

**SIRIUS CORPORATION LIMITED
(ACN 050 240 330)**

(Subject to Deed of Company Arrangement)

NOTICE OF EXTRAORDINARY GENERAL MEETING

AND

EXPLANATORY STATEMENT

DATE AND TIME OF MEETING:

7 April 2014 at 11am (AEDT)

VENUE OF MEETING:

History House, 133 Macquarie Street, Sydney NSW 2000

NOTE: Stantons International Pty Ltd (ACN 128 908 289) trading as Stantons International Securities (**Stantons**) has prepared the Independent Expert's Report and has provided an opinion that it believes the proposals as outlined in Resolutions 4, 5, 6, 7 and 8 of the Notice are fair and reasonable to the non-associated Shareholders of the Company. A copy of the Independent Expert's Report is contained in Annexure C of the Notice. It is recommended that all Shareholders read the Independent Expert's Report in full.

These documents should be read in their entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

Should you wish to discuss the matters in this Notice, please do not hesitate to contact Andrew Whitten on +61 2 8072 1400.

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LETTER TO SHAREHOLDERS

Dear Shareholder,

As you are aware, on 30 August 2013, Quentin Olde and Nathan Landrey of FTI Consulting were appointed Joint and Several Administrators (**Deed Administrators**) of Sirius Corporation Limited (ACN 050 240 330) (subject to Deed of Company Arrangement) (**the Company**) and assumed control of the Company and its business, property and affairs.

The Creditors of the Company have agreed to a proposal presented by a syndicate (**the Syndicate**) headed by Pager Partners Corporate Advisory Pty Ltd (ACN 123 845 401) as trustee for the Pager Partners Investment Trust (**Pager Partners**) for the restructure and recapitalisation of the Company (**the Proposal**). If completed, the Proposal will result in the Company becoming debt free and sufficient capital being injected into the Company to enable it to continue its business and apply for the reinstatement of its Securities to official quotation on the Australian Securities Exchange Limited (**the ASX**) for the benefit of Creditors and Shareholders.

The First Meeting of Creditors for the Company was held by the Administrators on 11 September 2013 and the Second Meeting of Creditors for the Company was held by the Administrators on 17 October 2013. A deed of company arrangement was entered into by the Company on 7 November 2013 (**the DOCA**) where Quentin Olde and Nathan Landrey of FTI Consulting were appointed Deed Administrators in order to effect the terms of the Proposal.

The Proposal requires, and is subject to, various approvals being obtained from the Shareholders of the Company. Accordingly, the Directors have called an Extraordinary General Meeting of the Company to obtain the necessary Shareholder approvals. The Extraordinary General Meeting will be held at 11am (AEDT) on 7 April 2014 at History House, 133 Macquarie Street, Sydney NSW 2000 (**the Meeting**). Enclosed with this letter are the Notice of the Extraordinary General Meeting (**the Notice**), the Explanatory Statement and the Independent Expert's Report prepared by Stantons International Pty Ltd (ACN 128 908 289) trading as Stantons International Securities (**Stantons**).

In addition to the necessary Shareholder approvals being obtained, the Proposal is also subject to further conditions, including those conditions outlined below under the heading 'A summary of the conditions of the Proposal'.

1. A summary of the terms of the Proposal

The Proposal involves:

- (a) The Syndicate arranging for the injection of approximately \$1,876,875 of cash into the Company in return for an issue of Shares in the Company representing an interest of approximately 95.1%, including the interest of the Related Parties, of the total issued capital of the Company (as well as 75,000,000 Options) (**the Capital Raising**).
- (b) The retention of unencumbered assets within the Company or transferred to the Company from its subsidiaries to ensure it can continue its existing business.
- (c) The entry by the Company into a creditors' trust deed which had occurred on 7 November 2013 for the purposes of satisfying approved creditor claims (**the Creditor's Trust**).
- (d) The Company making available any cash at bank, its rights in its sundry debtors, its claims against its Subsidiaries and shares in its Subsidiaries (as well as any other assets not purchased by the Syndicate) for the benefit of the Creditors of the Company pursuant to the terms of the DOCA.

- (e) The payment of \$500,000 in cash out of the funds raised by the Company to the Creditors Trust with all liabilities and obligations of the Company being compromised under the DOCA. The Syndicate has paid a \$10,000 deposit upon executing the DOCA.
- (f) The consolidation of the existing capital of the Company on a one (1) for twenty (20) basis, leaving the Company with 15,409,828 Shares and 3,193,334 Unlisted Options on issue (prior to any other Securities being issued pursuant to the Resolutions proposed by the Notice) (as proposed by Resolution 1 of the Notice).
- (g) The Company will complete the Capital Raising by way of the following placements (which will be made pursuant to a prospectus):
 - (i) 150,000,000 Shares (**the First Placement Shares**) to be issued to the Syndicate and Related Parties (or its nominees) at an issue price of \$0.0025 per First Placement Share to raise \$375,000 and 75,000,000 Options (**the First Placement Options**) to be granted to the Syndicate and Related Parties (or its nominees) at an issue price of \$0.000025 per First Placement Option exercisable at \$0.01 per First Placement Option to raise \$1,875 (issue of the First Placement Shares and the First Placement Options collectively known as **the First Placement**) (as proposed by Resolution 2 of the Notice).
 - (ii) A public placement of up to 150,000,000 Shares (**the Second Placement Shares**) at an issue price of \$0.01 per Second Placement Share to raise up to \$1,500,000 (**the Second Placement**) (as proposed by Resolution 3 of the Notice).

It is noted that it is proposed that the Directors of the Company or their nominees, Messrs David Shein, Joseph Fridman, Jonathan Pager and Michael Pollak, will receive a combined total of up to 150,000,000 First Placement Shares, up to 75,000,000 First Placement Options and up to 110,000,000 Second Placement Shares (**the Related Party Securities**) (as proposed by Resolutions 5, 6, 7 and 8 of the Notice).
- (h) The directors of the Company at the time of executing the DOCA (being, Messrs Rajiv Parrab, Anthony Onsley and David Mandel) having resigned before the Meeting, and Messrs David Shein, Joseph Fridman, Jonathan Pager and Michael Pollak having been appointed to the Board as the new directors of the Company (which occurred on 17 February 2014).
- (i) The change of the Company's name to "Montech Holdings Limited" (as proposed by Resolution 13 of the Notice).

2. A summary of the conditions of the Proposal

In addition to the required Shareholder approvals (as detailed in the Notice), the Proposal is also subject to the following general conditions:

- (a) The Company's liabilities and long term commitments being released and compromised under the DOCA, with the DOCA being wholly effectuated and the appointment of the Deed Administrators terminating contemporaneously with the payment by the Company of the cash consideration of \$500,000 to the Deed Administrators.
- (b) The Creditors of the Company being bound by the DOCA and being required to prove in accordance with the terms of the DOCA and the Creditors' Trust, with no creditor having the right to claim payment against the Company.

Specifically, it is noted that it is a condition of the Proposal that all convertible notes on issue (if any) be determined to be debt and be required to be proved as creditors in accordance with the terms of the DOCA and Creditors Trust. No convertible

noteholder shall have a right to claim payment against the Company or convert to equity after the termination of the DOCA.

