 2015

A similar scenario could be described for each link in the Value Chain. The net result is that going from base technology to competing in all of the markets at once is a potentially large, uncertain and expensive problem.

Therefore, the Linius (Aust) strategy is to create a fundamental piece of software that can be used generically in any application in the Value Chain, and partner with different participants in each market segment, who would *de facto* act as distributors in that segment. Rather than trying to compete in the CDN market, Linius (Aust) intends to approach existing organisations in that market, and license the technology to them, or partner with organisations that already sell technology to all of the CDNs. This strategy mitigates risk, by enabling Linius (Aust) to enter each market much more quickly, and with less cash required. It also has the potential to generate revenue more quickly, as the distributors in each link of the Value Chain will already have existing sales relationships.

The first three links in the Value Chain that Linius (Aust) intends to target are Ingestion and Transcoding, CDN, and Presentation and Play-Out. Linius (Aust) has entered into an agreement with Digisoft.tv Limited (an Irish company) (**Digisoft**) and this forms part of the go-to-market strategy (see agreement summary in Section 14.5(i)). Digisoft is a manufacturer of set-top-box software (those devices that connect a TV to cable or satellite). By partnering with Digisoft, Linius (Aust) intends to directly reach pay-TV providers, who are already Digisoft's customers, without building a sales team that has direct expertise in just that one market.

Linius (Aust) will seek similar relationships in each link of the Value Chain.

Short-Term Operating Plan/Use of Funds

Linius is currently in a pre-commercialisation phase.

There are four key elements to the short-term, pre-commercialisation operating plan:

(a) Technology Development

The Linius technology includes a partial implementation of the core patent. See further information on patents below.

Ultimately, it is proposed that the software will have the functionality to take raw video files from their initial point of creation, and output the two key Linius technology files — the VDNA and the vStub. It is proposed that the various processes that can be undertaken with these files — modifying the vStub for playout to different devices, conducting post-production editing, managing through workflow software, deploy them to CDNs, encrypt them with DRM, and so on — will be handled through a series of APIs that partners will use to integrate the Linius software with their existing technology.

Before getting to completely commercialised software, the first priority is to develop the software to a sufficient point for demonstrating its benefits in specific showcases targeting specific links in the Value Chain. For example, developing the software to the point where one specific partner can show

video personalisation (as is the case with Digisoft – see above), as an intermediate step before finalisation of APIs and commercial release of the software generally in the Presentation/Play-out market.

(b) **Showcase deployments**

Once the software is completed to a point that a specific showcase is possible, Linius (Aust) intends to work with partners in the relevant links of the Value Chain to create that showcase — demonstrating the capability of the software and the cost/revenue impact it can have with respect to the specific showcase in question.

As outlined in the section above on the Linius Effect, the first three showcases will demonstrate video personalisation for the Presentation/Play-Out link of the Value Chain, reduce storage costs for the CDN link, and near elimination of the need for transcoding in the Ingestion and Transcoding link.

(c) **Patents**

Linius (Aust) will continue to invest in maintenance and extension of the patent portfolio. See below for further information on the intellectual property associated with the Linius technology.

(d) **Marketing**

As showcase deployments are completed, Linius intends to market those showcases in the appropriate environments, and generate the necessary inbound information to fully productize the software. In other words, to engage in the process of product management, to fully define the exact set of features for commercialisation of the software in each of the links in the Value Chain, and the prioritisation of those requirements.

Commercialisation

It is not possible to predict at this stage all of the applications for which the Linius technology can be used or commercialised. The commercialisation strategy depends in part on the outcome of the showcase deployments referred to above, and Linius (Aust) intends to explore strategic business opportunities over time as these unfold.

In any event, the Linius (Aust) currently intends to operate a B2B software licensing model.

The unit and pricing specifics will vary, depending on the segment of the Value Chain, and the specific function performed. For example, in the case of video personalisation for Pay-TV operators, there could be a one-time license fee per set-top-box deployment. Conversely, in the encoding space, there may be a much smaller fee, paid on a per-transaction basis.

8.2.7 Intellectual Property

The intellectual property associated with Linius comprises various patents/patent applications, trade mark applications, a domain name and copyright in software, as well as unregistered intellectual property constituted by confidential information and know-how.

Further information on intellectual property is contained in the report on intellectual property prepared by Watermark set out in Section 12.

8.3 Financial Information

(a) Historical financial information

The Investigating Accountant's Report contained in Section 11 of this Prospectus sets out:

- (i) the historical audited financial information of the Company, comprising the historical Statement of Financial Position as at 30 June 2015 and the historical Statement of Comprehensive Income and Statement of Changes in Equity for the year ended 30 June 2015;
- (ii) the historical audited financial information of Linius (Aust), comprising the historical Statement of Financial Position as at 30 November 2015 and the historical Statement of Comprehensive Income and Statement of Changes in Equity for the period ended 30 November 2015; and
- (iii) the pro-forma financial information of the Company, comprising the pro-forma Statement of Financial Position as at 30 November 2015 and the pro-forma Statement of Comprehensive Income and Statement of Changes in Equity for the period ended 30 November 2015, for the minimum and maximum subscription under the Public Offer.

See Section 9.4(a) for inherent risks associated with Linius (Aust)'s limited trading history and uncertainty in relation to its business. Investors should note that Linius (Aust)'s ability to achieve its objectives is high risk.

Investors are urged to read the Investigating Accountant's Report in full.

The full financial statements for the Company for its financial year ended 30 June 2015, which include the notes to the financial statements, can be found from FIE's ASX announcements platform on www.asx.com.au.

(b) Forecast

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of FIE are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.4 Dividend Policy

It is anticipated that, post-Completion of the Acquisition, the Company will focus on the development and commercialisation of the Linius technology. The Company does not expect to declare any dividends during this period.

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

9. RISK FACTORS

The business, assets and operations of the Company, including after completion of the Acquisition, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company. The Company's Securities comprise a speculative investment, particularly as it is proposed for the Company's business after the Acquisition to comprise participation in the video technology space.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from Linus (Aust), parties contracted or associated with the Linus (Aust) and the Heads of Agreement and other agreements, including, but not limited to, those summarised in this Prospectus.

The risks and uncertainties described below are not intended to be exhaustive. The summary of risks that follows is not intended to be exhaustive and this Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, Linus (Aust) and their related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to acquire all the Linus Shares are set out below and in Section 5D.

9.1 Risks relating to the Change in Nature and Scale of Activities

(a) Re-Quotation of Shares on ASX

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

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

(b) Dilution Risk

On Completion, the Company proposes to issue the relevant number of Shares under the Acquisition and issue a minimum of 55,000,000 Shares to raise up to \$2,750,000 as part of the Public Offer. On issue of the Consideration Shares under the Consideration Offer, the 17,500,000 Shares under the Conversion Offer, 5,000,000 Shares under the CPS Offer, and the minimum subscription of the Shares under the Public Offer

(assuming no exercise of Options and conversion of the Class A Performance Shares only), the existing Shareholders (including Avitus (or its nominees) and CPS Capital (or its nominees)) will retain approximately 28.57% of the issued capital of the Company, with the Vendors holding 60.36%, and the investors under the Public Offer holding 11.07% of the Shares, respectively.

Upon issue of the Consideration Shares under the Acquisition, the 17,500,000 Shares under the Conversion Offer, the 5,000,000 Shares under the CPS Offer and the maximum subscription of the Shares under the Capital Raising (assuming no exercise of Options and conversion of the Class Performance Shares only), the existing Shareholders (including Avitus (or its nominees) and CPS Capital (or its nominees)) will retain approximately 27.74% of the issued capital of the Company, with the Vendors holding 58.59%, and the investors under the Public Offer holding 13.67% of the Shares, respectively.

There is also a risk that the interests of Shareholders will be further diluted as a result of exercise of Options and future capital raisings required in order to seek to fund the development of the Company's proposed business after completion of the Acquisition.

(c) **Liquidity Risk**

On Completion, the Company proposes to issue a total of 250,000,000 Shares and 200,000,000 Performance Shares to the Vendors. These securities will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. Based on the post-offer capital structure (and assuming no further Shares are issued, no Options are exercised and conversion of the Class A Performance Shares only), these Shares will equate to approximately 60.36% of the post-Offer issued Share capital (assuming minimum subscription under the Public Offer). This could be considered a significant liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) **Contractual Risk**

Pursuant to the Heads of Agreement, the Company has agreed to acquire 100% of the issued shares in Linius (Aust) subject to the fulfilment of certain conditions precedent set out in Section 14.1(b).

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

9.2 Risks specific to the Company and Linius (Aust)

There are a number of specific risks involved for the Company, and consequently its Shareholders, in the acquisition of Linius (Aust) including risks specific to the business and assets of Linius (Aust) which include the following non-exhaustive list.

(a) **Technology Risk**

(i) **Commercially unproven technology**

The Linius technology is at a relatively early stage of development. While it has been tested to demonstrate that it can meet the claims of the patents, it has not yet been tested at scale in a commercial environment. As such, it is unknown what limitations there may be in scaling out the technology. Testing with commercial partners is likely to identify any such opportunity but this will take time and money.

(ii) **Technology not productised**

The Linius technology is yet to be productised and be made ready for commercial release. There can be no guarantee that the technology will ever be productised.

Even if productised, there may be a significant lead time until the product is ready for commercial release or incorporation of the technology into a suitable licensable package.

In addition, when selling deeply technical software, there is a risk that consumers of the Linius product will not be willing to pay for the value it provides, or will attempt to force the product down the value chain. This is a common problem for software that is not directly exposed to the end user, and there can be no guarantee that appropriate value will ever be extracted from the product.

(iii) **Continued development of technology**

Linius (Aust) has developed its own technology in-house, and will continue to develop and seek advancements in its technology. The development and advancement of technology is complex, and progression may be subject to unexpected difficulties and external factors. Further, operating systems, components, hardware and software will require updating and maintenance, which may also affect the ability of Linius (Aust) to effectively maintain, develop and upgrade its technology, which may in turn have a detrimental effect on Linius(Aust)'s operating and financial performance.

For the Linius technology (and any developed products) to remain relevant and effective, Linius (Aust) will need to continue to advance its technology to counter advancements that may be made by competitors in the market.

(iv) **Potential programming errors**

The Linius technology contains complicated programming and the Company's objectives are to quickly develop the technology. The Linius technology may therefore contain now or in the future, errors, bugs or vulnerabilities. Any errors, bugs or vulnerabilities discovered could result in (among other consequences) damage to Linius (Aust), including liability for damages, any of which could adversely affect the Company's business and operating results.

(v) **Competition and new technologies**

The industry in which the Company will be involved, post Completion, is highly competitive and is subject to increasing competition which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of Linius (Aust)'s projects and business.

For instance, new technologies could overtake the advancements made by Linius which could negatively impact on the financial position and financial performance of the Company. Competing technologies could be developed or could get to market with a solution before Linius (Aust) and reduce the market opportunity, even with a less comprehensive solution. This may be particularly true of large well-resourced corporations in the market sector.

(vi) **Integration with existing and legacy technologies**

Linius (Aust) will need to integrate with a number of existing technologies within the market to manage the delivery of content through the value chain. While the existing technologies often have well documented application programming interface (**API**) and integration pathways, the new approach by Linius (Aust) may require the customisation or changes to the API to accommodate the approach taken by Linius (Aust) in managing content and pushing it through the distribution channels. The risk is that systems currently in use will require significant modification to manage how they deal with the Linius technology.

(vii) **Research and development activities**

The Company can make no representation that any of its research into or development of the Linius technology will be successful, that the development milestones will be achieved, or that the Linius technology will be developed into products that are commercially exploitable. There are many risks inherent in the development of technology related products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

Research and development activities for products are expensive, time consuming and difficult to design and implement. Even if the results of Linius' research and development activities are favourable, some product development activities may be expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state and local, may suspend, delay or terminate research and development activities at any time for various reasons. Any of the foregoing

could have a material adverse effect on Linius (Aust)'s business, results of operations and financial condition.

(b) **Intellectual property**

(i) **Patent rights**

Linius (Aust) currently has a number of granted patents and some patent applications. If Linius (Aust) fails to protect its future developments and intellectual property rights, competitors may gain access to its technology which would in turn harm its business.

The prospect of obtaining patent protection for products and the technology such as those proposed under current patent applications is highly uncertain and involves complex and continually evolving factual and legal questions. These include legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect Linius (Aust)'s ability to obtain patents for its products and technologies. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent being significantly less than the scope of protection sought by Linius (Aust). As a result, Linius (Aust)'s patent application may not proceed to issued patents and, if issued, may not be of commercial benefit to Linius (Aust), or may not afford Linius (Aust) adequate protection from competing products.

If Linius (Aust) is not able to overcome these objections, there is a risk that it will not be awarded the applicable patents. Alternatively, in modifying the relevant claims to address the objections, there is a risk that the scope of protection in the issued patents being significantly less than the scope of protection sought by Linius (Aust).

In addition, since most patent applications remain secret for eighteen months from the time of filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, Linius (Aust) cannot be certain that it is the first to make the inventions covered by the pending patent applications or that its patent applications for such inventions was the first to be filed.

Even if Linius (Aust) succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties.

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

Linius (Aust)'s business is substantially reliant on its ability to protect and maintain its intellectual property interests and/or trade secrets. The ability of Linius (Aust) to obtain and sustain patents, maintain trade secret protection and operate without infringing proprietary rights of third parties will therefore be an integral part of Linius (Aust)'s business.

The granting of protection, such as a registered patent, does not guarantee that the rights of others are not infringed, that competitors will not develop technology to avoid the patent or that third parties will not claim an interest in the intellectual property with a view to seeking a commercial benefit from Linius (Aust) or its partners.

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

Linius (Aust) may be required to incur significant expenses in monitoring and protecting its intellectual property rights or defending against claims it has infringed on a third party's patent or other intellectual property rights. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to Linius (Aust) and cause a distraction to management.

In addition, parties making claims against Linius (Aust) may be able to obtain injunctive or other equitable relief that could prevent Linius (Aust) from further developing discoveries or commercializing its products. In the event of a successful claim of infringement against Linius (Aust), it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent Linius (Aust) from commercializing available products and could cause it to incur substantial expenditure.

Refer to Section 8.2.7 for further details on the intellectual property rights held by Linius (Aust).

9.3 Industry specific risks

(a) Adoption barriers for uptake

Due to its new approach to the market, Linius (Aust) faces a range of barriers to adoption by the market. This key risk that these adoption barriers create is that they can prevent or delay Linius (Aust)'s target customers and/or segments from adopting the Linius technology.

(b) Competition from existing market players

While some segments within the Value Chain will see benefits from the adoption of the Linius technology. Some incumbents will actively work against uptake within the target client organisations due to the

potential for the loss of revenue with the disruption of the way things are currently done.

(c) **Highly competitive market**

The market space dealing with video content is highly competitive and growing with new technologies and solutions trying to enter the market along with existing market player who already operate within the space. This competition creates risk for the adoption of the Linius technology in the market and the gaining of sufficient market share to become profitable.

In addition, though there will be some large competitors that sell products in nearly all market segments, the bigger challenge is the number of small innovators in each market. While coming up with a technological solution that is competitive with Linius (Aust) generally may be difficult, it is conceivable that a specific solution provided by Linius (Aust) in a specific market segment will face direct competition from a small innovator. There can be no guarantee that Linius (Aust) will be in a position to adequately deal with such competition.