- (c) The Subsidiaries of the Company being excised from the Company and dealt with by the Deed Administrators in accordance with the DOCA (unless otherwise requested by the Syndicate).
- (d) The employment of all employees of the Company (if any) terminated at no cost to the Company following effectuation of the DOCA.
- (e) All Unlisted Options on issue in the Company, totalling 63,866,689 Unlisted Options, being consolidated on a one (1) for twenty (20) basis (subject to compliance with the ASX Listing Rules) (as proposed by Resolution 1 of the Notice).
- (f) All secured Creditors, if any, agree to release all security over the Company.
- (g) During the term of the DOCA, any transfers of Shares and any alteration in the status of Shareholders or the issue of Shares being void, except so far as a Court otherwise orders.
- (h) The ASX providing written confirmation to the Company that it will lift the suspension on the trading of the Securities of the Company without the need to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This occurred on 10 December 2013.
- (i) If Shareholders do not approve the Resolutions contained in the Notice at the Meeting, the DOCA may terminate in which case the Company shall be placed in liquidation.

3. Proposed pro-forma capital structure of the Company

The proposed capital structure of the Company following completion of the Proposal is summarised below:

Capital Structure	Shares	Unlisted Options
Pre-Consolidation Securities	308,196,565	63,866,689
Post 1:20 Consolidation Securities (Resolution 1)	15,409,828	3,193,334
First Placement/Syndicate (Resolution 2) ⁽¹⁾	150,000,000	75,000,000
Second Placement/Public (Resolution 3) ^{(2) (3)}	150,000,000	Nil
Completion of all Resolutions	<u>315,409,828</u>	<u>78,193,334</u>

Notes:

1. The First Placement Securities include the issue of the Shares to the Related Parties and Syndicate pursuant to Resolutions 4, 5, 6, 7 and 8 of the Notice.
2. The Second Placement Securities include the issue of the Related Party Securities to the Directors pursuant to Resolutions 4, 5, 6, 7 and 8 of the Notice and others.
3. Assumes that the Second Placement is fully subscribed.

4. The proposed use of the funds raised by the Company

The Company's plans are the best indicators available to the Company at this time as to the proposed use of the funds to be raised from the Capital Raising. It is important to recognise that the proposed use of funds is subject to change in line with emerging results, circumstances and opportunities.

The Company intends to continue with its core business of providing group ownership, strategy and oversight of a number of software and service enterprises to medium and large enterprises and government via its hub and spoke model.

The Company intends to leverage Sirius Group's assets including the 'Sirius', 'Pinnacle', 'IRIS', 'Sirius Managed Services' and 'Sirius Mobility' registered business names, domain names, websites, trademarks/patents (live or lapsed), software and source code, plant & equipment (including servers), intellectual property and know how such as systems documentation, work manuals, check lists, process and procedure manuals, marketing materials, service level agreements, agency agreements, customer support paraphernalia, customer/suppliers lists, contracts, key technology relationships, and all other assets necessary to operate the Sirius business.

It is proposed that the Company's principal activities were and will continue to be the:

- provision of asset management solutions for government and industry offered by the Pinnacle software that the Company owns;
- provision of fax streaming and call centre support offered by the Sirius Managed Services (SMS) software that the Company owns;
- provision of other online technologies, products and services (including IRIS) by developing and deploying additional software and know-how the Company continues to own;
- design, development and acquisition of new software and services solutions; and
- provision of technology and business process consulting services on assignments that offer low-cost revenue generation.

It is intended to continue to trade under the Pinnacle brand for the asset management offering utilising the www.pinnaclesoftware.com.au domain name and website.

The Company is exploring partnering, licensing, joint venture and reseller opportunities in relation to the Pinnacle business and technology, which offers clients the ability to manage their asset portfolios.

Sirius Managed Services is a niche business focused on outsourced help-desk and operator services including outsourced faxing solutions and outsourced messaging from email to fax and fax to email. The Company is in discussions to provide its software to clients by partnering with specialist service providers.

The Company intends to continue to offer technology and business process consulting services to clients and to be an innovator in technology as a developer of its own software solutions. This will be achieved by utilising a sub-contractor model in order to control the Company's fixed cost base.

Whilst Sirius' current operations are developed, it will continue to seek to achieve greater scale as a company through business acquisition opportunities, utilising the existing infrastructure, foundation and know-how from which to acquire, absorb and integrate new value accretive businesses.

The Company will also consider the acquisition and development of any other investments, both within the information technology industry as well as in unrelated market segments, as identified by the Company and subject always to compliance with the ASX Listing Rules and the Corporations Act 2001.

If the full amount of **\$1,876,875** is raised from the Capital Raising (assuming the Second Placement is fully subscribed), the Company intends to apply the funds raised as follows:

Proposed use of funds	Year 1	Year 2	Total
Review and Development of existing assets	\$210,000	\$215,000	\$425,000
Review and evaluation of new projects	\$185,000	\$185,000	\$370,000
Total general working capital budget	\$395,000	\$400,000	\$795,000
Payment to the Creditors Trust ⁽¹⁾	\$500,000	Nil	\$500,000
Working capital ⁽²⁾	\$330,000	251,875	\$581,875
Total	\$1,225,000	\$651,875	\$1,876,875

Notes:

1. The Company will use the cash consideration of \$500,000 as repayment of loan funds arranged by the Syndicate for payment to the Deed Administrators to satisfy obligations under the DOCA.
2. This includes expenses associated with the recapitalisation proposal to be repaid to the Syndicate.

5. Reinstatement to Official quotation of the ASX

Subject to the Resolutions contained in this Notice being passed at the Meeting, the Company intends to seek reinstatement to official quotation on the ASX. The Company will therefore need to satisfy the requirements of the ASX prior to reinstatement.

The ASX has not requested that the Company re-comply with Chapters 1 and 2 of the ASX Listing Rules.

6. Summary

Shareholders are urged to give careful consideration to the Notice, the Explanatory Statement and the Independent Expert's Report prepared by Stantons, as the Resolutions contained in the Notice are important and affect the future of the Company.

In considering the Resolutions contained in the Notice, Shareholders should bear in mind the Company's current financial circumstances. The Securities of the Company have been suspended from trading on the ASX since 30 August 2013 and the Company requires recapitalisation in order to continue its operations and seek reinstatement of its Securities to official quotation on the ASX.

Ultimately, if the Resolutions proposed by the Notice are approved by Shareholders and implemented, the Company will be debt free, able to continue its business in Australia and be in a position to apply to the ASX for the reinstatement of its Securities to official quotation on the ASX. Both the Deed Administrators and the Directors consider this to be a realistic option to enable the Company to continue operating.

If the Resolutions proposed by the Notice are not approved by Shareholders at the Meeting, the conditions precedent of the Proposal will have failed, the DOCA may terminate in which case the Company shall be placed into liquidation and it is expected that there will be no return to Shareholders.

On behalf of the Board, I look forward to your support for the Resolutions proposed by the Notice in order for the Company's Shares to be reinstated to official quotation on the ASX.

Yours faithfully

SIRIUS CORPORATION LIMITED
(Subject to Deed of Company Arrangement)



David Shein
Non-Executive Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of Shareholders of Sirius Corporation Limited (ACN 050 240 330) (subject to Deed of Company Arrangement) (**the Company**) will be held at 11am (AEDT) on 7 April 2014 at History House, 133 Macquarie Street, Sydney NSW 2000 (**the Meeting**).

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's Share Register at 11am (AEDT) on 5 April 2014 (**the Entitlement Time**). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

The Explanatory Statement that accompanies and forms part of this Notice of Extraordinary General Meeting (**the Notice**) describes in more detail the matters to be considered at the Meeting. In addition, the Explanatory Statement should be read in conjunction with the Independent Expert's Report prepared by Stantons International Pty Ltd (ACN 128 908 289) trading as Stantons International Securities (**Stantons**) contained in Annexure C.

The Deed Administrators has been appointed under the DOCA and has the authority to appoint the Directors who shall have the power to convene the Meeting to give effect to the Proposal. The Deed Administrators does not take any responsibility for the contents of the Notice and Explanatory Statement and the Directors assume all liabilities and obligations with respect to the Notice and Explanatory Statement.

Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency. Please refer to section 11 of the Explanatory Statement accompanying this Notice for a glossary of terms and abbreviations used in this Notice.

AGENDA:

1. Resolution 1: Consolidation of Capital

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

"That, subject to all other Resolutions (other than Resolutions 13, 14, 16 and 17) in this Notice being passed, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every twenty (20) Shares or twenty (20) Options in the Company be consolidated into one (1) Share or 1 Option (as the case may be) (the Consolidation) and, where this Consolidation results in a fraction of a Share being held by a Shareholder, the Company be authorised to round that fraction up to the nearest whole Share or Option, further details of which are described in the Explanatory Statement."

2. Resolution 2: Issue of Securities pursuant to the First Placement

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

"That, subject to all other Resolutions being passed (other than Resolutions 13, 14, 16 and 17) for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue:

- (a) up to 150 million Shares in the Company (**First Placement Shares**) at an issue price of \$0.0025 per First Placement Share to raise up to \$375,000; and*
- (b) up to 75 million Options to each subscribe for one (1) Share in the Company (**First Placement Options**) at an issue price of \$0.000025 per First Placement Option to raise*

\$1,875 with each First Placement Option exercisable at \$0.01 on or before 30 June 2017.

(issue of the First Placement Shares and the First Placement Options collectively known as **the First Placement**)”

Voting Exclusion Statement

In accordance with ASX Listing Rules 7.3.8, the Company will disregard any votes cast on this resolution by any person who may participate in the First Placement Shares and Options issue (including, but not limited to, any of the Related Parties and Syndicate), and any other person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and any of their associates.

However, the Company need not disregard a vote if:

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

3. Resolution 3: Issue of Shares Pursuant to the Second Placement

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

*“That, subject to the passing of all the other Resolutions (other than Resolutions 13, 14, 16 and 17) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 150 million Shares (**Second Placement Shares**) at an issue price of \$0.01 per Second Placement Share to raise up to \$1,500,000, further details of which are set out in the Explanatory Statement.”*

Voting Exclusion Statement

In accordance with ASX Listing Rules 7.3.8, the Company will disregard any votes cast on this resolution by any person who may participate in the Second Placement Shares issue (including, but not limited to, any of the Related Parties and Syndicate), and any other person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and any of their associates.

However, the Company need not disregard a vote if:

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

4. Resolution 4: Acquisition of Relevant Interest

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

“That subject to all other Resolutions (other than Resolutions 13, 14, 16 and 17) being passed, for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for:

(a) *The issue of up to:*

- (i) *150,000,000 First Placement Shares;*
- (ii) *75,000,000 First Placement Options; and*
- (iii) *110,000,000 Second Placement Shares*

to the Syndicate; and

(b) *the acquisition of a relevant interest in the issued voting shares of the Company by the Syndicate in excess of the threshold prescribed by Section 606(1) of the Corporations Act, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company and concludes that the transaction is fair and reasonable.

Voting Exclusion Statement

In accordance with ASX Listing Rules 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by Mr David Shein, Mr Joseph Fridman, Mr Jonathan Pager and Mr Michael Pollak or any of their associates.

However, the Company need not disregard a vote if:

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

5. Resolution 5: Related Party approval - Mr David Shein, Director

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

“That, subject to all other Resolutions being passed (other than Resolutions 13, 14, 16 and 17), for the purpose of Sections 208 and 611 (item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

- (a) *19,230,769 First Placement Shares;*
- (b) *9,615,385 First Placement Options;*
- (c) *20,192,308 Second Placement Shares,*

to Mr David Shein (a Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the

fairness and reasonableness of the transaction to the non-associated Shareholders in the Company and concludes that the transaction is fair and reasonable.

Voting Exclusion Statement

In accordance with ASX Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this resolution by Mr David Shein (or his nominee) and any associate of Mr David Shein (or his nominee).

However, the Company need not disregard a vote if:

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

7. Resolution 6: Related Party approval - Mr Michael Pollak, Director

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

“That, subject to all other Resolutions being passed (other than Resolutions 13, 14, 16 and 17), for the purpose of Sections 208 and 611 (item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

- (a) 25,000,000 First Placement Shares;
- (b) 12,500,000 First Placement Options; and
- (c) 2,500,000 Second Placement Shares,

to Mr Michael Pollak (a Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company and concludes that the transaction is fair and reasonable.

Voting Exclusion Statement

In accordance with ASX Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this resolution by Mr Michael Pollak (or his nominee) and any associate of Mr Michael Pollak (or his nominee).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 7: Related Party approval - Mr Jonathan Pager, Director

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

“That, subject to all other Resolutions being passed (other than Resolutions 13, 14, 16 and 17), for the purpose of Sections 208 and 611 (item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

- (a) 25,000,000 First Placement Shares;
- (b) 12,500,000 First Placement Options; and
- (c) 2,500,000 Second Placement Shares,

to Mr Jonathan Pager (a Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company and concludes that the transaction is fair and reasonable.

Voting Exclusion Statement

In accordance with ASX Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this resolution by Mr Jonathan Pager (or his nominee) and any associate of Mr Jonathan Pager (or his nominee).

However, the Company need not disregard a vote if:

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

8. Resolution 8: Related Party approval - Mr Joseph Fridman, Director

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

“That, subject to all other Resolutions being passed (other than Resolutions 13, 14, 16 and 17), for the purpose of Sections 208 and 611 (item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

- (a) 80,769,231 First Placement Shares;
- (b) 40,384,615 First Placement Options; and

(c) 84,807,692 Second Placement Shares,

to Mr Joseph Fridman (a Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Expert’s Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company and concludes that the transaction is fair and reasonable.

Voting Exclusion Statement

In accordance with ASX Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this resolution by Mr Joseph Fridman (or his nominee) and any associate of Mr Joseph Fridman (or his nominee).

However, the Company need not disregard a vote if:

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

9. Resolution 9: Re-election of Mr David Shein as a Director

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

“That, subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), pursuant to the Corporations Act 2001, the ASX Listing Rules, the Constitution of the Company and for all other purposes, Mr David Shein, a Director who was appointed by the Deed Administrators as a director of the Company, who retires from office, and being eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company effective immediately.”

10. Resolution 10: Re-election of Mr Michael Pollak as a Director

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

“That, subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), pursuant to the Corporations Act 2001, the ASX Listing Rules, the Constitution of the Company and for all other purposes, Mr Michael Pollak, a Director who was appointed by the Deed Administrators as a director of the Company, who retires from office, and being eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company effective immediately.”

11. Resolution 11: Re-election of Mr Jonathan Pager as a Director

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

“That, subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), pursuant to the Corporations Act 2001, the ASX Listing Rules, the Constitution of the Company and for all other purposes, Mr Jonathan Pager, a Director who was appointed by the Deed Administrators as a director of the Company, who retires from office, and being

eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company effective immediately.”