(d) **Multiple markets**

The Linius technology has the potential to be monetised at each point along the entire digital video value chain. However, targeting every point in the chain at once is impractical for a company of Linius (Aust)'s size given, among other things, that each segment has different relationship requirements, different sales requirements, different purchasing time-frames and so on, and requires its own plan of attack).

The Company must therefore decide about the markets in which it is most likely to be successful in the shortest amount of time, and seek out those opportunities. There can be no guarantee that this approach will be successful.

9.4 **General risks**

(a) **Limited trading history**

Linius (Aust) was founded in 2015 and, whilst the Linius technology has been developed over a number of years and its management team have significant experience in the industry, Linius (Aust) has limited trading history and has generated no operating revenue. The unproven potential of its proposed new business model makes any evaluation of the businesses or its prospects difficult.

On this basis there is inherent uncertainty in relation to Linius (Aust)'s business, and investors should consider Linius (Aust)'s prospects in light of its limited trading history. There can be no guarantee that Linius's research and development initiatives will be successful, or even if they are successful, to be able to generate commercially viable levels of revenue. Consequently, there can be no forecast or confirmation as to the Company's future performance following Completion.

No assurances can be given that the Company will achieve commercial viability through the successful productisation and commercialisation of the Linius technology and implementation of its business plans.

(b) **Dependence on third parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products and services. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(c) **Additional requirements for capital**

The funds raised under the Capital Raising are considered sufficient to meet the immediate objectives of the Company, however there can be no guarantee that the Company's existing cash reserves, the funds raised under the Offer and funds generated over time by Linius will be sufficient to successfully achieve all the objectives of the Company's business strategy.

Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future (including the need to conduct further research and development) and enhance the Company's operating infrastructure to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's and Linius' activities and future projects may result in delay and indefinite postponement of their activities and potential research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company or Linius and might involve substantial dilution to Shareholders.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(d) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's and Linius' business activities and potential research and development programmes, as well as on their ability to fund those activities.

(e) **Market conditions**

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

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and biotechnology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to Shareholders arising from the transactions detailed in this Prospectus or otherwise.

(f) **Market acceptance**

The global marketplace for most products is ever changing due to new technologies, new products, changes in preferences, changes in regulation and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns.

Accordingly, there is a risk that the Company may not be able to commercialise its products, which could adversely impact the Company's operations.

(g) **Foreign exchange risks**

The Company intends to operate in numerous jurisdictions, including the USA. Consequently, it may incur costs and expenses, and generate revenue, in more than one currency. Accordingly, the depreciation and/or the appreciation of the US dollar, for example, relative to the Australian Dollar would result in a foreign currency loss/gain. Any depreciation of the foreign currencies relative to the Australian Dollar may result in lower than anticipated revenue, profit and earnings.

(h) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and Linus depend substantially on their senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or if one or more of the Directors leaves the Board.

(i) **Need to attract and retain skilled staff**

The Company's future success will in part depend on its ability to hire and train suitable staff. Competition for such personnel is intense and there can be no assurance that the Company will be successful in attracting and retaining such personnel. A failure to do so may have an

adverse effect on the operations and profitability of the Company's business.

(j) **Insurance coverage**

The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company proposes to arrange and maintain insurance coverage for its employees, as well as professional indemnity, product liability and third party liability insurance. The Company will need to review its insurance requirements periodically. If the Company incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

(k) **Litigation**

The Company is exposed to possible litigation risks including, but not limited to, intellectual property and patent claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(l) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, malicious cyber hacking, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(m) **Unforeseen risk**

There may be other risks which the Directors are unaware of at the date of this Prospectus which may impact on the Company, its operation and/or the valuation and performance of the Shares.

(n) **Unforeseen expenditure risk**

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

(o) **Growth**

There is a risk that the Company may be unable to manage its future growth successfully. The ability to hire and retain skilled personnel and third party personnel may also be a significant obstacle to growth.

(p) **Combination of risks**

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlined in this Section could affect the performance valuation, financial performance and prospects of the Company.

10. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

10.1 Directors and key personnel

As at the date of this Prospectus, the Board comprises of:

- (a) Mr Roger Steinepreis (Non-Executive Chairman);
- (b) Mr Paul Lloyd (Executive Director and Company Secretary); and
- (c) Mr David Holden (Non-Executive Director)

It is proposed that upon Completion of the Acquisition:

- (a) Mr Christopher Richardson, Mr Stephen McGovern and Mr Stephen Kerr will be appointed to the Board; and
- (b) Mr Roger Steinepreis, Mr Paul Lloyd and Mr David Holden intend to resign as Directors.

The Company is aware of the need to have sufficient management to properly manage the Business and the Board will continually monitor the management roles in the Company. The Board may look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company.

10.2 Current Directors

The profiles of each of the current Directors are set out below.

Roger Steinepreis (Non-Executive Chairman)

Roger Steinepreis graduated from the University of Western Australia where he completed his law degree. He was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1987 and has been practicing as a lawyer for over twenty five years. Mr Steinepreis is the legal advisor to a number of public companies on a wide range of corporate related matters.

His areas of practice focus on company restructures, initial public offerings and takeovers. He is a director of Apollo Consolidated Limited, Latitude Consolidated Limited and Tropicana Gold Limited.

As set out in Section 10.1, Mr Steinepreis will retire on Completion of the Acquisition.

Paul Lloyd (Executive Director and Company Secretary)

Paul Lloyd is a Chartered Accountant with over twenty six years commercial experience. Mr Lloyd operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. After commencing his career with an international accounting firm, he was employed for approximately 10 years as the General Manager of Finance for a Western Australian based international drilling contractor working extensively in Asia and Africa.

Mr Lloyd was a formerly a Director of Beacon Minerals and a non-executive director of South American Ferro Metals Limited, and is currently a director of Paynes Find Gold Limited and Tropicana Gold Limited.

As set out in Section 10.1, Mr Lloyd will retire on Completion of the Acquisition.

David Holden (Non-Executive Director)

Mr Holden holds a Bachelor of Science degree in geology from Otago University, New Zealand. His career spans over twenty five years in the minerals industry from the coal mines in New Zealand to deep underground gold mines in South Africa. Over his career, David has held a number of senior management roles including Supervising Geologist, Chief Geologist and Technical Director for a number of public companies including Prosperity Resources Limited (ASX listed), Quadrant Australia (ASX listed), Avonlea Minerals Limited (ASX listed) and IGC Resources Inc (TSX listed). Mr Holden was intimately involved in the multi million ounce discoveries of gold at Mt Todd in the Northern Territory and the Nimary Mine in Western Australia.

In 1997, Mr Holden founded a geological consulting service company, Ravensgate, which specialises in experts reports, resource estimations valuations and exploration management, and in 2005 started Shackleton Capital Pty Ltd, advising listed companies on both corporate and technical matters relating to project acquisition or initial public offering. In 2007 he founded Atomic Resources Limited (ASX listed) a solid energy company that is currently developing major coal assets in Tanzania. Mr Holden also holds a Masters in Business Administration and a Masters in Management giving him a broad base of managerial skills to complement his years of experience. He is a member of the Australian Institute of Mining and Metallurgy and the Canadian Institute of Mining.

As set out in Section 10.1, Mr Holden will retire on Completion of the Acquisition.

10.3 Proposed Directors and Senior Management

The profiles of each of the Proposed Directors and CEO are set out below.

Christopher W. Richardson (Proposed Executive Director and Chief Executive Officer)

Christopher W. Richardson is a global executive in the Internet space with global technology sector experience. He has over 20 years experience building organisations and products that succeed in their markets and provide exceptional shareholder value.

Currently, Mr Richardson sits on the board of directors of:

- Mirovoy Sales, a sales software automation company based in Prague, CZ; and
- The Ibis Network Limited, a content marketing agency based in Hong Kong, CN.

Previously, Mr Richardson served as global General Manager of KIT digital's network-operator division, and CEO of KIT Germany, where he oversaw growth of video platform sales to network operators from \$12 million US annually to over \$100 million US, prior to KIT's acquisition by Pikel, Inc. Before KIT digital, Mr Richardson served in executive roles in marketing and product-management for several Silicon Valley start-ups, including:

- U4EA Wireless (the world's first SMB focused Wi-Fi manufacturer, and provider of embedded wireless software; acquired by GoS Networks); and

- NextHop Technologies (an embedded routing software company; acquired by Greenhills software), which he co-founded and raised Series A funding from tier-1 Silicon Valley VCs, led by New Enterprise Associates.

Prior to founding NextHop technologies, Mr Richardson was a software engineer at MERIT Networks, where he helped build the early Internet, developing routing protocols, and consulting with developing countries around the world on deploying the Internet; lecturing multiple times at ISOC's Developing Countries workshops in Geneva, Switzerland, and being the first non-native speaker at Russia's All Russia Telematiks conference. Mr Richardson was Visiting Professor of Internet Routing at St. Petersburg State Technical University in St. Petersburg, Russia. He studied mathematics and philosophy at the University of Michigan, where he won the William S. Branstrom Prize for academic excellence and Evelyn O. Bychinky Award for excellence in mathematics.

Stephen McGovern (Proposed Non-Executive Director)

Stephen McGovern is a founder and current Managing Director of Dubber Corporation Ltd. Steve has over 23 years' experience in the fields of telecommunications, media sales, pay TV and regulatory Steve has been a senior executive of several established companies, both domestically and internationally, which have been primarily associated with new and emerging markets and have required a strong sales and solutions focus. These include pay TV, telecommunications de-regulation, internet service providers and media licensing, all of which maintain a strong sales and solutions focus, both domestically and internationally.

Mr McGovern is formerly a Sales Director of Sky Subscriber Services managing subscriber acquisition for Sky TV (now BSkyB). Between 1995 and 1998 Steve was an executive involved in the launch of the pay TV industry in Australia within the Galaxy/Austar/Foxtel network.

From 1998 Mr McGovern was General Manager of Hotkey Internet Services, an ISP which was sold to Primus Telecommunications in 2000. From 2000 Steve was a director of the Australian subsidiary of Affinity Internet Holdings, Europe's second largest ISP at the time and listed on the FTSE, having vended in an Australian based ISP businesses.

For the past 11 years Mr McGovern has been Chief Executive of the my1300 group of companies until the sale of the business earlier this year. This group comprised businesses which involved media licensing, telecommunications service providers and partner networks for Australian telecom companies such as Primus, AAPT, One Tel, Worldxchange, Telstra, Optus and Vodafone.

Stephen Kerr (Proposed Executive Director and Company Secretary)

Stephen Kerr is a qualified chartered accountant and chartered company secretary. He is an experienced CFO and governance professional, having held senior finance positions in private and publicly listed company environments across Australia and New Zealand for over 15 years.

He has had exposure to a wide range of markets and industries including IT, business services, logistics, transport and life-sciences and brings strong financial, commercial and governance skills to the group.

Stephen holds a Bachelor of Commerce from the University of Melbourne and is a current member of the Institute of Chartered Accountants in Australia and a

Fellow of the Governance institute of Australia. He is currently CFO and company secretary of ASX-listed Knosys Limited, on a part-time basis.

Gavin Campion (Consultant to the Linius (Aust))

Gavin Campion was the founder and a director of marketing services company, Reality Group. Reality Group won agency of the year in 2003. Gavin sold Reality Group in 2005.

In 2004, Mr Campion acquired Shoppers Advantage, serving as CEO (2004-2008) and Chairman (2008-2011), Gavin took responsibility for re-engineering the business into a large SaaS based business-to-business retail e-commerce business. Shoppers Advantage was sold in 2011.

Also in 2004, Mr Campion acquired Presidential Card. Serving as director, Gavin assisted in making Presidential Card a large Australian online discount program. In 2010 Presidential Card merged with Strategic Rewards and acquired a number of minor players in the market. Gavin sold his shares to management in 2013.

Mr Campion was the founder and CEO of the digital marketing services agency, Sputnik Agency. In 2007 Sputnik Agency won B&T Agency of the Year. Mr Campion sold Sputnik in 2008.

From April 2008 until March 2012, Mr Campion served as President of KIT digital, global provider of video asset management solutions for multi-screen IP-based delivery.

From 2012 to 2014 Mr Campion served as CEO of Knosys, focussing on the productisation and commercialisation of the Knosys Platform, which he listed on the ASX in September 2015 and continues to supply consultancy services to the company.

In 2014, Mr Campion joined Dubber Corporation Ltd (ASX: DUB) and assisted in repositioning the business and listing it on the ASX in Feb 2015. He continues to supply consultancy services to the company.

10.4 Personal Interests of Directors and Proposed Directors

Directors are not required under FIE's Constitution to hold any Shares to be eligible to act as a director.

Details of the Directors' and Proposed Directors' remuneration and relevant interest in the Securities of the Company upon completion of the Offers are set out in the table below:

Director	Remuneration for year ended 30 June 2014 \$	Remuneration for year ended 30 June 2015	Proposed remuneration for current financial year \$	Shares	Options	Performance Shares
Roger Steinepreis	39,240 ¹	26,540 ¹	18,000 ¹	11,115,257 ⁴	1,475,000 ⁶	-
Paul Lloyd	99,240	96,540 ²	84,000 ²	5,568,182 ⁷	625,000 ⁷	-
David Holden	151,500	26,500 ³	18,000 ³	3,926,364 ⁵	1,292,500 ⁸	-
Christopher	-	-	150,000 ⁹	-	10,000,000 ¹⁰	

Richardson						
Stephen McGovern	-	-	90,000 ¹¹	-	6,000,000 ¹²	40,000,000 ¹³
Stephen Kerr	-	-	84,000	-	1,500,000 ¹⁴	-

Notes:

1. Consultancy fees were paid to Steinepreis Paganin, a related party of Roger Steinepreis.
2. Consultancy fees were paid to Coral Brook Pty Ltd, a related party of Paul Lloyd.
3. Consultancy fees were paid to Shackleton Capital Pty Ltd, a related party of David Holden.
4. Comprising 381,819 held by Roger Steinepreis <RC Steinepreis Family Trust No 2>, 7,074,345 held by Ranchland Holdings Pty Ltd < RC Steinepreis Family Trust No1>, 238,637 held by Workpower Pty Ltd, 238,637 held by Jacqueline Mary Steinepreis and 3,181,819 held by Roger and Jacqueline Steinepreis <RC & JM Steinepreis S/F A/C>.
5. Held by David Holden <Corvus Superannuation Fund>.
6. Exercisable at \$0.04 on or before 31 December 2016. Comprising 100,000 held by Roger Steinepreis < RC Steinepreis Family Trust No 2>, 1,250,000 held by Ranchland Holdings Pty Ltd < RC Steinepreis Family Trust No1>, 62,500 held by Workpower Pty Ltd and 62,500 held by Jacqueline Mary Steinepreis.
7. All securities held by Coral Brook Pty Ltd <Lloyd Super Fund> of which Mr Lloyd is the director and beneficiary. Options exercisable at \$0.04 on or before 31 December 2016.
8. Exercisable at \$0.04 on or before 31 December 2016. Comprising 1,250,000 held by Shackleton Capital Pty Ltd <Shackleton Capital Trust> and 42,500 held by David Holden <Corvus Superannuation Fund>.
9. Mr Richardson will be paid this fee pursuant to his Consultancy Agreement with Linus (Aust). Refer to Section 14.5(e) for details of the Consultancy Agreement.
10. Shareholder approval for the issue of these New Options is being sought at the General Meeting.
11. Mr Kerr will be paid this fee pursuant to his Consultancy Agreement with Linus (Aust). Refer to Section 14.5(f) for details of the Mr Kerr's Consultancy Agreement.
12. Shareholder approval for the issue of these New Options is being sought at the General Meeting.
13. Subject to Shareholder approval at the General Meeting, at Completion the Company will issue 40,000,000 Performance Shares to Steve McGovern Nominees Pty Ltd (ACN 133 645 217), an entity owned and controlled by Mr McGovern.
14. Shareholder approval for the issue of these New Options is being sought at the General Meeting.

FIE's Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The Shareholders have approved the payment of fees to the Non-Executive Directors which in aggregate cannot exceed \$300,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting. The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

10.5 Director participation in the Offer

None of the Directors or Proposed Directors intend on participating in the Public Offer.

10.6 Agreements with Directors

The agreements the Company has entered into with Directors and Proposed Directors are contained in Sections 14.5 and 14.6.

2 March 2016

The Directors
Firestrike Resources Limited
Suite 1, 437 Roberts Road
SUBIACO WA 6008

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

Introduction

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a Prospectus to be dated on or about 2 March 2016 for the issue by Firestrike Resources Limited ("Firestrike" or the "Company") of up to 70,000,000 ordinary shares at an issue price of 5 cents each to raise up to \$3,500,000 before the expenses of the issue ("Offer"). The minimum subscription under the Offer is \$2,750,000. The Prospectus also contains offers of the following:

- (a) Consideration shares to the shareholders of Linius (Aust) Pty Ltd ("Linius") as set out in Section 1 of this Report ("Consideration Offer");
- (b) 17,500,000 shares to Avitus Capital Pty Ltd (or its nominees) as set out in Section 1 of this Report ("Conversion Offer"); and
- (c) 5,000,000 shares to CPS Group Pty Ltd (or its nominees) as set out in Section 1 of this Report ("CPS Offer").

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of Firestrike.

Structure of Report

This Report has been divided into the following sections:

1. Background information;
2. Scope of Report;
3. Financial information;
4. Subsequent events;
5. Statements; and
6. Declaration.

1. Background Information

Firestrike was registered on 10 March 2011 and was admitted to the Official List of ASX on 2 July 2011.

Firestrike is an exploration company which has most recently focussed its strategic and exploration efforts on the Moab Copper Project (Copper Ridge) in Utah, USA. Details of the work completed by the Company on this Project are included in the Company's Annual Report for the year ended 30 June 2015 as lodged with the Australian Securities Exchange on 22 September 2015.

At a general meeting of shareholders of the Company to be held on 29 March 2016 ("General Meeting"), resolutions giving effect to the following will be put to shareholders:

1. A change in nature and scale of activities via the acquisition of 100% of the issued shares in Linius (Aust) Pty Ltd ("Linius"), an Australian company that has rights to a developed, patented method and system for providing video content on a data network connected device having a display and device controller. Full details of Linius and its business are contained in the Notice of General Meeting relating to the General Meeting.
2. The issue of shares to Linius shareholders in consideration for the acquisition of 100% of the issued shares in Linius, as follows:
 - 250,000,000 ordinary shares to Phoenix Myrrh Technology Pty Ltd ("Phoenix Myrrh") or its nominee. Phoenix Myrrh became a shareholder in Linius following the completion of the agreement between Phoenix Myrrh and Linius (Sale and Purchase Agreement dated 23 October 2015. Completion of the acquisition occurred on 20 November 2015).
 - 200,000,000 performance shares to the Linius shareholders (other than Phoenix Myrrh) or their nominees. These performance shares will convert into fully paid ordinary shares in Firestrike (on a one for one basis) in equal amounts of 50,000,000 on each occasion upon Linius (including any company in the Linius group subsequent to completion of the Proposed Transaction for the purposes of this provision) achieving the following milestones:
 - Milestone 1 – Linius enters into an agreement with Digisoft, Cork, Ireland for a limited deployment of its technology, being the installation and activation by a third party of the Linius technology ("Limited Deployment"), with the objective of demonstrating personalisation of video streams, by that date which is 12 months from the issue date;
 - Milestone 2 – Linius completes an alpha release of the Linius technology (which means, in line with the industry standard definition of that term, a first-stage completed version of a program or application, which may be unstable but is nevertheless useful to show what the program or application can do) that demonstrates publicly that the Linius technology achieves the Linius core patent claims, namely that the technology is able to (1) take a URL link to a piece of video content in an unknown location and (2) play and display the video content on multiple devices with

different video format requirements (and without the need for transcoding), by that date which is 18 months from the issue date;

- Milestone 3 – Linius enters into an agreement with a third party (unrelated to the party under Milestone 1) for a Limited Deployment of its technology with the objective of demonstrating removal of the requirement for transcoding of video and reduction of storage. This deployment will be in partnership with an organisation that is able to take a standard video and transcode it into all standards-based formats and store it at broadcast quality, likely to be a content delivery network by that date which is 24 months from the issue date; and
- Milestone 4 – Completion of a Limited Deployment with a third party (which may or may not be one of the parties under Milestones 1 and 3) which demonstrates that the Linius technology removes the requirement for transcoding of an original MPEG-4 video file to play out on devices traditionally requiring differing formats and in doing so reduces storage requirements, and the issue of a report, either prepared by or verified by the third party, confirming this.

3. A capital raising, being the Offer.
4. The issue of 17,500,000 ordinary shares to Avitus Capital Pty Ltd (“Avitus”) or its nominees in consideration of the repayment of the loan of \$350,000 made by Avitus to Linius, being the Conversion Offer.
5. The issue of 5,000,000 ordinary shares to CPS Capital Group Pty Ltd or its nominees as consideration for introducing Linius to Firestrike, being the CPS Offer.
6. The appointment of Mr Christopher Richardson, Mr Stephen McGovern and Mr Stephen Kerr as directors of the Company.
7. A change in the Company’s name to Linius Technologies Limited.
8. The issue of 10,000,000 options to Mr Christopher Richardson or his nominees, 6,000,000 options to Mr Stephen McGovern or his nominees, 1,500,000 options to Mr Stephen Kerr or his nominees and 41,000,000 options to Mr Gavin Campion or his nominees on the following terms:
 - Exercise price equal to the price of the shares to be issued under the Offer;
 - Expiry date of 31 March 2019;
 - The Company will not apply to ASX for quotation of the options; and
 - The options will not be transferrable.

The options to be issued to Mr Richardson and Mr Kerr have certain attached vesting conditions as set out in Section 3 of this Report.

9. Adoption of a share plan and options scheme as part of an employee incentive scheme.

As at the date of this Report, the issued share capital of the Company is 119,511,308 ordinary fully paid shares. The following table summarises share capital movements since 30 June 2015.

Date		Number issued	Issue price	\$
30/06/2015	Balance	90,499,985		4,970,029
18/11/2015	Conversion of listed options	3,134,246	\$0.04	125,370
	Capital raising costs adjustment			15,845
	Balance as at 30 November 2015	<u>93,634,231</u>		<u>5,111,244</u>
07/12/2015	Shares issued under the entitlement issue	25,536,608	\$0.02	510,732
18/12/2015	Conversion of listed options	113,200	\$0.04	4,528
05/02/2016	Conversion of listed options	25,000	\$0.04	1,000
05/02/2016	Shares issued to corporate consultant	202,269	\$0.074	15,000
		<u>119,511,308</u>		<u>5,642,504</u>

The Company's main objectives on completion of the Offer are set out in the Company Overview in Section 8 of the Prospectus.

2. *Scope of Report*

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

- a) the historical audited financial information of the Company, comprising the historical Statement of Financial Position as at 30 June 2015 and the historical Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended as set out in Appendix 1 to this Report;
- b) the historical audited financial information of Linius, comprising the historical Statement of Financial Position as at 30 November 2015 and the historical Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended as set out in Appendix 1 to this Report; and
- c) the proforma financial information of the Company, comprising the proforma Statement of Financial Position as at 30 November 2015 and the proforma Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended. This information is presented under the following two scenarios:
 - \$2,750,000 capital raising (minimum), and
 - \$3,500,000 capital raising (maximum).

For accounting purposes, the acquisition of Linius by the Company has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "*Business Combinations*", notwithstanding that Firestrike is the legal parent of the group. At acquisition date the net assets of Linius are recorded at their book value and the net assets of the Company are recorded at fair value.

Consequently the historical financial information presented in this Report is the historical financial information of Linius as at 30 November 2015 which has been subject to audit.

The proforma financial information presented in this Report is the historical financial information of Linius for the period ended 30 November 2015, assuming that the acquisition of Linius by the Company and the other proposed transactions set out in Section 3(c) of this Report had been completed as at that date.

For completeness, extracts of historical financial information of Firestrike for the year ended 30 June 2015 have also been set out in Appendix 1.

The Directors have prepared and are responsible for the historical and proforma financial information. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

We performed a review of the historical audited financial information of the Company as at and for the year ended 30 June 2015, the unaudited financial information of the Company as at and for the period ended 30 November 2015 and the proforma financial information of the Company as at and for the period ended 30 November 2015 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements.

Our review of the historical financial information and the proforma financial information of the Company was carried out in accordance with Standard on Assurance Engagements ASAE 3450 "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information" and included such enquiries and procedures which we considered necessary for the purposes of this Report. The review procedures undertaken by HLB in our role as Investigating Accountants were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical financial information and proforma financial information included in this Report or elsewhere in the Prospectus.

Our engagement did not involve updating or re-issuing any previously issued audit report or review report on any financial information used as a source of the financial information.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed;
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- c) the going concern basis of accounting has been adopted.

3. Financial Information

Set out in Appendix 1 (attached) are:

- a) The Statement of Financial Position of the Company as at 30 June 2015, and the Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended (audited).
- b) The Statement of Financial Position of Linius as at 30 November 2015, and the Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended (audited).
- c) The proforma Statement of Financial Position of the Company as at 30 November 2015, and the proforma Statement of Comprehensive Income and proforma Statement of Changes in Equity for the period then ended as they would appear after incorporating the following actual or proposed significant events and transactions by the Company subsequent to 30 November 2015:
 - (i) the issue by the Company pursuant to the Prospectus of a minimum of 55,000,000 ordinary shares issued at a price of 5 cents each, raising \$2,750,000; and a maximum of 70,000,000 ordinary shares issued at 5 cents each, raising \$3,500,000;
 - (ii) the write off to the issued capital account of the estimated costs of the Offer not yet paid at 30 November 2015 being an estimated \$309,405 (based on the minimum amount raised); and \$355,484 if the maximum amount is raised;
 - (iii) the issue of 25,536,608 fully paid shares at 2 cents each on 7 December 2015 under the Company's entitlement issue which raised \$510,732;
 - (iv) conversions of listed options on 18 December 2015 (113,200 shares issued at 4 cents each to raise \$4,528) and 5 February 2016 (25,000 shares issued at 4 cents to raise \$1,000);
 - (v) the issue of 202,269 shares to CPS Capital Group Pty Ltd on 5 February 2016 for remuneration as corporate consultants. These shares have been recorded at a value of 7.42 cents per share, being the price of the Company's shares based on the previous 20 day VWAP;
 - (vi) the acquisition of 100% of the issued capital of Linius for the following consideration:
 - Payment to Linius of a non-refundable deposit of \$250,000;
 - 250,000,000 ordinary shares to Phoenix Myrrh Technology Pty Ltd ("Phoenix Myrrh") or its nominee. Phoenix Myrrh became a shareholder in Linius following the completion of the agreement between Phoenix Myrrh and Linius;
 - 200,000,000 performance shares to the Linius shareholders (other than Phoenix Myrrh) or their nominees. These performance shares will convert into fully paid ordinary shares in Firestrike (on a one for one basis) in equal amounts of 50,000,000 on each occasion upon Linius (including any company in the Linius

group subsequent to completion of the acquisition) achieving the milestones outlined in Section 1 of this Report. At the date of this Report, Milestone 1 has been achieved. As a result, we have recorded the issue of the Milestone 1 tranche of 50,000,000 shares as part of the acquisition;

- (vii) the issue of 5,000,000 shares to CPS Group Pty Ltd (or its nominees) as part of a mandate dated 8 September 2015 for introducing Linius to the Company. The shares are to be issued at a deemed issue price of 2 cents each in accordance with the mandate, however for accounting purposes, we have recorded the issue of these shares at an issue price of 5 cents each, which equates to the price of the Offer;
- (viii) the issue of 17,500,000 shares to Avitus Capital Pty Ltd (or its nominees) ("Avitus") as repayment of a convertible note agreement with Avitus pursuant to which Avitus had provided Linius with a loan of \$350,000. The shares are to be issued at a deemed issue price of 2 cents each, however for accounting purposes, we have recorded the issue of these shares at an issue price of 5 cents each, which equates to the price of the Offer, or a total value of \$875,000. The difference of \$525,000 has been expensed in the statement of comprehensive income;
- (ix) the issue of options to the following proposed directors or their nominees (the appointment of these proposed directors is being considered at the General Meeting):
- | | |
|-------------------------------|--------------------|
| (i) Mr Christopher Richardson | 10,000,000 options |
| (ii) Mr Stephen McGovern | 6,000,000 options |
| (iii) Mr Stephen Kerr | 1,500,000 options |

These options are exercisable at 5 cents per option on or before 31 March 2019. The options to be issued to Mr Richardson and Mr Kerr are subject to the following vesting conditions:

Name	No. New Options	Vesting date
Stephen Kerr	300,000	Vesting in equal instalments of 75,000 each at the end of each calendar quarter after Completion
	300,000	Vesting on the date of satisfaction of Milestone 1
	300,000	Vesting on the date of satisfaction of Milestone 2
	300,000	Vesting on the date of satisfaction of Milestone 3
	300,000	Vesting on the date of satisfaction of Milestone 4
Chris Richardson	4,000,000	Vesting in equal instalments of 1,000,000 each at the end of each calendar quarter after the Completion
	1,500,000	Vesting on the date of satisfaction of Milestone 1
	1,500,000	Vesting on the date of satisfaction of Milestone 2
	1,500,000	Vesting on the date of satisfaction of Milestone 3
	1,500,000	Vesting on the date of satisfaction of Milestone 4

Milestone 1 has been achieved at the date of this Report.

- (x) the issue of 41,000,000 options to Mr Gavin Campion or his nominees exercisable at 5 cents per option on or before 31 March 2019 for past services to Linius and future services to be provided to the Company, including strategy, business development and marketing; and
 - (xi) the issue of 3,000,000 options to Avitus or its nominees exercisable at 5 cents per option on or before 31 March 2019 for corporate consulting services.
- d) Notes to the historical financial information and proforma financial information.

4. Subsequent Events

In our opinion, there have been no material items, transactions or events subsequent to 30 November 2015 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. Statements

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- a) the historical audited financial information of Firestrike as at 30 June 2015 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the year then ended;
- b) the historical audited financial information of Linius as at 30 November 2015 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the period then ended; and
- c) the proforma financial information of Firestrike as at 30 November 2015 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the period then ended. As noted in Section 2 of this Report, the proforma financial information presented in this Report is the historical financial information of Linius for the period ended 30 November 2015, assuming that the acquisition of Linius by the Company and the other proposed transactions set out in Section 3(c) of this Report had been completed as at that date.