12. Resolution 12: Re-election of Mr Joseph Fridman as a Director

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

“That, subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), pursuant to the Corporations Act 2001, the ASX Listing Rules, the Constitution of the Company and for all other purposes, Mr Joseph Fridman, a Director who was appointed by the Deed Administrators as a director of the Company, who retires from office, and being eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company effective immediately.”

13. Resolution 13: Change of Company Name

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

“That, subject to all other Resolutions (other than Resolutions 14, 16 and 17) being passed, pursuant to section 157(1) of the Corporations Act 2001 and for all other purposes, the name of the Company be changed to “Montech Holdings Limited”.

14. Resolution 14: Adoption of new company constitution

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

“That, subject to all other Resolutions (other than Resolutions 13, 16 and 17) being passed, pursuant to section 136(2) of the Corporations Act 2001 and for all other purposes, the Company adopts a new constitution in the form as signed by the Chairman of the Meeting for identification purposes, in lieu of the existing constitution of the Company.”

15. Resolution 15: Section 195 approval

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

“That, subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), for the purposes of section 195(4) of the Corporations Act 2001 and for all other purposes, Shareholders approve and authorise the Company to complete the transactions as contemplated in this Notice.”

16. Resolution 16: Removal of Auditor

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

“That, subject to all other Resolutions being passed (other than Resolutions 13 and 14) and pursuant to Section 329 of the Corporations Act and for all other purposes, approval is given for the removal of RSM Bird Cameron Partners as the current auditor of the Company effective from the date of the Meeting on the terms and conditions set out in the Explanatory Statement.”

17. Resolution 17: Appointment of Auditor

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

“That, subject to all other Resolutions (other than Resolution 13 and 14) being passed, pursuant to Section 327 of the Corporations Act and for all other purposes, having been nominated by a Shareholder and consented in writing to act in the capacity of auditor, approval is given for the appointment of Stantons International Audit and Consulting Pty Ltd (ABN 84 144 581 519) as auditor of the Company effective from the date of the Meeting on the terms and conditions set out in the Explanatory Statement.”

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders of Sirius Corporation Limited (ACN 050 240 330) (subject to Deed of Company Arrangement) (**the Company**) in connection with Resolutions 1 to 17 (inclusive) (**the Resolutions**) to be considered at the Extraordinary General Meeting of Shareholders to be held at 11am (AEDT) on 7 April 2014 at History House, 133 Macquarie Street, Sydney NSW 2000 (**the Meeting**).

The purpose of this Explanatory Statement is to provide information to Shareholders which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Extraordinary General Meeting (**the Notice**).

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions. In addition, this Explanatory Statement should be read in conjunction with the accompanying Notice and the Independent Expert's Report prepared by Stantons International Pty Ltd (ACN 128 908 289) trading as Stantons International Securities (**Stantons**) contained in Annexure C.

Please refer to section 11 of this Explanatory Statement for a glossary of terms and abbreviations used in the Notice and this Explanatory Statement.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

1. RESOLUTION 1: Consolidation of Capital

1.1 Background to Resolution 1

The Company's Shares have been suspended from trading on the ASX since 30 August 2013. In order for the Company's Shares to be reinstated to official quotation on the ASX and to continue its operations, the Company must be recapitalised.

Accordingly, it is a term of the Proposal that the capital structure of the Company be consolidated.

1.2 Shareholder Approval

Subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), Resolution 1 is an ordinary resolution that seeks Shareholder approval for the Company to consolidate the number of Shares and Options on issue in the Company on a one (1) for twenty (20) basis pursuant to section 254H of the Corporations Act 2001, ASX Listing Rules 7.20 and 7.22 and article 32.3 of the Constitution (**the Consolidation**).

1.3 Requirements of the Corporations Act 2001 and the ASX Listing Rules

Section 254H of the Corporations Act 2001 provides that a company may, by a resolution passed in a general meeting of shareholders, convert all or any of its shares into a larger or small number of shares.

Article 32.3 of the Constitution of the Company provides that subject to the Corporations Act 2001, the ASX Listing Rules and the Constitution of the Company, the Company may convert all or any of its shares into a larger or smaller number of shares by ordinary resolution (but in the case of partly paid shares, the proportion between the amount paid and the amount unpaid on each share must be the same as before the conversion). In addition, article 32.4 of the Constitution of the Company provides that the Board may do anything it thinks appropriate and necessary to give effect to a resolution converting shares, including if a Shareholder becomes notionally entitled to a fraction of a share as a result of the conversion.

ASX Listing Rule 7.22.1 provides that in a consolidation of capital, the number of options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

The following information is provided in compliance with ASX Listing Rule 7.20:

- (a) Any fractional entitlements of Shares or Options in the Company as a result of holdings not being evenly divisible by twenty (20) will be rounded up to the nearest whole Share or Option (as the case may be).
- (b) It is expected that the Consolidation will occur after the Meeting.
- (c) If Resolution 1 is passed:
 - (i) the number of Shares on issue in the Company will be reduced from **308,196,565** to **15,409,828** (excluding any Shares proposed to be issued pursuant to the other Resolutions set out in the Notice); and
 - (ii) the number of Unlisted Options on issue in the Company will be reduced from **63,866,689** to **3,193,334** (excluding any Options proposed to be issued pursuant to the other Resolutions set out in the Notice).

Furthermore, in accordance with ASX Listing Rule 7.22.1, if Resolution 1 is passed, the exercise price of all Options on issue will be amended in inverse proportion to the ratio so that the exercise price of all Unlisted Options will increase from \$0.035 to \$0.70.

The Consolidation will not result in any change to the substantive rights and obligations of the existing Securityholders of the Company.

The Company's net assets and tax position will remain unaltered as a result of the Consolidation.

1.4 Detailed effect of the Consolidation – Proposed Capital Structure of the Company

A pro-forma capital structure of the Company is provided in Annexure A assuming the approval by Shareholders of the Resolutions proposed by the Notice, that the conditions precedent of the Proposal are satisfied and that the Resolutions are implemented and the Proposal is completed on the terms proposed.

1.5 Taxation

Shareholders are advised to seek their own tax advice on the effect of the Consolidation, and neither the Company, nor the Directors, the Deed Administrators (nor the Company's or the Deed Administrators' advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

1.6 Holding Statements

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

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to holders of those Shares.

It is the responsibility of each Shareholder to check the number of Shares held prior to any disposal or exercise (as the case may be) by a Shareholder.

1.7 Indicative Timetable for the Consolidation

In accordance with paragraph 5 of Appendix 7A of the ASX Listing Rules, the indicative timetable for the Consolidation is outlined below. However, the Board advises that the dates contained in the following timetable are indicative only and may change without further notice.

Action	Date
Company tells ASX that Shareholders have approved the Consolidation	7 April 2014
Last day for trading in pre-reorganised securities	8 April 2014
If the details of holdings change as a result of the reorganisation, trading in the reorganised securities on a deferred settlement basis starts	9 April 2014
Record date for shares to be consolidated	15 April 2014
First day for Company to send notice to each Shareholder of the change in their details of holdings	18 April 2014
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements	
Dispatch date. Deferred settlement market ends	22 April 2014
Lodgement of the Prospectus in relation to the Capital Raising	April/May 2014

Note: The Company's Securities will continue to remain suspended from official quotation on the ASX until such time as the transactions the subjects of this Notice have been completed and the Company has complied with the requirements of the ASX. Accordingly, there will be no trading in the Company's Securities until the Company has been reinstated to official quotation.