6. Declaration

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be \$10,000).
- b) Apart from the aforementioned fees, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- c) Neither HLB, nor any of its employees or associated persons has any interest in Firestrike Resources Limited or the promotion of the Company. HLB is the appointed auditor of the Company.
- d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully
HLB MANN JUDD



L DI GIALLONARDO
Partner

APPENDIX 1

FIRESTRIKE RESOURCES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 NOVEMBER 2015

	Firestrike Audited Year ended 30/06/15⁽ⁱ⁾ \$	Linus Audited Period ended 30/11/15⁽ⁱⁱ⁾ \$	Proforma \$2.75M raising⁽ⁱⁱⁱ⁾ \$	Proforma \$3.5M raising⁽ⁱⁱⁱ⁾ \$
Interest received	12,002	-	-	-
Administrative expenses	(188,846)	-	-	-
Impairment of exploration expenditure and project acquisition costs	(369,588)	-	-	-
Financial and compliance expenses	(131,157)	-	-	-
Legal expenses	(5,255)	(109,349)	(109,349)	(109,349)
Travel and accommodation expenses	(821)	(934)	(934)	(934)
Consultant expenses	-	(8,000)	(8,000)	(8,000)
Other expenses	-	(739)	(739)	(739)
Share based payments	-	-	(1,633,316)	(1,633,316)
Difference on repayment of convertible note	-	-	(525,000)	(525,000)
Listing fee expense on acquisition of Linus	-	-	(1,869,667)	(1,614,074)
Loss from ordinary activities	(683,665)	(119,022)	(4,147,005)	(3,891,412)
Income tax expense	-	-	-	-
Loss from ordinary activities after taxation	(683,665)	(119,022)	(4,147,005)	(3,891,412)
Other comprehensive income				
Other comprehensive income – exchange differences on translation of foreign operations	39,040	-	-	-
Other comprehensive income, net of tax	39,040	-	-	-
Total comprehensive loss	(644,265)	(119,022)	(4,147,005)	(3,891,412)

**FIRESTRIKE RESOURCES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 NOVEMBER 2015 (cont'd)**

- (i) The audited Statement of Comprehensive Income of Firestrike for the year ended 30 June 2015 has been presented for completeness only.
- (ii) This represents the audited Statement of Comprehensive Income of Linus for the period ended 30 November 2015.
- (iii) The proforma financial information is based on a continuation of the Linus Statement of Comprehensive Income for the period ended 30 November 2015, together with the proforma adjustments noted in Section 3(c) of this Report, using the reverse acquisition principles explained in Section 2 of this Report.

This statement should be read in conjunction with the accompanying notes.

FIRESTRIKE RESOURCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2015

	Notes	Firestrike Audited 30/06/15 ⁽ⁱ⁾ \$	Linius Audited 30/11/15 ⁽ⁱⁱ⁾ \$	Proforma \$2.75M Raising ⁽ⁱⁱⁱ⁾ \$	Proforma \$3.5M Raising ⁽ⁱⁱⁱ⁾ \$
Current assets					
Cash and cash equivalents	2	719,359	200,178	3,585,796	4,289,717
Receivables		10,566	11,900	27,985	27,985
Total current assets		729,925	212,078	3,613,781	4,317,702
Non-current assets					
Property, plant and equipment		130	-	130	130
Intangible asset – intellectual property (at cost)	3	-	5,400,000	5,400,000	5,400,000
Total non-current assets		130	5,400,000	5,400,130	5,400,130
Total assets		730,055	5,612,078	9,013,911	9,717,832
Current liabilities					
Trade and other payables		20,165	130,900	166,457	166,457
Total current liabilities		20,165	130,900	166,457	166,457
Non-current liabilities					
Convertible notes	4	-	350,000	-	-
Unsecured loan - Firestrike	5	-	250,000	-	-
Total non-current liabilities		-	600,000	-	-
Total liabilities		20,165	730,900	166,457	166,457
Net assets		709,890	4,881,178	8,847,454	9,551,375
Equity					
Issued capital	6	4,970,029	5,000,200	11,376,143	11,824,471
Options premium reserve		36,461	-	-	-
Foreign currency translation reserve		(39,966)	-	-	-
Share based payments reserve		-	-	1,618,316	1,618,316
Accumulated losses		(4,256,634)	(119,022)	(4,147,005)	(3,891,412)
Total equity		709,890	4,881,178	8,847,454	9,551,375

(i) The audited Statement of Financial Position of Firestrike as at 30 June 2015 has been presented for completeness only.

(ii) This represents the audited Statement of Financial Position of Linius as at 30 November 2015.

(iii) The proforma financial information is based on a continuation of the Linius Statement of Financial Position as at 30 November 2015, together with the proforma adjustments noted in Section 3(c) of this Report, using the reverse acquisition principles explained in Section 2 of this Report.

This statement should be read in conjunction with the accompanying notes.

**FIRESTRIKE RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 NOVEMBER 2015**

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Year ended 30 June 2015 – Firestrike Resources Limited (audited):⁽ⁱ⁾				
Balance at 1 July 2014	4,160,284	(56,045)	(3,572,969)	531,270
Loss for the year	-	-	(683,665)	(683,665)
Shares and options issued (net of capital raising costs)	809,745	13,500	-	823,245
Exchange differences on translation of foreign operations	-	39,040	-	39,040
Balance at 30 June 2015	4,970,029	(3,505)	(4,256,634)	709,890
Period ended 30 November 2015 – Linus (Aust) Pty Ltd (audited):⁽ⁱⁱ⁾				
Balance at incorporation	-	-	-	-
Loss for the period	-	-	(119,022)	(119,022)
Shares issued during the period	5,000,200	-	-	5,000,200
Balance at 30 November 2015	5,000,200	-	(119,022)	4,881,178
Proforma adjustments:				
\$2.75M raising				
Shares issued under entitlement issue	510,732	-	-	510,732
Share issued on exercise of options	5,528	-	-	5,528
Shares issued pursuant to Prospectus	2,750,000	-	-	2,750,000
Share issue costs	(309,405)	-	-	(309,405)
Shares issued on conversion of convertible notes	875,000	-	(525,000)	350,000
Issue of shares to CPS Capital	265,000	-	(15,000)	250,000
Issue of options to directors	-	243,684	(243,684)	-
Issue of options to G Champion	-	1,280,907	(1,280,907)	-
Issue of options to Avitus	-	93,725	(93,725)	-
Listing fee on acquisition of Linus	-	-	(1,869,667)	(1,869,667)
Shares issued as part of reverse acquisition, at fair value of Firestrike	2,279,088	-	-	2,279,088
\$2.75M raising Proforma total	11,376,143	1,618,316	(4,147,005)	8,847,454

**FIRESTRIKE RESOURCES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 NOVEMBER 2015 (cont'd)**

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Additional \$750,000 raising (for a total raising of \$3.5M)				
Adjustment to fair value of shares issued as part of reverse acquisition	(255,593)	-	255,593	-
Additional shares issued pursuant to Prospectus	750,000	-	-	750,000
Additional share issue costs	(46,079)	-	-	(46,079)
\$3.5M raising Proforma total	11,824,471	1,618,316	(3,891,412)	9,551,375

- (i) The audited Statement of Changes in Equity of Firestrike for the year ended 30 June 2015 has been presented for completeness only.
- (ii) This represents the audited Statement of Changes in Equity of Linus for the period ended 30 November 2015. The proforma financial information is based on a continuation of the Linus Statement of Changes in Equity for the period ended 30 November 2015, together with the proforma adjustments noted in Section 3(c) of this Report, using the reverse acquisition principles explained in Section 2 of this Report.

This statement should be read in conjunction with the accompanying notes.

**FIRESTRIKE RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of the historical and proforma financial information reported under Australian Equivalents to International Financial Reporting Standards ("AIFRS") are shown below.

(a) Basis of preparation

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Compliance with IFRS

The financial information complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with measurement requirements but not all of the disclosure requirements of International Financial Reporting Standards.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of six months or less.

(c) Trade and other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is

current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in future.

Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of production or written off where production has not commenced.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

(f) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income.

Gains or losses on available-for-sale investments are recognised in other comprehensive income and presented as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Comprehensive Income.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

(g) Financial Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Transaction costs on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(h) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless that asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is

recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Borrowing Costs

Borrowing costs are recognised as an expense when incurred, except for borrowing cost relating to qualifying assets when the interest is capitalised to the qualifying assets.

(j) Trade and Other Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except when the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Provisions and Employee Leave Benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying value is the present value of those cashflows. Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, for example under an insurance contract, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(m) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the Company. All other leases are classified as operating leases.

Finance leases are capitalised, recording an asset and a liability equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Firestrike Resources Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any

directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Firestrike Resources Limited.

(p) Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Firestrike Resources Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(i) Cash settled transactions:

The Company also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Firestrike Resources Limited.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black & Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(q) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

(r) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of assets or liabilities (other than as a result of a business combination) which affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference arises from the initial recognition of goodwill; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised, except:

- when the deductible temporary difference giving rise to the asset arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither accounting profit nor taxable income; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when they relate to the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(s) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (collectively referred to as "the Group"). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties, rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

(t) Reverse acquisition accounting

The acquisition of Linius by the Company has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "*Business Combinations*", notwithstanding the Company being the legal parent of the group. Consequently the historical financial information presented in this Report for the period ended 30 November 2015 is the historical financial information of Linius. For completeness, the historical financial information of Firestrike for the year ended 30 June 2015 has also been disclosed.

The legal structure of the group subsequent to the acquisition of Linius will be that the Company will remain as the legal parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, Linius) obtain control of the acquiring entity (in this case, the Company) as a result of the businesses' combination.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (the Company) but are a continuation of the financial statements of the legal subsidiary (Linius), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

(u) Critical accounting judgements and key sources of estimation uncertainty

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

The Company measures the cost of cash-settled share based payments at fair value at the grant date using the Black & Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

Deferred taxation

Potential future income tax benefits have not been brought to account at reporting date because the Directors do not believe that it is appropriate to regard realisations of future income tax benefits as probable.

(v) Proforma transactions

The proforma Statement of Financial Position of the Company as at 30 November 2015, and the proforma Statement of Comprehensive Income and proforma Statement of Changes in Equity for the period then ended as they would appear after incorporating the following actual or proposed significant events and transactions by the Company subsequent to 30 November 2015:

- (i) the issue by the Company pursuant to the Prospectus of a minimum of 55,000,000 ordinary shares issued at a price of 5 cents each, raising \$2,750,000; and a maximum of 70,000,000 ordinary shares issued at 5 cents each, raising \$3,500,000;
- (ii) the write off to the issued capital account of the estimated costs of the Offer not yet paid at 30 November 2015 being an estimated \$309,405 (based on the minimum amount raised); and \$355,484 if the maximum amount is raised;
- (iii) the issue of 25,536,608 fully paid shares at 2 cents each on 7 December 2015 under the Company's entitlement issue which raised \$510,732;
- (iv) conversions of listed options on 18 December 2015 (113,200 shares issued at 4 cents each to raise \$4,528) and 5 February 2016 (25,000 shares issued at 4 cents to raise \$1,000);
- (v) the issue of 202,269 shares to CPS Capital Group Pty Ltd on 5 February 2016 for remuneration as corporate consultants. These shares have been recorded at a value of 7.42 cents per share, being the price of the Company's shares based on the previous 20 day VWAP;
- (vi) the acquisition of 100% of the issued capital of Linius for the following consideration:
 - Payment to Linius of a non-refundable deposit of \$250,000;
 - 250,000,000 ordinary shares to Phoenix Myrrh Technology Pty Ltd ("Phoenix Myrrh") or its nominee. Phoenix Myrrh became a shareholder in Linius following the completion of the agreement between Phoenix Myrrh and Linius;
 - 200,000,000 performance shares to the Linius shareholders (other than Phoenix Myrrh) or their nominees. These performance shares will convert into fully paid ordinary shares in Firestrike (on a one for one basis) in equal amounts of 50,000,000

on each occasion upon Linius (including any company in the Linius group subsequent to completion of the acquisition) achieving the milestones outlined in Section 1 of this Report. At the date of this Report, Milestone 1 has been achieved. As a result, we have recorded the issue of the Milestone 1 tranche of 50,000,000 shares as part of the acquisition;

- (vii) the issue of 5,000,000 shares to CPS Group Pty Ltd (or its nominees) as part of a mandate dated 8 September 2015 for introducing Linius to the Company. The shares are to be issued at a deemed issue price of 2 cents each in accordance with the mandate, however for accounting purposes, we have recorded the issue of these shares at an issue price of 5 cents each, which equates to the price of the Offer;
- (viii) the issue of 17,500,000 shares to Avitus Capital Pty Ltd (or its nominees) ("Avitus") as repayment of a convertible note agreement with Avitus Capital Pty Ltd ("Avitus") whereby Avitus had provided Linius with a loan of \$350,000. The shares are to be issued at a deemed issue price of 2 cents each, however for accounting purposes, we have recorded the issue of these shares at an issue price of 5 cents each, which equates to the price of the Offer, or a total value of \$875,000. The difference of \$525,000 has been expensed in the statement of comprehensive income;
- (ix) the issue of options to the following proposed directors or their nominees (the appointment of these proposed directors is being considered at the General Meeting):
- Mr Christopher Richardson 10,000,000 options
 - Mr Stephen McGovern 6,000,000 options
 - Mr Stephen Kerr 1,500,000 options

These options are exercisable at 5 cents per option on or before 31 March 2019. The options to be issued to Mr Richardson and Mr Kerr are subject to the following vesting conditions:

Name	No. New Options	Vesting date
Stephen Kerr	300,000	Vesting in equal instalments of 75,000 each at the end of each calendar quarter after Completion
	300,000	Vesting on the date of satisfaction of Milestone 1
	300,000	Vesting on the date of satisfaction of Milestone 2
	300,000	Vesting on the date of satisfaction of Milestone 3
	300,000	Vesting on the date of satisfaction of Milestone 4
Chris Richardson	4,000,000	Vesting in equal instalments of 1,000,000 each at the end of each calendar quarter after the Completion
	1,500,000	Vesting on the date of satisfaction of Milestone 1
	1,500,000	Vesting on the date of satisfaction of Milestone 2
	1,500,000	Vesting on the date of satisfaction of Milestone 3
	1,500,000	Vesting on the date of satisfaction of Milestone 4

Milestone 1 has been achieved at the date of this Report.

- (x) the issue of 41,000,000 options to Mr Gavin Campion or his nominees exercisable at 5 cents per option on or before 31 March 2019 for past services to Linius and future services to be provided to the Company, including strategy, business development and marketing; and
- (xi) the issue of 3,000,000 options to Avitus or its nominees exercisable at 5 cents per option on or before 31 March 2019 for corporate consulting services.

2. CASH AND CASH EQUIVALENTS

	Firestrike Audited 30/06/15 \$	Linius Audited 30/11/15 \$	Proforma \$2.75M raising \$	Proforma \$3.5M raising \$
Balance	719,359	200,178	200,178	200,178
Cash balance of Firestrike at 30 November 2015	-	-	428,763	428,763
Proceeds from Firestrike entitlement issue	-	-	510,732	510,732
Proceeds from exercise of Firestrike options	-	-	5,528	5,528
Proceeds from shares issued pursuant to this Prospectus	-	-	2,750,000	3,500,000
Share issue costs	-	-	(309,405)	(355,484)
	719,359	200,178	3,585,796	4,289,717

3. INTELLECTUAL PROPERTY – AT COST

	Firestrike Audited 30/06/15 \$	Linius Audited 30/11/15 \$	Proforma \$2.75M raising \$	Proforma \$3.5M raising \$
Balance	-	5,400,000	5,400,000	5,400,000
	-	5,400,000	5,400,000	5,400,000

Intellectual property comprises registered and unregistered patents and trademarks relating to Linius' system for providing video content on a data network connected device having a display and device controller, which were acquired from Phoenix Myrrh Technology Pty Ltd ("Phoenix Myrrh") pursuant to a Sale and Purchase Agreement between Linius and Phoenix Myrrh dated 23 October 2015. Completion of the acquisition occurred on 20 November 2015.