2 RESOLUTION 2: Issue of Securities pursuant to the First Placement on a post-Consolidation basis (the First Placement)

2.1 Background to Resolution 2

The Company's Shares have been suspended from trading on the ASX since 30 August 2013. In order for the Company's Shares to be reinstated to official quotation on the ASX and to continue its operations, the Company must be recapitalised.

Accordingly, it is a term of the Proposal that the Company conduct a capital raising as proposed by Resolutions 2 and 3 of the Notice.

2.2 Shareholder Approval

Subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), Resolution 2 is an ordinary resolution that seeks Shareholder approval for the Directors to allot and issue the following securities (**the First Placement Securities**):

- (a) up to 150,000,000 Shares in the Company on a post-Consolidation basis (**the First Placement Shares**) at an issue price of \$0.0025 per First Placement Share to raise up to \$375,000; and
- (b) up to 75,000,000 Options to subscribe for one (1) Share in the Company on a post-Consolidation basis (**the First Placement Options**) at an issue price of \$0.000025 per First Placement Option to raise \$1,875 with each First Placement Option exercisable at \$0.01 on or before 30 June 2017,

(issue of the First Placement Shares and the First Placement Options collectively known as **the First Placement**).

The Company intends to conduct the First Placement through the issue of a prospectus.

Other than the Directors and the Syndicate, whose participation in the First Placement (either directly or through their nominees) must be approved by Shareholders pursuant to Resolutions 4, 5, 6, 7 and 8 of the Notice, none of the remaining subscribers pursuant to the First Placement will be related parties of the Company as defined by the Corporations Act 2001 and the ASX Listing Rules.

2.3 Requirements of the Corporations Act 2001 and the ASX Listing Rules

ASX Listing Rule 7.1 provides that (subject to certain exemptions, none of which are relevant here) prior approval of shareholders is required for an issue of Securities by a company if the Securities will, when aggregated with the Securities issued by the Company during the previous 12 months, exceed 15% of the number of the Securities on issue at the commencement of that 12 month period.

Section 208(1) of the Corporations Act 2001 provides that a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to that section applies or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Section 228(5) of the Corporations Act 2001 provides that a related party of a public company includes an entity that was a related party of the public company at any time within the previous 6 months. Section 228(4) of the Corporations Act 2001 provides that an entity that is controlled by a director of a public company is a related party of the public company unless the entity is also controlled by the public company.

ASX Listing Rule 10.11 provides that the issue of securities to a related party of the company is required to be approved by Shareholders. The term “related party” is defined for the purposes of the ASX Listing Rules to include a related party within the meaning of section 228 of the Corporations Act 2001 and a person whose relationship with the entity or a related party is, in the ASX’s opinion, such that approval should be obtained.

Accordingly, the issue of Shares to the Related Party as set out in the table in section 5.1 of this Explanatory Statement in accordance with Resolutions 5, 6, 7 and 8 of the Notice will constitute the provision of a financial benefit to related parties of the Company.

It is the view of the Directors that the exceptions under the Corporations Act 2001 to the provision of financial benefits to related parties may not apply in the current circumstances and so the Directors have determined to seek Shareholder approval to permit the issue of the Securities to the Related Party.

The effect of Resolution 2 will be to allow the Company to issue the First Placement Securities pursuant to the First Placement during the period of 3 months after the Meeting (or a longer period if allowed by the ASX) without using the Company’s annual 15% placement capacity.

The following information is provided in accordance with ASX Listing Rule 7.3 to enable Shareholders to assess the merits of Resolution 2:

(a) Details of the First Placement Shares:

- (i) The maximum number of Shares to be issued by the Company pursuant to Resolution 2 is 150,000,000 (post-consolidation).
- (ii) Apart from those First Placement Shares issued to Related Parties, or their nominees, the First Placement Shares will be issued after the Consolidation proposed by Resolution 1 of the Notice but no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (iii) The issue price of each First Placement Share will be \$0.0025.

- (iv) The First Placement Shares will be fully paid ordinary shares and will rank equally in all respects with the existing Shares of the Company on issue post the Consolidation.
- (b) Details of the First Placement Options:
- (i) The maximum number of Options to be granted by the Company pursuant to Resolution 2 is 75,000,000 (post-consolidation);
 - (ii) Apart from those First Placement Options issued to Related Parties, or their nominees, the the First Placement Options will be issued after the Consolidation proposed by Resolution 1 of the Notice but no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
 - (iii) The issue price of each First Placement Option will be \$0.000025.
 - (iv) The exercise price of each First Placement Option will be \$0.01.
 - (v) The expiry date of each First Placement Option will be 30 June 2017.
 - (vi) The terms of the First Placement Options are summarised in Annexure B.
- (c) The Board will determine to whom the First Placement Securities will be issued(other than those Firs Placement Securities issued to the related parties (or their nominees) of the Company as defined by the Corporations Act 2001 and the ASX Listing Rules in accordance with Resolutions 5, 6, 7 and 8 of the Notice.
- (d) It is intended that allotment of the First Placement Shares will occur on the same date on which they are issued.
- All Shares issued pursuant to the exercise of First Placement Options will be allotted within 10 Business Days after the exercise of the First Placement Option and the subsequent issue of the Shares.
- (e) The Company intends to use the amounts raised from the First Placement towards the matters outlined under the heading 'Use of Funds' in the Letter to Shareholders on page 4 of the Notice.

2.4 Detailed effect of the First Placement – Proposed Capital Structure of the Company

A pro-forma capital structure of the Company is provided in Annexure A assuming the approval by Shareholders of the Resolutions proposed by the Notice, that the conditions precedent of the Proposal are satisfied and that the Resolutions are implemented and the Proposal is completed on the terms proposed.

3. RESOLUTION 3: Issue of Shares pursuant to the Second Placement on a post-Consolidation basis (the Second Placement)

3.1 Background to Resolution 3

The Company's Shares have been suspended from trading on the ASX since 30 August 2013. In order for the Company's Shares to be reinstated to official quotation on the ASX and to continue its operations, the Company must be recapitalised.

Accordingly, it is a term of the Proposal that the Company conduct a capital raising as proposed by Resolutions 2 and 3 of the Notice.

3.2 Shareholder Approval

Subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), Resolution 3 is an ordinary resolution that seeks Shareholder approval for the Directors

to allot and issue up to 150,000,000 Shares in the Company on a post-Consolidation Basis (**the Second Placement Shares**) at an issue price of \$0.01 per Second Placement Share in order to raise a maximum of \$1,500,000 (**the Second Placement**).

The Company intends to conduct the Second Placement through the issue of a prospectus.

Other than the Directors, whose participation in the Second Placement (either directly or through their nominees) must be approved by Shareholders pursuant to Resolutions 5, 6, 7 and 8 of the Notice, none of the remaining subscribers pursuant to the Second Placement will be related parties of the Company as defined by the Corporations Act 2001 and the ASX Listing Rules.

3.3 Requirements of the Corporations Act 2001 and the ASX Listing Rules

The legal requirements in respect of ASX Listing Rule 7.1 are set out above in section 2.3 of this Explanatory Statement.