The consideration for the acquisition comprised \$400,000 in cash and the issue of Linius shares.

The ultimate recovery of the value of the intellectual property is dependent on the successful development of the intellectual property and the commencement of profitable trading incorporating the assets comprising this intellectual property, or sale.

4. CONVERTIBLE NOTES

	Firestrike Audited 30/06/15 \$	Linus Audited 30/11/15 \$	Proforma \$2.75M raising \$	Proforma \$3.5M raising \$
Balance	-	350,000	350,000	350,000
Less: Issue of 17,500,000 shares to Avitus Capital Pty Ltd in repayment of the notes	-	-	(350,000)	(350,000)
	<u>-</u>	<u>350,000</u>	<u>-</u>	<u>-</u>

5. UNSECURED LOAN –
FIRESTRIKE RESOURCES
LIMITED

	Firestrike Audited 30/06/15 \$	Linus Audited 30/11/15 \$	Proforma \$2.75M raising \$	Proforma \$3.5M raising \$
Balance	-	250,000	250,000	250,000
Less: Elimination of loan on consolidation	-	-	(250,000)	(250,000)
	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>

6. ISSUED CAPITAL

	Firestrike Audited 30/06/15 \$	Linius Audited 30/11/15 \$	Proforma \$2.75M raising \$	Proforma \$3.5M raising \$
Balance	4,970,029	5,000,200	5,000,200	5,000,200
Shares issued under entitlement issue	-	-	510,732	510,732
Shares issued on exercise of options	-	-	5,528	5,528
Share issued pursuant to Prospectus	-	-	2,750,000	3,500,000
Share issue costs	-	-	(309,405)	(355,484)
Shares issued on conversion of convertible notes	-	-	875,000	875,000
Issue of shares to CPS Capital	-	-	265,000	265,000
Shares issued as part of reverse acquisition, at fair value of Firestrike	-	-	2,279,088	2,023,495
	4,970,029	5,000,200	11,376,143	11,824,471
			\$2.75M raising	\$3.5M raising
			Number	\$
			Number	\$
Balance at 30 November 2015	93,634,231	5,111,244	93,634,231	5,111,244
Proforma adjustments (actual):				
Issue of Entitlement Issue shares	25,536,608	510,732	25,536,608	510,732
Issue of shares to CPS Capital	202,269	15,000	202,269	15,000
Issue of shares on exercise of options	138,200	5,528	138,200	5,528
Balance at the date of this Report	119,511,308	5,642,504	119,511,308	5,642,504
Other proforma adjustments:				
Shares issued to acquire Linius	300,000,000	2,168,044	300,000,000	1,912,451
Shares issued pursuant to this Prospectus	55,000,000	2,750,000	70,000,000	3,500,000
Shares issued to Avitus in repayment of convertible notes	17,500,000	875,000	17,500,000	875,000
Shares issued to CPS Capital for introduction of Linius	5,000,000	250,000	5,000,000	250,000
Share issue costs	-	(309,405)	-	(355,484)
	497,011,308	11,376,143	512,011,308	11,824,471

7. SHARE BASED PAYMENTS RESERVE

	Firestrike Audited 30/06/15 \$	Linius Audited 30/11/15 \$	Proforma \$2.75M raising \$	Proforma \$3.5M raising \$
Balance	-	-	-	-
Issue of options to directors	-	-	243,684	243,684
Issue of options to Gavin Campion	-	-	1,280,907	1,280,907
Issue of options to Avitus	-	-	93,725	93,725
	-	-	1,618,316	1,618,316

8. CONTINGENCIES AND COMMITMENTS

There are no contingent liabilities of expenditure commitments at the date of this Report. Details of planned use of funds are outlined in Section 7.6 of the Prospectus.

9. RELATED PARTY TRANSACTIONS

Details of Directors' and Proposed Directors' interests in the Company's issued capital and transactions with the Company are included in Sections 10 and 14 of the Prospectus.

10. MOVEMENTS IN OPTIONS

	Number
Balance at 30 June 2015:	
Listed – exercisable at 4 cents by 31 December 2016	17,800,000
Less: Exercised to 30 November 2015	<u>(3,134,246)</u>
Balance at 30 November 2015	14,665,754
Less: Exercised since 30 November 2015 and to the date of this Report	<u>(138,200)</u>
Balance at the date of this Report	<u>14,527,554</u>

Proforma adjustments:

As set out in this Report, it is proposed to issue options to proposed directors, an employee and a corporate consultant. These options will be exercisable at 5 cents per share on or before 31 March 2019. Vesting conditions relating to each issue of options are set out below:

Name	No.	Vesting date and conditions	Value recorded in Note 7
Stephen Kerr	300,000	Vesting in equal instalments of 75,000 each at the end of each calendar quarter after completion of the acquisition of Linius	Nil (total value of \$9,372 will be brought to account over the vesting period, being 12 months from grant date)
	300,000	Vesting on the date of satisfaction of Milestone 1	\$9,372, as this milestone has been achieved
	300,000	Vesting on the date of satisfaction of Milestone 2	Nil ⁽ⁱ⁾
	300,000	Vesting on the date of satisfaction of Milestone 3	Nil ⁽ⁱ⁾
	300,000	Vesting on the date of satisfaction of Milestone 4	Nil ⁽ⁱ⁾
Total	1,500,000		
Chris Richardson	4,000,000	Vesting in equal instalments of 1,000,000 each at the end of each calendar quarter after the completion of the acquisition of Linius	Nil (total value of \$124,967 will be brought to account over the vesting period, being 12 months from grant date)
	1,500,000	Vesting on the date of satisfaction of Milestone 1	\$46,862, as this milestone has been achieved
	1,500,000	Vesting on the date of satisfaction of Milestone 2	Nil ⁽ⁱ⁾
	1,500,000	Vesting on the date of satisfaction of Milestone 3	Nil ⁽ⁱ⁾
	1,500,000	Vesting on the date of satisfaction of Milestone 4	Nil ⁽ⁱ⁾
Total	10,000,000		
Stephen McGovern	6,000,000	Vest immediately	\$187,450
Total	6,000,000		
Gavin Champion	41,000,000	Vest immediately	\$1,280,907
Total	41,000,000		
Avitus Capital Pty Ltd	3,000,000	Vest immediately	\$93,725
Total	3,000,000		

⁽ⁱ⁾ The value of these options will be brought to account when it is considered probable that the milestones attached to each tranche of options will be achieved.

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black & Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Expected volatility (%)	100%
Risk-free interest rate (%)	2.0%
Expected life of options	Exercisable on or before 31/3/19
Exercise price (cents)	5 cents
Grant date share price (assumed as the issue price of shares under this Prospectus)	5 cents

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

2 March 2016
Our Ref: Z6008AU00

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Dear Sirs

IP Report for Firestrike Resources Limited

Watermark has been requested to provide a report on Linius (Aust) Pty Ltd (Linius) intellectual property ownership and status for inclusion in a recompliance/capital raising prospectus (Prospectus) proposed to be issued by Firestrike Resources Limited (Firestrike) as part of its proposed acquisition of Linius.

1. Background, Interests and Disclosure

- 1.1. In preparing this report, Watermark has relied upon independent enquiries, searches, documentation and information provided by officers and senior management of Linius.
- 1.2. The details in this report are believed to be correct as of the date of this report.
- 1.3. Watermark does not have any shareholding in either Linius or Firestrike or any interest in the outcome of the Prospectus other than in connection with the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.
- 1.4. Watermark has consented to the inclusion of this IP Report in the Prospectus in the form and context in which it is prepared, but has not authorized the issue of the Prospectus. Accordingly, Watermark makes no representation regarding and takes no responsibility for, any other statements or material in, or omissions from, the Prospectus.
- 1.5. Watermark, in providing this report, is not to be taken as an endorsement of Firestrike or Linius, the Linius technologies or the offering made pursuant to the Prospectus.

2. Linius' Intellectual Property Strategy

- 2.1. Linius' intellectual property strategy revolves around protection of its methodologies and systems providing video content on a data network through patents, copyright, confidential information and the use of trade marks.
- 2.2. Linius has taken steps to secure ownership of patents in its method and system for content delivery including obtaining assignment of patent rights from Phoenix Myrrh Technology Pty Ltd (Phoenix Myrrh) and the inventor, Finbar Anthony O'Hanlon, where required.
- 2.3. Linius has taken steps to secure ownership of registered trade marks in the USA from Phoenix Myrrh. Linius does not own any registered trade marks in

Watermark Patent and Trade
Marks Attorneys in association
with Watermark Intellectual
Property Lawyers

ABN 61 266 251 581

Australia. Unregistered trade marks may be protected by the common law regimes of passing off and misleading and deceptive conduct under the Australian Consumer Law.

3. Patents/Protection for Inventions

3.1. A patent is a right that is granted by a government or authorized government agency for any device, substance, method or process that is new, inventive and useful. A patent is legally enforceable and gives the owner exclusive rights to commercially exploit the invention in the patent area for the life of the patent (typically up to 20 years).

3.2. Linius is the owner of the following patents/patent applications.



Country/Jurisdiction	Title	Application Number	Patent Number	Status
Australia (AU)	<i>Method and System for Content Delivery</i>	2008288676	2008288676	Granted and in force
Canada (CA)	<i>Method and System for Content Delivery</i>	2696970	2696970	Granted and in force
China (CN)	<i>Method and System for Content Delivery</i>	20088110364.8	ZL20088110364.8	Granted and in force
Europe (EP)	<i>Method and System for Content Delivery</i>	08782938.8	N/A	Under examination.
Hong Kong (HK)	<i>Method and System for Content Delivery</i>	20110103186	HK1149111	Granted and in force
India (IN)	<i>Method and System for Content Delivery</i>	1093/DELNP/2010	N/A	Under examination
International (PCT) (WO)	<i>Method and System for Content Delivery</i>	PCT/AU2008/001190	N/A	Under examination
Republic of Korea (KR)	<i>Method and System for Content Delivery</i>	20107005809	101299639	Granted and in force
Singapore (SG)	<i>Method and System for Content Delivery</i>	2010009900	159164	Granted and in force
USA (US)	<i>Method and System for Content Delivery</i>	13/833,810	N/A	Under examination
USA (US)	<i>Method and System for Content Delivery</i>	13/833,431	N/A	Under examination
USA (US)	<i>Method and System for Content Delivery</i>	13/670,430	8,893,203	Granted and in force

3.3. An assignment deed was prepared and executed, transferring ownership of each of these patent assets to Linius. The aforementioned assignment deed includes confirmation by Finbar O'Hanlon, the sole named inventor for the inventions defined and described in the patents/patent applications, of ownership by Phoenix Myrrh and the subsequent transfer of ownership to Linius by the assignment deed.

- 3.4. Change of ownership in favour of Linius has been recorded in the Australian and Hong Kong patent registers in respect of the Australian and Hong Kong patent assets. A request to record the change of ownership has been filed with the European and Canadian patent offices. The transfer of ownership of the remaining patent assets (China, India, Republic of Korea, Singapore and USA) is yet to be recorded in the respective patent offices. Preparations are underway to have the change of ownership recorded in the patent office of each of these countries. Recordal of change of ownership by way of assignment is a requirement of each patent office, but there is no specific deadline by which to record the assignment in favour of Linius.
- 3.5. Third parties may own patents that are relevant to the Linius technology. A 'freedom to operate' patent search is a search of patent databases to determine whether there are any patents which Linius may infringe by using their technology. No such patent searches have been undertaken by or on behalf of Linius.

4. Trade Marks

- 4.1. A trade mark is a sign used to distinguish the goods and services of one trader from those of another. A registered trade mark is a right that is granted by a government or authorised government agency. A registered trade mark is legally enforceable and gives the owner the exclusive rights to commercially use, licence or sell the trade mark for the goods and services it is registered in relation to for the life of the registration (typically 10 years, but renewable indefinitely).
- 4.2. Linius does not own any Australian trade mark registrations.
- 4.3. Linius is the owner of the following two USA trade marks which are recorded on the Federal US Trade Mark Register. These trade marks have been approved for registration. A Declaration of Use is required to be filed on application 85814641. Application 86740819 has been approved for publication and this publication will commence a period of opposition in which any party may oppose registration of the trade mark.

Country	Mark	Application Number	Registration Number	Filing Date	Status
USA		85814641			Declaration of Use to be filed - a 2 nd request for extension of time to file was granted 05 August 2015
USA		86740819		28 August 2015	Approved for publication
	Class (IC 009)				
	Computer hardware, computer software excluding non-downloadable software, and downloadable computer software, for formatting and distributing audio and video content by devices capable of transmitting and/or receiving data via a network protocol to devices capable of playback of sound and/or video				
	Class (IC 042)				
	Platform as a services "PAAS" and software as a service "SAAS" featuring computer software for formatting and distributing audio and video content by devices capable of transmitting and/or receiving data via a network protocol to devices capable of playback of sound and/or video; and computer services, namely, providing on-line non-downloadable software for formatting and distributing audio and video content by devices capable of transmitting and/or receiving data via a network protocol to devices capable of playback of sound and/or video				

- 4.4. Linius has acquired ownership of the above USA trade marks by way of an assignment deed which was prepared and executed, transferring ownership of each of these trade marks to Linius from Phoenix Myrrh.

Change of ownership in favour of Linius has not yet been recorded with the US trade mark office. This recordal is a requirement, but there is no specific deadline by which to record the assignment in favour of Linius.

- 4.5. Third parties may own registered trade marks that are substantially identical or deceptively similar to the Linius trade marks. If a third party owns a relevant registered trade mark, Linius may be prevented from using the Linius trade marks if the Linius trade marks infringe a relevant trade mark registration. A ‘freedom to operate’ trade mark search is a search of trade mark databases to determine whether there are any registered or pending trade marks that are similar to the Linius trade marks.
- 4.6. Watermark undertook a review of the Australian and USA trade mark registers for ‘Linius’ trade marks. No trade marks of concern were identified that would otherwise prevent or restrict the use of the Linius marks in respect of video content delivery. No trade mark searches have been undertaken by or on behalf of Linius in any other jurisdiction. No in depth freedom to operate analysis in relation to the use of the trade marks and any potential infringement has been conducted in any jurisdiction.

5. Domain Names

- 5.1. A domain name is a license between the domain name registrant and relevant domain name provider that allows the registrant to exclusively use the domain name for the term of the license (typically 2 years, indefinitely renewable).
- 5.2. Linius owns the following domain name license:

Domain Name	Registrant	Renewal Date
linius.com	Linius (Aust) Pty Ltd	22 March 2016

6. Copyright

- 6.1. Copyright is the right given to the originator of a qualifying original work for a fixed number of years, to reproduce, copy, print, publish, perform, film or record that work. Rights are conferred under the Copyright Act 1968 (Cth). Qualifying works include literary, artistic, dramatic and musical works and other subject matter including films, sound recordings, broadcasts and published editions. A computer program is a literary work under the Copyright Act. Copyright does not protect ideas or concepts, but only the expression of those ideas or concepts.
- 6.2. Generally, copyright gives the owner exclusive rights to:
 - reproduce or copy the work
 - communicate the work to the public
 - publish the work
 - perform the work
 - adapt the work
- 6.3. Copyright automatically subsists when a qualifying work is created and does not require registration. The work must be ‘original’ in the sense that it is the author’s own work, not a mere copy and that a level of skill and effort has been exercised in its creation. This is generally a low threshold test. Copyright in a work is owned by the person who created the work (the author), unless an agreement states otherwise or the work is created by an employee pursuant to their employment. Copyright in Australia lasts for the life of the author plus 70 years or, if the author is deceased before first publication of the work, 70 years from first publication.
- 6.4. Linius owns at least the following copyright works:

Work	Description
Computer program: software	Source code for digital video content delivery system
Computer program: software	Source code for disassembly of video content, video content delivery, translating video data, tracking video content, annotating video content, using an intermediary device for video content delivery, monetizing video content, editing video content

6.5. Copyright does not protect the manner in which Linius conducts its business. It protects against unauthorized copying of the particular copyright works owned by Linius.