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

The following information is provided in accordance with ASX Listing Rule 7.3 to enable Shareholders to assess the merits of Resolution 3:

- (a) The maximum number of Shares to be issued by the Company pursuant to Resolution 3 is 150,000,000 (post-consolidation).
- (b) The Second Placement Shares will be issued after the Consolidation proposed by Resolution 1 of the Notice but no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (c) The issue price of each Second Placement Share will be \$0.01.
- (d) The Second Placement Shares will be fully paid ordinary shares and will rank equally in all respects with the existing Shares of the Company on issue post the Consolidation.
- (e) It is intended that allotment of the Second Placement Shares will occur on the same date on which they are issued.
- (f) The Board will determine to whom the Second Placement Shares will be issued but these persons will not be related parties of the Company as defined by the Corporations Act 2001 and the ASX Listing Rules (other than those Second Placement Shares issued to the Directors (or their nominees) in accordance with Resolutions 5, 6, 7 and 8 of the Notice).
- (g) The Company intends to use the amounts raised from the Second Placement to retain and exploit its interest in its business in the ordinary course and to exploit complementary and any other business opportunities.

A more detailed outline of the proposed use of the funds raised from the Second Placement is outlined under the heading 'Use of Funds' in the Letter to Shareholders on page 4 of the Notice.

3.4 Effects of the Second Placement on Shareholding – Proposed Capital Structure of the Company

A pro-forma capital structure of the Company is provided in Annexure A assuming the approval by Shareholders of the Resolutions proposed by the Notice, that the

conditions precedent of the Proposal are satisfied and that the Resolutions are implemented and the Proposal is completed on the terms proposed.

4. RESOLUTION 4: Acquisition of Relevant Interest

4.1 Syndicate

As set out in the Letter to Shareholders, the Creditors of the Company together with the Deed Administrators, agreed to a proposal presented by Pager Partners.

Pager Partners has acted in its capacity as the nominee company of various parties involved in the negotiation and finalisation of the Proposal (**Syndicate**). The Syndicate is represented by the four Directors of the Company.

The relevant interest in the Company to be acquired by the Syndicate (or their nominee/s) in the First Placement Securities and the Second Placement Shares are the subject of this resolution.

The individual interests to be acquired by each of the Director are the subject of Resolutions 5, 6, 7 and 8.

4.2 Shareholder approval- Item 7 of sections 611 of the Corporations Act

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

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

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

A person (second person) will be an 'associate' of the other person (first person) if one or more of the following paragraphs applies:

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

A person has a relevant interest in securities if they:

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

- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power. Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares with shareholder approval.

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act for Resolutions 4, 5, 6, 7 and 8. Shareholders are also referred to the Independent Expert's Report annexed to this Explanatory Statement as Annexure C.

Reason why section 611 approval required Shareholder approval under Item 7 of the Section 611 of the Corporations Act is required because the Directors (also the Syndicate) are arguably acting in concert in relation to the First Placement Securities and Second Share Placements.

Following completion of the First Placement Securities and Second Share Placement, the Directors will no longer be acting in concert. However, for the present purposes of the approvals required under Resolutions 5, 6, 7, and 8, it is arguable that the interests of the Syndicate should be aggregated. Accordingly, the relevant interest of the Syndicate in the Company after implementation of all Resolutions (when aggregated) may exceed 20% of the issued capital of the Company.

Specific information required by section 611 item 7 of the Corporations Act and ASIC Regulatory Guide 74

Relevant interests and voting power

Annexure A shows the dilutive effect and the maximum Securities that the Directors and the Syndicate (or their nominees) will be entitled to and the following table outlines the voting power of the Directors and the Syndicate after implementation of all Resolutions in this Notice.

Table 4.1

Syndicate	Shares (post Consolidation)	Maximum First Placement Shares	Maximum Second Placement Shares	Exercise of First Placement Options	Total Maximum Shares (fully diluted)	Maximum Voting Power ¹
Mr Shein	Nil	19,230,769	20,192,308	9,615,385	49,038,462	12.46%
Mr Fridman	Nil	80,769,231	84,807,692	40,384,615	205,961,538	52.33%
Mr Pager	Nil	25,000,000	2,500,000	12,500,000	40,000,000	10.16%
Mr Pollak	Nil	25,000,000	2,500,000	12,500,000	40,000,000	10.16%
Total	Nil	150,000,000	110,000,000	75,000,000	335,000,000	85.11%

Note 1: Each Syndicate member is deemed to hold a relevant interest in each other's Securities.

Note 2: The maximum voting power is calculated by dividing the total maximum shares by the total Shares issued, consisting of 260,000,000 (sum of First and Second Placement Shares) + 75,000,000 (assuming the First Placement Options are fully exercised).

The maximum relevant interest the Syndicate members will hold after implementation of all Resolutions, on a fully diluted basis is 85.11%.

The maximum voting power of the Syndicate will hold after implementation of all Resolutions on a fully diluted basis is 85.11%.

The summary of the Directors' background are set out in Resolutions 9, 10, 11 and 12 of the Explanatory Statement.

5. RESOLUTIONS 5, 6, 7 and 8: Issue of Securities pursuant to the First Placement and the Second Placement on a post-Consolidation basis to Related Parties of the Company – the Directors (the Related Party Placement)

5.1 Background to Resolutions 5, 6, 7 and 8 and Shareholder Approval

Messrs David Shein, Joseph Fridman, Jonathan Pager and Michael Pollak (**the Directors**) were appointed by the Deed Administrators as directors of the Company on 17 February 2014.

In accordance with section 228(2) of the Corporations Act 2001, the Directors are considered to be related parties of the Company. Accordingly, Resolutions 5, 6, 7 and 8 are ordinary resolutions that seek Shareholder approval (subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17)) for the purposes of section 208 of the Corporations Act 2001 and ASX Listing Rule 10.11 for the Company to allot and issue the First Placement Securities and the Second Placement Shares detailed in the following table (collectively, **the Related Party Securities**) to the Directors (or their nominees) (**the Related Party Placement**) as the Related Party Placement constitutes giving a financial benefit to a related party of the Company.

Table 5.1

Director	Maximum First Placement Shares (issue price \$0.0025)	Maximum First Placement Options (issue price \$0.000025)	Maximum Second Placement Shares (issue price \$0.01)
Mr David Shein	19,230,769	9,615,385	20,192,308
Mr Joseph Fridman	80,769,231	40,384,615	84,807,692
Mr Jonathan Pager	25,000,000	12,500,000	2,500,000
Mr Michael Pollak	25,000,000	12,500,000	2,500,000

In addition, as a result of the Directors being issued the Related Party Securities, the Directors will (in aggregate) acquire a relevant interest in greater than 20% of the Company's Shares in the manner and for the reasons described in section 6.3(a) of this Explanatory Statement. Accordingly, Shareholder approval is also being sought under item 7 of section 611 of the Corporations Act 2001.

5.2 Shareholder approval – Section 208 of the Corporations Act 2001 and ASX Listing Rule 10.11

Section 228(2) of the Corporations Act 2001 provides that a director of a public company is a related party of the public company.

The legal requirements in respect of section 208(1) of the Corporations Act 2001 are set out above in section 2.3 of this Explanatory Statement.

The issue of the Related Party Securities to the Directors (or their nominees) in accordance with the Proposal will constitute the provision of a financial benefit to related parties of the Company.