7. Confidential Information/Know-How

7.1. Confidential Information and Know-How is all information relating to the business and technology of Linius that is confidentially held and known only by persons within Linius or other persons subject to an obligation of confidence owed to Linius. This information generally includes:

- 7.1.1. Undisclosed formulae, designs, drawings, procedures and methods;
- 7.1.2. Accumulated skills and experience of employees and consultants of Linius which could assist in giving Linius a competitive advantage; and
- 7.1.3. Expert knowledge on the operation, use/application of Linius' products and of its sale, usage or disposition

7.2. Know-how and Confidential Information is protected by those equipped with such knowledge being contracted to keep such information confidential and/or by the common law tort of breach of confidence.

7.3. Know-How and Confidential Information within Linius includes the following:

Information	Description
Technical innovations	System, apparatus, method and computer program products for: disassembly of video content, video content delivery, translating video data, tracking video content, annotating video content, using an intermediary device for video content delivery, monetizing video content and editing video content.

7.4. The Know-How and Confidential information of Linius is protected by confidentiality clauses in agreements, including Consultancy Agreements and Sale and Purchase Agreement.

8. Intellectual Property Licenses

8.1. Linius has granted a License to Linius proprietary software to an unrelated third party for a period of 60 days for the purpose of evaluation of said proprietary software. Any and all enhancements or modifications made to the software during the term of the license are owned by Linius.

9. Miscellaneous IP Matters

9.1. Consultancy agreements: consultants have contributed or may contribute to the creation or improvement of the intellectual property of Linius. Consultants have signed agreements that expressly assign all relevant IP rights to Linius, including any improvements made to IP during the term of contract.

9.2. Distribution/JV/Partner agreements: Linius has not entered into any distribution/JV/Partner agreements that include a licence or transfer of Linius' intellectual property.

9.3. Valuations of the IP: No valuations of Linius' intellectual property have been conducted.

9.4. Previous and current litigation (actual or threatened) regarding the IP: there is no previous, current or threatened litigation in relation to Linius' intellectual property.

9.5. Security of data and source code: procedures have been implemented to ensure the security, confidentiality and integrity of data and source code of software.

On Behalf of Watermark



Mark Pullen
Principal



Carol Kane
Associate

13. CORPORATE GOVERNANCE

13.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the Recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and further details on FIE's corporate governance procedures, policies and practices can be obtained from the Company website at <http://www.firestrike.com.au>.

13.2 Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

In light of the Company's size and nature, the Board considers that the proposed board is a cost effective and practical method of directing and managing the Company. If the Company's activities develop in size, nature and scope, the

size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

13.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

Following Completion, the Board is proposed to consist of 3 members. The Company has adopted a Nominations Committee Charter, but has not formally adopted a Nominations and Remuneration Committee. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of a Nomination and Remuneration Committee. The responsibilities of a Nomination and Remuneration Committee are currently carried out by the Board.

Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

13.4 Identification and management of risk

The Board of Directors act also as the Risk Committee and are responsible for overseeing the risk management function. They are responsible for ensuring the risks and opportunities are identified on a timely basis. To assist the Board to fulfil its function as the Risk Committee, the Company has adopted a Risk Management Policy.

13.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

13.6 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

13.7 Remuneration arrangements

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions

by each Non-Executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

13.8 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Managing Director). The policy generally provides that written notification to the Chairman (or in the case of the Chairman, another Director) must be satisfied prior to trading.

13.9 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

13.10 Audit committee

The Board has not considered it appropriate to establish an Audit Committee given the Company's current size and stage of development. All the functions of an Audit Committee are carried out by the Board of Directors.

13.11 Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

13.12 Departures from Recommendations

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

14. MATERIAL CONTRACTS

14.1 Heads of Agreement

In accordance with the terms of the Heads of Agreement, the Company will acquire all of the issued shares in Linus (Aust) on the terms and conditions set out below.

The key terms of the Heads of Agreement are as follows:

(a) **Acquisition**

The Company has agreed to acquire and the Vendors have agreed to sell 100% of the shares in Linus (Aust).

(b) **Conditions Precedent**

Completion is subject to the satisfaction or waiver by the parties of the following conditions:

- (i) the Company preparing this Prospectus, lodging the Prospectus with the ASIC and raising a minimum of \$2,750,000 under the Prospectus through the issue of Shares at a price of not less than \$0.02 per Share (**Capital Raising**);
- (ii) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Acquisition, including, without limitation:
 - (A) ASX Listing Rules approval and, if required, approval for the purpose of the Corporations Act, for the issue of the Consideration Shares, Performance Shares and the Loan Shares (as those terms are defined below);
 - (B) ASX Listing Rule approval and, if required, approval for the purposes of the Corporations Act, for the issue of Shares pursuant to the Capital Raising;
 - (C) ASX Listing Rule 11.1.2 approval authorising a change of activities of the Company;
 - (D) approval of the appointment of proposed new Directors, subject to Completion; and
 - (E) approval for the change of the Company's name to "Linus Technologies Limited";
- (iii) the parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law on terms acceptable to the parties as are required to allow the parties to lawfully complete the matters set out in the Heads of Agreement (including, but not limited to, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and the Company receiving conditional approval from ASX to reinstate the Company's quoted securities to trading on ASX following Completion on conditions satisfactory to the Company, acting reasonably); and

- (iv) to the extent required by the ASX, the Company or the ASX Listing Rules, each Vendor and any party to whom Consideration Shares are issued and Shares issued pursuant to the Conversion Offer and CPS Offer, entering into a restriction agreement as required by ASX imposing such restrictions on trading of those securities as mandated by the ASX Listing Rules in respect of the securities that are issued to those parties by the Company,

(together, the **Conditions**).

If the Conditions are not satisfied (or waived by the Company and Linius (Aust) on or before 5:00pm (Western Australian standard time) on their stated due date, or otherwise 27 May 2016 (or such later date as Linius (Aust) and the Company may agree) (**End Date**), either the Company or Linius (Aust) may terminate the Agreement by written notice to the other parties.

(c) **Consideration**

In exchange for the Company acquiring 100% of the issued shares in Linius (Aust), the Company:

- (i) upon execution of the Heads of Agreement, paid Linius (Aust) a non-refundable deposit of \$50,000;
- (ii) upon completion of mutual satisfactory due diligence (which occurred on 26 November 2015) and the sale and purchase agreement between Linius (Aust) and Phoenix Myrrh (which occurred on 20 November 2015) the Company paid Linius (Aust) a further \$200,000 non-refundable deposit;
- (iii) at Completion, the consideration to be issued for the acquisition of their shares in Linius (Aust) will be:
 - (A) 250,000,000 Shares at a deemed issue price of \$0.02 per Share (**Ordinary Consideration Shares**) to Phoenix Myrrh (or its nominees); and
 - (B) 200,000,000 performance shares (being 50,000,000 Class A performance shares, 50,000,000 Class B performance shares, 50,000,000 Class C performance shares and 50,000,000 Class D performance shares) that convert into Shares (on a one for one basis) (**Performance Shares**) to the Initial Linius Shareholders,

(the Ordinary Consideration Shares and Performance Shares together are the **Consideration Shares**).

(d) **Linius (Aust) Loan**

The Heads of Agreement acknowledges that Linius (Aust) intends to raise an aggregate of \$350,000 in unsecured loan capital funding from third party lenders, pursuant to documentation to which Firestrike will be a party. The Company has agreed that, at Completion, it will satisfy repayment of the loan via the issue of Shares at a deemed issue price of \$0.02 per Share (**Loan Shares**). To this extent, the Company, Linius (Aust)

and Avitus have entered into the Convertible Loan Agreement summarised in Section 14.2 below.

(e) **Incentive Share Scheme**

Under the Heads of Agreement, the Company has agreed to adopt an employee share scheme.

(f) **Board of directors of the Company**

At Completion, the existing directors of Firestrike, Roger Steinepreis, Paul Lloyd and David Holden shall resign and Christopher Richardson, Stephen McGovern and Stephen Kerr will join the Board.

(g) **Completion**

Completion will occur on that date which is 5 business days after satisfaction (or waiver) of the Conditions.

14.2 Convertible Loan Agreement

Linus (Aust), the Company and Avitus have entered into a convertible loan agreement for the provision by Avitus (or its nominees) to Linus (Aust) of loan funds of \$350,000 (**Loan**). Subject to Completion, it is intended that the Loan will be repaid via the issue of Shares at a deemed issue price of \$0.02 each to Avitus (or its nominees). The Loan is fully drawn down. The issue of these Shares is the subject of the Conversion Offer.

The agreement also contains separate mechanisms for the Loan to be converted into shares in the capital of Linus (Aust) in the event that Completion does not occur by certain specified dates.

14.3 Mandate with CPS Capital Group Pty Ltd

On 8 September 2015, the Company and CPS Capital entered into a mandate pursuant to which, among other things, CPS Capital has agreed to:

- (a) lead manage the Public Offer for a fee of 1% (plus GST) of the amount raised under the Public Offer;
- (b) receive a placing fee of 5%, (plus GST) for any funds raised by CPS under the Public Offer; and
- (c) provide the Company with corporate advisory services on an ongoing basis for up to 12 months for a monthly fee of \$5,000 (plus GST where applicable) which will be payable quarterly in arrears in Shares at a price based on the previous 20-day volume-weighted-average price of Shares. Any GST component will be paid in cash to CPS Capital.

In addition, the Company has agreed to issue CPS (or its nominee) up to 5,000,000 Shares at a deemed issue price of \$0.02 per Share for introducing Linus to the Company. The issue of these Shares is the subject of the CPS Offer.

14.4 Letters of appointment – Christopher Richardson, Stephen McGovern and Stephen Kerr

(a) Christopher Richardson

On 26 February 2016, Christopher Richardson executed a letter of appointment to become an executive Director of the Company effective from the date of completion of the acquisition of Linus (Aust) by the Company.

(i) Term

Mr Richardson's service will commence on the date of completion of the acquisition of Linus (Aust) by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act.

(ii) Fee

Mr Richardson will not be entitled to any additional fee outside of the remuneration provided for under the terms of his Consultancy Agreement with Linus (Aust) (the key terms of which are summarised in Section 14.5(e)). Any fees paid to Mr Richardson will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Richardson for all reasonable expenses incurred in performing his duties.

(b) Stephen McGovern

On 26 February 2016, Stephen McGovern executed a letter of appointment to become a non-executive Director of the Company effective from the date of completion of the acquisition of Linus (Aust) by the Company.

(i) Term

Mr McGovern's service will commence on the date of completion of the acquisition of Linus (Aust) by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act.

(ii) Fee

During the term of his services, Mr McGovern will be paid a fee of \$90,000 per annum plus superannuation. The fee paid to Mr McGovern is subject to annual review by the Board. Subject to completion of the acquisition of Linus (Aust), the Company will also issue Mr McGovern with 6,000,000 New Options (see Section 7.7 for further information). The Company will reimburse Mr McGovern for all reasonable expenses incurred in performing his duties.

(c) **Stephen Kerr**

On 25 February 2016, Stephen Kerr executed a letter of appointment to become an executive Director of the Company effective from the date of completion of the acquisition of Linius (Aust) by the Company.

(i) **Term**

Mr Kerr's service will commence on the date of completion of the acquisition of Linius (Aust) by the Company and will cease when he resigns, retires or is removed from office in accordance with the Company's constitution or the Corporations Act.

(ii) **Fee**

Mr Kerr will not be entitled to any additional fee outside of the remuneration provided for under the terms of his Consultancy Agreement with Linius (Aust) (the key terms of which are summarised in Section 14.5(f)). Any fees paid to Mr Kerr will in any event be subject to annual review by the Board of the Company and approval by Shareholders (if required). The Company will reimburse Mr Kerr for all reasonable expenses incurred in performing his duties.

14.5 Linius (Aust) material contracts

(a) **Sale and Purchase Agreement**

On 23 October 2015, Linius (Aust) entered into a Sale and Purchase Agreement with Phoenix Myrrh for the acquisition by Linius (Aust) of the intellectual property and other assets associated with the Linius technology.

Pursuant to the Sale and Purchase Agreement, Linius (Aust) acquired the assets for a purchase price of \$5,400,000 satisfied by a cash payment of \$400,000 and the issue to Phoenix Myrrh of 50,000 fully paid ordinary C class shares in the capital of Linius (Aust).

Completion of the Sale and Purchase Agreement occurred on 20 November 2015.

(b) **Patent/Patent Application Assignment Deed**

Pursuant to the terms of the Sale and Purchase Agreement, Anthony Finbar O'Hanlon, Phoenix Myrrh and Linius (Aust) entered into a Patent/Patent Application Assignment Deed on 20 November 2015 pursuant to which Phoenix Myrrh assigned all of the patents and patent applications held by it to Linius (Aust).

(c) **Trade Mark Assignment Deed**

Pursuant to the terms of the Sale and Purchase Agreement, Phoenix Myrrh and Linius (Aust) entered into a Trade Mark Assignment Deed on 20 November 2015 pursuant to which Phoenix Myrrh assigned all of the Linius trade marks held by it to Linius (Aust).

(d) **Shareholders Agreement**

On 23 October 2015, Linius (Aust) entered into a Shareholders' Agreement (**Shareholders' Agreement**) with all the holders of A Class shares in Linius (Aust) (**Initial Shareholders**) and Phoenix Myrrh (as holder of the C Class shares). There are no B Class or other shares on issue.

The key terms of the Shareholders' Agreement are as follows:

- (i) The Shareholders' Agreement provides for the appointment of Gavin Campion and Stephen McGovern (who are the only current directors of Linius (Aust)) as directors appointed by the Initial Shareholders. The Shareholders' Agreement also provides for the appointment of other directors as appointees of other shareholder classes and generally by the Linius (Aust) board of directors.
- (ii) Each of the Linius (Aust) shareholders undertakes that they and Linius (Aust) shall not undertake certain acts, including amending the Linius (Aust) constitution, recommending, declaring or paying any dividend, or making any distribution of a capital nature, or approving a liquidation or dissolution of Linius (Aust) (or similar act), without first obtaining the consent of all of the Initial Shareholders, Phoenix Myrrh and, where relevant, of other shareholder classes by special resolution.
- (iii) Each Linius (Aust) shareholder irrevocably waives all or any pre-emption rights they have or may have pursuant to the Shareholders' Agreement, the constitution of Linius (Aust) or otherwise in respect of the Acquisition and transfer of the Linius Shares.
- (iv) The Shareholders' Agreement continues in force and effect until, among other things, it is terminated by written agreement between all of the Linius (Aust) shareholders and Linius (Aust) or all of the shares in Linius (Aust) are beneficially held by one party.
- (v) The Shareholders' Agreement otherwise records the agreement between the parties with regard to the operations, management and certain other matters relating to Linius (Aust) and the business to be operated by Linius (Aust), and is on terms customary for a document of this nature. It will terminate upon completion of the Acquisition.