It is the view of the Directors that the exceptions under the Corporations Act 2001 to the provision of financial benefits to related parties may not apply in the current circumstances and so the Directors have determined to seek Shareholder approval to permit the issue of the Related Party Securities to the Directors (or their nominees).

The legal requirements in respect of ASX Listing Rule 10.11 are set out above in section 2.3 of this Explanatory Statement.

As approval is being sought in respect of Resolutions 5, 6, 7 and 8 pursuant to ASX Listing Rule 10.11, in accordance with exception 14 of ASX Listing Rule 7.2, Shareholder approval is not required under ASX Listing Rule 7.1. Notwithstanding this, as the Related

Party Securities form part of the First Placement Securities and the Second Placement Shares (the issue of which are to be approved pursuant to Resolutions 2 and 3 of the Notice), Shareholder approval will be sought pursuant to ASX Listing Rule 7.1 for the issue of the Related Party Securities. Accordingly, the issue of Related Party Securities to the Directors (or their nominees) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

The following information is provided in accordance with section 219 of the Corporations Act 2001 and ASX Listing Rule 10.13 to enable Shareholders to assess the merits of Resolutions 5, 6, 7 and 8:

- (a) The Related Party Securities will be issued to each of the Directors (or their nominees) listed in the table in section 5.1 of this Explanatory Statement.
- (b) The maximum number of Related Party Securities (being the nature of the financial benefit to be provided) to be issued to the Directors (or their nominees) pursuant to Resolutions 5, 6, 7 and 8 is set out in the table in section 5.1 of this Explanatory Statement.
- (c) The Related Party Securities will be issued after the Consolidation proposed by Resolution 1 of the Notice but no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

All Shares issued pursuant to the exercise of First Placement Options will be allotted within 10 Business Days after the exercise of the First Placement Option and the subsequent issue of the Shares.

- (d) The terms of each Related Party Security are as follows:
 - (i) The issue price of each First Placement Share will be \$0.0025 and the First Placement Shares to be issued to the Directors (or their nominees) will rank equally in all respects with the existing Shares of the Company on issue post the Consolidation.
 - (ii) The issue price of each First Placement Option will be \$0.000025 and each First Placement Option will be exercisable at \$0.01 on or before 30 June 2017.

The terms of the First Placement Options are summarised in Annexure B.

ASIC policy in relation to documents lodged under section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the First Placement Options proposed to be issued. Accordingly, Shareholders are referred to section 8.9 of the Independent Expert Report which provides explanatory information regarding the value of the First Placement Options and the pricing methodology.

- (iii) The issue price of each Second Placement Share will be \$0.01 and the Second Placement Shares to be issued to the Directors (or their nominees) will rank equally in all respects with the existing Shares of the Company on issue post the Consolidation.
- (e) The relevant interests of the Directors in the Company as at the date of the Notice are as follows:

Director	Shares	Options
Mr David Shein	Nil	Nil
Mr Joseph Fridman	Nil	Nil
Mr Jonathan Pager	Nil	Nil
Mr Michael Pollak	Nil	Nil

- (f) If Shareholders approve the issue of the Related Party Securities, the maximum percentage of Shares that the Directors (or their nominees) will be entitled to and the voting power of the Directors (or their nominees) assuming that all the Resolutions contemplated by this Notice are passed and implemented, that no other Shares are issued by the Company and that no Options are exercised (including the First Placement Options) has been outlined in Annexure A. Annexure A also sets out the dilutionary effect of the issue of the First Placement Securities as a whole, including in the circumstance where the First Placement Options are exercised.
- (g) The Directors have not received any remuneration and/or emoluments from the Company during either the current or previous financial year. Subject to successful reinstatement of the Company to Official Quotation on the ASX, the Directors may be paid for their services from the time of appointment.
- (h) Assuming Shareholder approval of Resolutions 5, 6, 7 and 8, a maximum of \$1,476,875 will be raised from the Directors (or their nominees), being approximately 78.69% of the total funds raised from the Capital Raising.

A pro-forma capital structure of the Company is provided in Annexure A assuming the approval by Shareholders of the Resolutions proposed by the Notice, that the conditions precedent of the Proposal are satisfied and that the Resolutions are implemented and the Proposal is completed on the terms proposed.

The Company intends to use the amounts raised from the Capital Raising to retain and exploit its interest in its business in the ordinary course and to exploit complementary and any other business opportunities. A more detailed outline of the proposed use of the funds raised from the Capital Raising is outlined under the heading 'Use of Funds' in the Letter to Shareholders on page 4 of the Notice.

- (i) In the 12 months before the date of the Notice, the highest, lowest and last trading prices of the Shares of the Company on the ASX are as set out below.

Description	Date	Price
Highest	21 January 2013	\$0.009
Lowest	26 August 2013	\$0.001
Last Trading Price	27 August 2013	\$0.002

The Directors note that the Company's Shares were suspended from trading on the ASX on 30 August 2013.

- (j) The Directors do not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company through issuing the Related Party Securities to the Directors on the terms proposed.
- (k) Each of the Directors have a material personal interest in the outcome of Resolutions 5, 6, 7 and 8 as they (or their nominees) will be issued the Related Party Securities.
- (a) A voting exclusion statement has been included in the Notice for Resolutions 5, 6, 7 and 8.

The Directors believe that there is no other information that is reasonably required by Shareholders to make a decision on whether or not to pass Resolutions 5, 6, 7 and 8 that is not otherwise provided in the Notice, this Explanatory Statement and the IER.

5.3 Shareholder Approval - Item 7 of section 611 of the Corporations Act 2001

The following information is required to be provided to Shareholders under the Corporations Act 2001 and ASIC Regulatory Guide 74 in respect of obtaining Shareholder approval for item 7 of section 611 of the Corporations Act 2001 for Resolutions 5, 6, 7 and 8. Shareholders are also referred to the IER contained in

(a) **The reason why approval under item 7 of section 611 of the Corporations Act 2001 is required:**

Section 606(1) of the Corporations Act 2001 states that a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

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

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act 2001. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Pursuant to section 12(2) of the Corporations Act 2001, a person (**the second person**) will be an 'associate' of the other person (**the primary person**) if, and only if, one or more of the following paragraphs applies:

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

Pursuant to section 608 of the Corporations Act 2001, a person has a relevant interest in securities if they:

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

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

Item 7 of section 611 of the Corporations Act 2001 provides an exception to the prohibition, whereby a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares with shareholder approval.

Shareholder approval under item 7 of the section 611 of the Corporations Act 2001 for the proposed issue of the Related Party Securities to the Directors is required because

Mr Jonathan Pager is a related party of Pager Partners and the remaining Directors are arguably acting in concert with Pager Partners in relation to the First Placement and the Second Placement.

Following completion of the First Placement and the Second Placement, the Directors will no longer be acting in concert, however for the present purposes of the approvals required under Resolutions 5, 6, 7 and 8, it is arguable that their interests should be aggregated.

Accordingly, the Directors' relevant interest in the Company after implementation of all the Resolutions (when aggregated) will exceed 20% of the total issued capital of the Company.

(b) Relevant interests and voting power:

The table in Annexure A shows the maximum percentage of Securities that the Directors (or their nominees) will be entitled to and the voting power of the Directors after the implementation of the Resolutions contained in the Notice.

The aggregate number of Securities the Directors held as at the date of the Notice of Meeting is nil.