(e) **Consultancy Agreement – Christopher W. Richardson (CEO)**

On 16 December 2015, Linius (Aust), Mirovoy Sales sro (a Czech company) (**Consultant**) and Christopher W Richardson (**Mr Richardson**) entered into a Consultancy Agreement for the appointment of Mr Richardson as chief executive officer of Linius (Aust) and, ultimately, the Linius (Aust) group of companies post-Completion.

The key terms of the Consultancy Agreement are as follows:

- (i) The Consultancy Agreement commenced on 1 December 2015 and continues until terminated in accordance with the terms of the Consultancy Agreement. If Completion does not occur by

30 April 2016 the agreement will terminate automatically unless the parties otherwise agree.

- (ii) Linius (Aust) will pay the Consultant an annual consultancy fee of \$150,000 (exclusive of any GST or withholding taxed), payable at the rate of \$12,500 per month. The Consultancy Fee will be reviewed annually by the Board of Linius (Aust). In addition, Linius (Aust) will procure the issue to the Consultant (or nominee) of 10,000,000 New Options (see Section 7.7 for further information).
- (iii) Linius (Aust) may terminate the Consultancy Agreement at any time with one month's written notice. Linius (Aust) may also terminate the Consultancy if Mr Richardson is incapable of performing his duties under the Consultancy Agreement.
- (iv) The Consultant may terminate the Consultancy Agreement immediately with notice if Linius (Aust) is in breach of a material term of the agreement. The Consultant may also terminate the Consultancy Agreement after the Initial Term with three months written notice.
- (v) All the interests of the Consultant in intellectual property rights and improvements are the property of Linius (Aust) or any of its group companies (as the case may be) as owner without further payment to the Consultant.
- (vi) The agreement includes a non-competition clause typical of an agreement of this type.

Mr Richardson's role includes customary chief executive officer responsibilities, including taking responsibility for operating the business and delivering against the operating plan, strategy and planning, budgeting, employee recruitment and leadership. Specific duties relating to these responsibilities will be developed and agreed with the Board of Linius (Aust) from time to time.

(f) **Consultancy Agreement – Stephen Kerr (CFO and Company Secretary)**

On 21 January 2016, Linius (Aust) and Stephen Kerr (**Consultant**) entered into a Consultancy Agreement for the appointment of Mr Kerr as chief financial officer and company secretary of Linius (Aust) and, ultimately, the Linius (Aust) group of companies post-Completion.

The key terms of the Consultancy Agreement are as follows:

- (i) The Consultancy Agreement commenced on 21 January 2016 and continues until terminated in accordance with the terms of the Consultancy Agreement. If Completion does not occur by 30 April 2016 the agreement will terminate automatically unless the parties otherwise agree.
- (ii) The Consultant is required to provide the services on a part-time basis at times agreed with the chief executive officer, and be available for reasonable additional hours as required.
- (iii) Linius (Aust) will pay the Consultant an annual consultancy fee of \$84,000 (exclusive of any GST or withholding taxed), payable

at the rate of \$7,000 per month. The Consultancy Fee will be reviewed annually by the Board of Linius (Aust). In addition, Linius (Aust) will procure the issue to the Consultant (or nominee) of 1,500,000 New Options (see Section 7.7 for further information).

- (iv) Linius (Aust) may terminate the Consultancy Agreement at any time with three month's written notice. Linius (Aust) may also terminate the Consultancy if the Consultant is incapable of performing his duties under the Consultancy Agreement.
- (v) The Consultant may terminate the Consultancy Agreement immediately with notice if Linius (Aust) is in breach of a material term of the agreement. The Consultant may also terminate the Consultancy Agreement after the Initial Term with three months written notice.
- (vi) All the interests of the Consultant in intellectual property rights and improvements are the property of Linius (Aust) or any of its group companies (as the case may be) as owner without further payment to the Consultant.
- (vii) The agreement includes a non-competition clause typical of an agreement of this type.

The Consultant's role includes customary chief financial officer and company secretary responsibilities, including taking responsibility for ongoing compliance with ASX and ASIC requirements, drafting and settling Board and general meeting documentation, and implementing and monitoring rigorous corporate governance and reporting requirements.

(g) **Consultancy Agreement – Gavin Campion**

On 26 February 2016, Linius (Aust), Hydria Plenus Pty Ltd ACN 151 294 638 (**Consultant**) and Gavin Campion entered into a Consultancy Agreement for the provision of various consultancy services to Linius (Aust) and the Company. The key terms of the Consultancy Agreement are as follows:

- (i) The Consultancy Agreement will commence the date of completion of the acquisition of Linius (Aust) by the Company (**Commencement Date**) and continues until terminated in accordance with the terms of the Consultancy Agreement.
- (ii) Linius (Aust) will pay the Consultant an annual consultancy fee of \$65,700 (exclusive of any GST or withholding taxed), payable at the rate of \$5,475 per month. The Consultancy Fee will be reviewed annually by the Board of Linius (Aust). In addition, Linius (Aust) will procure the issue to the Consultant (or nominee) of 41,000,000 New Options (see Section 7.7 for further information).
- (iii) Linius (Aust) will reimburse the Consultant for all reasonable out-of-pocket expenses necessarily incurred in the performance of its duties in connection with the business of Linius (Aust) or its group companies.

- (iv) Linius (Aust) may terminate the Consultancy Agreement at any time with one month's written notice. Linius (Aust) may also terminate the Consultancy if the Consultant is incapable of performing his duties under the Consultancy Agreement.
- (v) The Consultant may terminate the Consultancy Agreement immediately with notice if Linius (Aust) is in breach of a material term of the agreement.
- (vi) All the interests of the Consultant and Mr Campion in intellectual property rights and improvements are the property of Linius (Aust) or any of its group companies (as the case may be) as owner without further payment to the Consultant.
- (vii) The agreement includes a non-competition clause typical of an agreement of this type.

The Consultant's role includes ensuring Linius (Aust) stays true to its stated vision of transforming the video industry, assisting the CEO in the refinement and ongoing implementation of Linius (Aust)'s operating plan, assisting the CEO and operating team in the formulation of the technology strategy, assisting the CEO in the identification of potential limited deployment partners in line with the operating plan and assisting the CEO and Board in marketing the Linius solution globally.

(h) **Consultancy Agreement – Finbar O’Hanlon**

On 20 November 2015, Linius (Aust), Papa Lazarue Pty Ltd (ACN 123 400 920) (**Consultant**) and Finbar O’Hanlon (**Mr O’Hanlon**) entered into a Consultancy Agreement for the provision of various consultancy services. The key terms of the Consultancy Agreement are as follows:

- (i) The Consultancy Agreement commenced on 20 November 2015 (**Commencement Date**) continuing for 3 months from the Commencement Date (**Initial Term**) and thereafter until terminated in accordance with the terms of the Consultancy Agreement.
- (ii) Linius (Aust) will pay the Consultant \$8,000 per month during the Initial Term (exclusive of any GST or withholding taxed), and \$15,000 any month thereafter (exclusive of GST or withholding taxes). The Consultancy Fee will be reviewed annually by the Board of Linius (Aust).
- (iii) Linius (Aust) may terminate the Consultancy Agreement at any time after the Initial Term with one month's written notice. Linius (Aust) may also terminate the Consultancy if Mr O’Hanlon is incapable of performing his duties under the Consultancy Agreement.
- (iv) The Consultant may terminate the Consultancy Agreement immediately with notice if Linius (Aust) is in breach of a material term of the agreement. The Consultant may also terminate the Consultancy Agreement after the Initial Term with three months written notice.
- (v) All the interests of the Consultant in intellectual property rights and improvements are the property of Linius (Aust) or any of its

group companies (as the case may be) as owner without further payment to the Consultant.

- (vi) The agreement includes a non-competition clause typical for an agreement of this type.
- (vii) The specific duties of Mr O'Hanlon include:
 - (A) promoting the position of Linius (Aust) and developing a plan in collaboration with the Chief Executive Officer to achieve this, with the overall objective seeking to raise awareness and interest in Linius (Aust);
 - (B) sitting on the product steering committee's monthly meeting, and being available to the Chief Executive Officer to discuss progress and development; and
 - (C) to develop and document potential 'user cases' of Linius (Aust), overtime developing as many as possible across the video ecosystem that quantify the Linius technology's impact.

(i) **Evaluation and Limited Deployment – Digisoft**

On 21 December 2015, Linius (Aust) and Digisoft.tv Limited (an Irish company) (**Digisoft**) entered into an Evaluation and Limited Deployment Licence Agreement under which Linius (Aust) has granted to Digisoft the right to conduct an in-house evaluation of the Linius technology (**Linius Software**).

The key terms of the Agreement are as follows:

- (i) Linius (Aust) agrees to provide the Linius Software to Digisoft, by way of a short term licence at no charge, for the sole purpose of Digisoft evaluating and conducting a limited deployment of the Linius Software.
- (ii) The aim of the limited deployment is to test the operation of the Linius Software and demonstrate "on-the-fly" personalisation of advertising content.
- (iii) The parties intend to achieve this by integrating the Linius Software with Digisoft's proprietary workflow and set-top box software, and then showcasing the technology to pay-TV operators around the world.
- (iv) Specifically, the key elements of integration are:
 - basic API (the ability to "push" video from Digisoft to Linius and "pull" metadata from Linius to Digisoft)
 - support for workflow creation of rules for personalisation, and
 - support for HTML5 playout on set-top boxes, in particular for US cable TV.

- (v) The parties will work together to agree a specific scope of work and project plan to accomplish these objectives.
- (vi) All the interests of Linius (Aust) in the Linius Software are maintained, and Digisoft acknowledges that the Linius Software is protected by copyright and other intellectual property rights, and constitutes trade secrets and proprietary data of Linius (Aust).
- (vii) All rights, title and interest in any modifications, improvements, enhancements or derivative works to the Linius Software created by either party are owned and vest in Linius (Aust).
- (viii) Other customary intellectual property protection and confidentiality provisions apply.
- (ix) Digisoft agrees to cease use of the Linius Software on the date that is 60 days from the date of delivery of the Linius Software or upon notification of termination by Linius.

The agreement is otherwise on terms that are standard for an agreement of this nature.

14.6 Deeds of indemnity, insurance and access

Current Directors and Proposed Directors

The Company is in the process of finalising deeds of indemnity, insurance and access with each of its Proposed Directors and will enter into such deeds with the Proposed Directors following their appointments. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.

For existing directors, the Company has entered into deeds of indemnity, insurance and access.

15. ADDITIONAL INFORMATION

15.1 Litigation

As at the date of this Prospectus, neither the Company, Linus (Aust) or any of their respective subsidiaries are involved in any material legal proceedings and the Directors and Proposed Directors are not aware of any legal proceedings pending or threatened against the Company or Linus (Aust) or any of their respective subsidiaries.

15.2 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

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

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

(b) Voting rights

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

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

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special

arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

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

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

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

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of votes validly cast for Shares at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

15.3 Terms and Conditions of New Options

(a) **Entitlement**

Each New Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price and Expiry Date**

The Options have an exercise price equal to the price of Shares under the Capital Raising (**Exercise Price**) and expire on 31 March 2019 (**Expiry Date**).

(c) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date.

(d) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(e) **Shares issued on exercise**

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

(f) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

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

After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- (i) Issue the Share; and

- (ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give holders of the Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

(i) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(j) **Adjustment for entitlement issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E(P-(S+D))}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

(k) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(l) **Options not quoted**

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

(m) **Options not transferable**

The Options are not transferable.

In addition, the New Options issued to Stephen Kerr and Chris Richardson (or their nominees) are subject to vesting as follows:

Name	No. New Options	Vesting date
Stephen Kerr	300,000	Vesting in equal instalments of 75,000 each at the end of each calendar quarter after Completion.
	300,000	Vesting on the date of satisfaction of Milestone 1.
	300,000	Vesting on the date of satisfaction of Milestone 2.
	300,000	Vesting on the date of satisfaction of Milestone 3.
	300,000	Vesting on the date of satisfaction of Milestone 4.
Chris Richardson	4,000,000	Vesting in equal instalments of 1,000,000 each at the end of each calendar quarter after the Completion.
	1,500,000	Vesting on the date of satisfaction of Milestone 1.
	1,500,000	Vesting on the date of satisfaction of Milestone 2.
	1,500,000	Vesting on the date of satisfaction of Milestone 3.
	1,500,000	Vesting on the date of satisfaction of Milestone 4.

15.4 Terms and Conditions of Performance Shares

(a) Rights attaching to the Performance Shares

- (i) **(Performance Shares)**: Each performance share is a share in the capital of FIE.
- (ii) **(General meetings)**: Each performance share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of FIE that are circulated to the holders of fully paid ordinary shares in the capital of FIE (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

- (iii) **(No voting rights):** A performance share does not entitle the Holder to vote on any resolutions proposed by FIE except as otherwise required by law.
- (iv) **(No dividend rights):** A performance share does not entitle the Holder to any dividends.
- (v) **(No rights to return of capital)** A performance share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (vi) **(Rights on winding up):** A performance share does not entitle the Holder to participate in the surplus profits or assets of FIE upon winding up.
- (vii) **(Not transferable):** A performance share is not transferable.
- (viii) **(Reorganisation of capital):** If at any time the issued capital of FIE is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (ix) **(Application to ASX):** The performance shares will not be quoted on ASX. However, if FIE is listed on ASX at the time of conversion of the performance shares into fully paid ordinary shares (**Shares**), FIE must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.
- (x) **(Participation in entitlements and bonus issues):** A performance share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (xi) **(Amendments required by ASX):** The terms of the performance shares may be amended as necessary by the FIE board in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (xii) **(No Other Rights):** A performance share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(b) **Conversion of the Performance Shares**

- (i) **(Milestones):** A performance share in the relevant class will convert into one Share upon achievement of:
 - (A) **Class A – Linius (Aust)** enters into an agreement with Digisoft, Cork, Ireland for a limited deployment of its technology, being the installation and activation by a third party of the Linius technology (**Limited**

Deployment), with the objective of demonstrating personalisation of video streams, by that date which is 12 months from the issue date (**Milestone 1**);

- (B) **Class B** – Linius (Aust) completes an alpha release of the Linius technology (which means, in line with the industry standard definition of that term, a first-stage completed version of a program or application, which may be unstable but is nevertheless useful to show what the program or application can do) that demonstrates publicly that the Linius technology achieves the Linius core patent claims, namely that the technology is able to (1) take a URL link to a piece of video content in an unknown location, and (2) play and display the video content on multiple devices with different video format requirements (and without the need for transcoding), by that date which is 18 months from the issue date (**Milestone 2**);
- (C) **Class C** - Linius (Aust) enters into an agreement with a third party (unrelated to the party under Milestone 1) for a Limited Deployment of its technology with the objective of demonstrating removal of the requirement for transcoding of video and reduction of storage. This deployment will be in partnership with a an organisation that is able to take a standard video and transcode it into all standards-based formats and store it at broadcast quality, likely to be a content delivery network by that date which is 24 months from the issue date (**Milestone 3**); and
- (D) **Class D** – Completion of a Limited Deployment with a third party (which may or may not be one of the parties under Milestones 1 and 3) which demonstrates that the Linius technology removes the requirement for transcoding of an original MPEG-4 video file to play out on devices traditionally requiring differing formats and in doing so reduces storage requirements, and the issue of a report, either prepared by or verified by the third party, confirming this (**Milestone 4**),

(each a **Milestone** and together the **Milestones**).

(ii) (**Conversion on change of control**): Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (A) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of FIE having received acceptances for more than 50% of FIE 's shares on issue and being declared unconditional by the bidder; or
- (B) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of FIE or its amalgamation with any other company or companies,

that number of performance shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of performance shares then on issue as well as on a pro rata basis for each Holder. Performance shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (iii) **(Redemption if Milestone not achieved)** If the relevant Milestone is not achieved by the required date, then each performance share in that class will be automatically redeemed by FIE for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.
- (iv) **(Conversion Procedure):** FIE will issue the Holder with a new holding statement for the Share issued upon conversion of a performance share within 10 Business Days following the conversion.
- (v) **(Ranking upon conversion)** The Share into which a performance share may convert will rank pari passu in all respects with the existing FIE Shares.

15.5 Terms and Conditions of Employee Option Scheme

The key terms of the Company's Employee Option Scheme, Shareholder approval for which will be sought at the General Meeting, are as follows:

- (a) **Eligibility:** Participants in the Scheme may be:
 - (i) a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Group Company**);
 - (i) a full or part time employee of any Group Company;
 - (ii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**); or
 - (iii) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (a), (b) or (c) above,

who is declared by the Board to be eligible to receive grants of Options under the Scheme (**Participants**).
- (b) **Administration of Scheme:** The Board is responsible for the operation of the Scheme and has a broad discretion to determine which Participants will be offered Options under the Scheme.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Scheme. The offer:
 - (i) set out the number of Options offered under the Scheme;

- (ii) will specify the exercise price and expiry date of the Options;
 - (iii) will specify any exercise conditions and restriction periods applying to the Options;
 - (iv) will specify an acceptance period; and
 - (v) specify any other terms and conditions attaching to the Options.
- (d) **Issue price:** unless the Options are quoted on the ASX, Options issued under the Scheme will be issued for no more than nominal cash consideration.
- (e) **Exercise Conditions:** An Option may be made subject to exercise conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- (f) **Restriction Periods:** a Share issued on exercise of an Option may be made subject to a restriction period as determined by the Board in with the Scheme and as specified in the Offer for the Option.
- (g) **Lapse of Options:** Subject to this Scheme, a Participant's unexercised Option will lapse immediately and all rights in respect of that Option will be lost if, in respect of the Option:
- (i) the relevant person ceases to be a Participant for any reason whatsoever (including without limitation resignation or termination for cause) and:
 - (A) any exercise conditions have not been met by the date the relevant person ceases to be a Participant (**Ceasing Date**); or
 - (B) where any exercise conditions have been met by the Ceasing Date or the Option is not subject to any exercise conditions, the Participant does not exercise the Option within a period of three (3) months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
 - (ii) any exercise conditions are unable to be met; or
 - (iii) the expiry date has passed,
- whichever is earlier.
- (h) **Power of attorney:** Each participant, in consideration of an offer, irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the participant's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of the Scheme.
- (i) **Scheme limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on

exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

- (j) **Restriction on transfer:** Options will not be transferable except to the extent provided for by the Scheme or unless the Offer provides otherwise.
- (k) **Quotation on ASX:** Options will not be quoted on the ASX, except to the extent provided for by the Scheme or unless the Offer provides otherwise.
- (l) **Rights attaching to Shares:** Each Share issued on exercise of an Option will have the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Scheme) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

15.6 Terms and Conditions of Incentive Share Plan

The key terms of the Company's Incentive Share Plan, Shareholder approval for which will be sought at the General Meeting, are as follows:

- (a) **Eligibility:** Participants in the Plan may be:
 - (i) a Director (whether executive or non-executive) of the Company, its subsidiaries and any other related body corporate of the Company (**Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order) (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a Participant under clauses (a), (b) or (c) above,

who is declared by the Board to be eligible to receive Shares under the Plan (**Participants**).

- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Shares under the Scheme.
- (c) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Participant (including a Participant who has previously received an Offer) to apply for up to a specified number of Shares, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**). The Offer:

- (i) set out the maximum number of Shares that the Participant may apply for, or the formula for determining the number of Shares that may be applied for;
 - (ii) will specify the issue price of the Shares, or the formula for determining the issue price;
 - (iii) whether the Company is prepared to grant the Participant a loan in accordance with the Plan, and the maximum loan amount;
 - (iv) any applicable vesting conditions;
 - (v) the date by which an Offer must be accepted (**Closing Date**); and
 - (vi) any other information required by law or the ASX Listing Rules or considered by the Board to be relevant to the Shares.
- (d) **Issue price:** The Issue Price of the Shares offered under an Offer shall be determined by the Board in its absolute discretion, which may be a nominal or nil amount.
- (e) **Vesting Conditions:** A Share may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the Offer for the Shares.
- (f) **Restriction Periods:** A Share issued under the Plan may be subject to a restriction period as determined by the Board in accordance with the Plan.
- (g) **Lapse of Offer:** To the extent an Offer is not accepted in accordance with the rules of the Plan, the Offer will lapse on the date following the closing date of the Offer, unless the Board determines otherwise.
- (h) **Power of attorney:** For the purpose of any buy back of Shares, the Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the buy back of the Participant's Shares including executing all documents and seeking or providing all necessary approvals and the Participant acknowledges and agrees that the power of attorney is given for valuable consideration (in the form of the Shares).
- (i) **Limits on Offers:** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.
- (j) **Restriction on transfer:** Subject to any restriction periods placed on dealings in Shares, there will be no transfer restrictions on Shares issued under the Plan unless the sale, transfer or disposal by the Participant of the Shares issued to them would require the preparation of a disclosure document (as that term is defined in the Corporations Act).

(k) **Quotation on ASX:**

If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within the later of 10 Business Days after:

- (i) the date the Shares are issued; and
- (ii) the date any restriction period that applies to the Shares ends.

(l) **Rights attaching to Shares:** A Participant will, from and including the issue date, be the legal owner of the Shares issued under the Plan and will be entitled to dividends and to exercise voting rights attached to the Shares.

15.7 Interests of Directors and Proposed Directors

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

15.8 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

HLB Mann Judd has acted as investigating accountant and has prepared the Investigating Accountant's Report which is included in Section 11 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd has received \$68,000 fees from the Company for audit and accounting services provided to the Company.

Watermark Patent and Trade Mark Attorneys has prepared the Intellectual Property Report which is included in Section 12 of this Prospectus. The Company estimates it will pay Watermark Patent and Trade Mark Attorneys a total of \$3,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patent & Trade Mark Attorneys has not received any fees from the Company.

CPS Capital Group Pty Ltd is acting as Lead Manager to the Public Offer and corporate advisor for the following year. The Company estimates it will pay CPS Capital a total of \$210,000 (excluding GST) for these services if there is maximum subscription under the Offer (\$165,000 if minimum subscription). During the 24 months preceding lodgement of this Prospectus with the ASIC, CPS Capital has not received any fees from the Company.

Steinepreis Paganin has acted as the solicitors to Company in relation to the Offers. The Company expects that it will pay Steinepreis Paganin \$40,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has acted for the Company and has received \$35,637.51 fees (excl GST and disbursements) from the Company for legal services provided to the Company.

15.9 Consents

Each of the parties referred to in this Section 15.9:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) did not authorise or cause the issue of all or any part of this Prospectus.

HLB Mann Judd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 11 of this Prospectus in the form and context in which the information and report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Watermark Patent and Trade Mark Attorneys has given its written consent to being named as Intellectual Property Solicitors in this Prospectus and to the inclusion of the Intellectual Property Report in Section 12 of this Prospectus in the form and context in which the information and report is included. Watermark Patent and Trade Mark Attorneys has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

CPS Capital has given its written consent to being named as Lead Manager of the Offer in this Prospectus. CPS Capital has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

The Proposed Directors have each given their written consent to being named as the proposed directors of the Company and to all other information relevant to them in this Prospectus. The Proposed Directors have not withdrawn their consents prior to the lodgement of this Prospectus with the ASIC.

15.10 Expenses of the Public Offer

The total expenses of the Public Offer (excluding GST) are estimated to be approximately \$309,405 for minimum subscription and \$355,484 for maximum subscription under the Public Offer and are expected to be applied towards the items set out in the table below:

Item of Expenditure	\$2,750,000 minimum subscription under Public Offer (\$)	\$3,500,000 maximum subscription under Public Offer (\$)
ASIC fees	2,320	2,320
ASX fees	79,851	80,601
Lead Manager fees	165,000	210,000
Legal fees	40,000	40,000
Investigating Accountant's Fees	10,000	10,000
Intellectual Property Lawyer's Fees	3,000	3,000
Printing and Distribution	8,000	8,000
Other	1,234	1,563
TOTAL	309,405	355,484

15.11 Continuous disclosure obligations

As the Company is admitted to ASX's Official List, the Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

15.12 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form and fully read those documents. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.firestrike.com.au.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or a complete and unaltered electronic copy of this Prospectus. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

15.13 Governing law

The Offers and the contracts formed on return of an Application Form are governed by the laws applicable in Western Australia, Australia. Each person who applies for Shares pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the relevant appellate courts.

16. DIRECTORS' AUTHORISATION

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

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Roger Steinepreis
Chairman
For and on behalf of
FIRESTRIKE RESOURCES LIMITED

17. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings: \$ means an Australian dollar.

Acquisition means the acquisition of Linius (Aust) in accordance with the Heads of Agreement.

Heads of Agreement means the binding heads of agreement dated 27 October 2015 between the Company and Linius (Aust) and the Vendors for the Company to acquire 100% of the Linius Shares.

API means application programming interface.

Application Form means an application form attached to or accompanying this Prospectus relating to the Offers.

ASIC means Australian Securities & Investments Commission.

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

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

Avitus means Avitus Capital Pty Ltd (ACN 152 188 728).

B2B means business to business.

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

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 means the issue of up to 70,000,000 Shares at \$0.05 per Share to raise up to \$3,500,000, with a minimum subscription of \$2,750,000.

CHESS means Clearing House Electronic Sub-register System.

Class A Performance Shares has the meaning given in Section 15.5(b).

Class B Performance Shares has the meaning given in Section 15.5(b).

Class C Performance Shares has the meaning given in Section 15.5(b).

Class D Performance Shares has the meaning given in Section 15.5(b).

Closing Date means the closing date of the Offers as set out in the indicative timetable in Section 3 (subject to the Company reserving the right to extend the Closing Date or close the Offers early).

Completion means completion of the Acquisition in accordance with the Heads of Agreement.

Company or **FIE** means Firestrike Resources Limited (ACN 149 796 332).

Conditions has the meaning given to that term in Section 2.4.

Consideration Shares means 250,000,000 Shares and 200,000,000 Performance Shares to be issued to the Vendors, as part of the consideration for the acquisition by the Company of 100% of the Linius Shares.

Consideration Offer means the Offer of the Consideration Shares as set out in Section 7.2.

Constitution means the constitution of the Company.

Conversion Offer means the Offer of Shares as set out in Section 7.3.

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

CPS Capital means CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294 848).

CPS Offer means the Offer of Shares as set out in Section 7.4.

Digisoft means Digisoft.tv Limited (an Irish company).

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

General Meeting means the meeting of Shareholders to be held on 29 March 2016.

Initial Linius Shareholders means Earthrise Holdings Pty Ltd (ACN 130 133 292) as trustee for the Campion Investment Trust, Steve McGovern Nominees Pty Ltd (ACN 133 645 217), Naley Pty Ltd (ACN 152 934 855) and Parlin Investments Pty Ltd (ACN 101 567 953) as trustee for the Parlin Discretionary Trust.

Linius means the business, intellectual property and technology known as "Linius", which includes a collection of patents and software representing partial implementations of those patents.

Linius (Aust) means Linius (Aust) Pty Ltd (ACN 608 170 190).

Linius Shares means all of the issued shares in Linius (Aust).

Linius VVE has the meaning given to that term in Section 8.2.1.

Loan has the meaning given to that term in Section 14.2.

Mandate means the mandate between the Company and CPS Capital dated 8 September 2015.

Milestone means any one of Milestone 1, Milestone 2, Milestone 3 or Milestone 4.

Milestone 1 means Linius (Aust) enters into an agreement with Digisoft, Cork, Ireland for a limited deployment of its technology, being the installation and activation by a third party of the Linius technology (**Limited Deployment**), with the objective of demonstrating personalisation of video streams, by that date which is 12 months from the issue date.

Milestone 2 means Linius (Aust) completes an alpha release of the Linius technology (which means, in line with the industry standard definition of that term, a first-stage completed version of a program or application, which may be unstable but is nevertheless useful to show what the program or application can do) that demonstrates publicly that the Linius technology achieves the Linius core patent claims, namely that the technology is able to (1) take a URL link to a

piece of video content in an unknown location, and (2) play and display the video content on multiple devices with different video format requirements (and without the need for transcoding), by that date which is 18 months from the issue date.

Milestone 3 means Linius (Aust) enters into an agreement with a third party (unrelated to the party under Milestone 1) for a Limited Deployment of its technology with the objective of demonstrating removal of the requirement for transcoding of video and reduction of storage. This deployment will be in partnership with a an organisation that is able to take a standard video and transcode it into all standards-based formats and store it at broadcast quality, likely to be a content delivery network by that date which is 24 months from the issue date.

Milestone 4 means completion of a Limited Deployment with a third party (which may or may not be one of the parties under Milestones 1 and 3) which demonstrates that the Linius technology removes the requirement for transcoding of an original MPEG-4 video file to play out on devices traditionally requiring differing formats and in doing so reduces storage requirements, and the issue of a report, either prepared by or verified by the third party, confirming this.

New Option means an Option granted on the terms and conditions set out in Section 15.3.

Notice of Meeting means the notice of general meeting and explanatory statement of the Company released on ASX on 23 February 2016 in relation to the General Meeting.

Offers mean the Public Offer, the Consideration Offer, the Conversion Offer and the CPS Offer or any one of them.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Shares means 200,000,000 performance shares (consisting of 50,000,000 Class A Performance Shares, 50,000,000 Class B Performance Shares, 50,000,000 Class C Performance Shares and 50,000,000 Class D Performance Shares) to be issued to the Initial Linius Shareholders as part of the consideration for the acquisition by the Company of 100% of the Linius Shares.

Phoenix Myrrh means Phoenix Myrrh Technology Pty Ltd (ACN 139 996 259).

Proposed Directors means Mr Christopher Richardson, Mr Stephen McGovern and Mr Stephen Kerr.

Prospectus means this prospectus.

Public Offer means the offer pursuant to this Prospectus, as set out in Section 7.1 of up to 70,000,000 Shares at \$0.05 per Share to raise up to \$3,500,000.

Recommendations means *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council.

Section means a section of this Prospectus.

Security means a security issued or to be issued in the capital of the Company, including a Share, Performance Share or an Option.

Shareholders' Agreement means the shareholders agreement between all the holders of A Class shares in Linus (Aust) and Phoenix Myrrh dated 23 October 2015.

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

Shareholder means a holder of Shares.

SI means system integrator.

Value Chain has the meaning given to that term in Section 8.2.1.

Vendors means the Initial Linus Shareholders and Phoenix Myrrh.

Watermark means Watermark Patent and Trade Mark Attorneys.

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