For the purpose of item 7 of section 611 of the Corporations Act 2001, each Director is deemed to hold a relevant interest in each other Director's Shares. Accordingly, assuming that the Resolutions contemplated by the Notice are passed and implemented, that no other Shares are issued by the Company and that no Options are exercised other than the First Placement Options held by the Directors:

- (i) The maximum combined number of Shares that the Directors (or their nominees) will hold is 260,000,000 Shares (not including the exercise of the First Placement Options).
- (ii) The maximum combined voting power that the Directors (or their nominees) will hold will increase from 0% of the total issued capital of the Company to approximately 82.43% of the total issued capital of the Company.

(c) Directors' Intentions:

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that the Directors:

- (i) have no intention of making any significant changes to the Company's business, however it is intended the Company will consider new opportunities as and when they may arise. If the Company identifies new businesses or assets for acquisition, the ASX may require the Company to seek Shareholder approval pursuant to ASX Listing Rule 11.1.2, which concerns changes in the nature or scale of activities conducted by listed entities. In addition, the ASX may require the Company to meet the requirements under Chapters 1 and 2 of the ASX Listing Rules, as if the Company was applying for admission to the Official List
- (ii) do not intend to re-deploy any fixed assets of the Company;
- (iii) do not have any present intention to inject further capital into the Company;
- (iv) do not intend to transfer any property between the Company or any person associated with it; and
- (v) have no current intention to change the Company's existing policies in relation to financial matters.

(d) Effects of the Related Party Placement on Shareholding – Proposed Capital Structure of the Company:

A pro-forma capital structure of the Company is provided in Annexure A assuming the approval by Shareholders of the Resolutions proposed by the Notice, that the conditions precedent of the Proposal are satisfied and that the Resolutions are implemented and the Proposal is completed on the terms proposed.

(e) Identity, associations and qualifications of the Directors:

The experience and qualifications of the Directors are set out in sections 6.3, 6.4, 6.5 and 6.6 of this Explanatory Statement.

5.4 The Independent Expert's Report

The ASX Listing Rules and the Corporations Act 2001 provides that an independent expert's report on the transaction must be provided to Shareholders (**the IER**). The IER provides an opinion as to whether the acquisition of the voting power referred to in this section by the Directors is fair and reasonable to the non-associated Shareholders of the Company.

Accordingly, the Board has appointed Stantons to produce the IER as an independent expert. The IER is enclosed with the Notice and this Explanatory Statement and can be found in Annexure C.

Stantons has concluded that the acquisition of the voting power by the Directors **is fair and reasonable to Shareholders of the Company**.

The advantages and disadvantages of the acquisition of the voting power by the Directors are outlined in the IER and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the acquisition of the voting power proceeds than if it does not.

Shareholders are urged to carefully read the IER in deciding how to vote on Resolutions 5, 6, 7 and 8.

6. RESOLUTIONS 9, 10, 11 AND 12: Re-election of Directors – Messrs David Shein, Michael Pollak, Jonathan Pager and Joseph Fridman

6.1 Background to Resolutions 9, 10, 11 and 12

It is a condition precedent of the Proposal that the directors of the Company at the time the DOCA was executed (being, Messrs Rajiv (Raju) Parrab, Anthony (Tony) Onsley and David Seymour Mandel) may be required to resign as directors of the Company on or before the Meeting.

Accordingly, the Deed Administrators appointed Messrs David Shein, Michael Pollak, Jonathan Pager and Joseph Fridman as Directors of the Company on 17 February 2014, Messrs Rajiv (Raju) Parrab, Anthony (Tony) Onsley and David Seymour Mandel resigned as directors of the Company on 17 February 2014.

In accordance with the Corporations Act 2001, the ASX Listing Rules and the Constitution of the Company, Messrs David Shein, Michael Pollak, Jonathan Pager and Joseph Fridman are retiring as directors of the Company, and seek re-election as Directors of the Company.

6.2 Shareholder Approval

Subject to the passing of all other Resolutions (other than Resolutions 13, 14, 16 and 17), Resolutions 9, 10, 11 and 12 seek to re-elect Messrs David Shein, Michael Pollak, Jonathan Pager and Joseph Fridman as directors of the Company.

Set out below is a summary of the background of Messrs David Shein, Michael Pollak, Jonathan Pager and Joseph Fridman as well as a disclosure of their interest in the total issued capital of the Company as at the date of the Notice.

6.3 Curriculum Vitae of Mr David Shein

Pursuant to Resolution 9, Mr David Shein seeks re-election as a Director, effective immediately.

David established Com Tech Communications with \$10,000 capital, and built it up to annual revenues of \$700m, profits of \$40m and over 1,000 employees in 2001 when it was acquired by Dimension Data. During his tenure, Com Tech was voted the second best company to work for in Australia and the bulk of the management team recruited by David remains in place at the company. Over the past 10 years, David has been involved in investing in and managing a number of start-up and early stage technology companies, many of which have been successfully exited. Most recently he was Chairman and founding investor of Macromatix, a provider of specialist cloud based retail software solutions with offices in Australia and US. Macromatix was sold to US based TPG Ventures in 2012. David actively mentors management teams and is currently Chairman of Centric Wealth which is owned by CHAMP Private Equity, one of Australia's leading private equity firms.

As at the date of the Notice, Mr David Shein has no interest (either directly or indirectly) in the total issued capital of the Company.

6.4 Curriculum Vitae of Mr Michael Pollak

Pursuant to Resolution 10, Mr Michael Pollak seeks re-election as a Director, effective immediately.

Mr Pollak holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers over 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining and manufacturing. Michael is currently a director of ASX-listed Disruptive Investment Group Limited, and was previously a director of FRR Corporation Limited, Prospect Resources Limited and PLD Corporation Limited, being companies he previously recapitalised. In addition to these, Michael has been involved in the restructuring, recapitalisation and relisting of a number of other ASX listed entities.

As at the date of the Notice, Mr Michael Pollak has no interest (either directly or indirectly) in the total issued capital of the Company.

6.5 Curriculum Vitae of Mr Jonathan Pager

Pursuant to Resolution 11, Mr Jonathan Pager seeks re-election as a Director, effective immediately.

Mr Pager has over 20 years' experience as a management consultant across a wide range of industries in Australia and overseas, and is currently Managing Director of Pager Partners Corporate Advisory. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. He has restructured a range of public companies and been a director of publicly listed companies involved in the mining, healthcare and service industries. Mr Pager is currently a Director of FRR Corporation Limited, and was previously a director of Prospect Resources Limited and PLD Corporation Limited, being companies that he previously recapitalised.

As at the date of the Notice, Mr Jonathan Pager has no interest (either directly or indirectly) in the total issued capital of the Company.

6.6 Curriculum Vitae of Mr Joseph (Joey) Fridman

Pursuant to Resolution 12, Mr Joseph Fridman seeks re-election as a Director, effective immediately.

Joey is the co-founder and Chief Executive Officer of Monash Private Capital Pty Limited, a Sydney based independent principal investment and advisory firm. Prior to establishing Monash Private Capital, Joey was Chief Financial Officer of Investec Bank Australia and Chairman of the bank's Investment Committee. With a career spanning audit, investment banking and executive financial management, Joey brings a comprehensive mix of financial, strategic, operational, risk management and commercial skills and experience. Joey is a Chartered Accountant and has an M.B.A. from the Australian Graduate School of Management

As at the date of the Notice, Mr Joseph Fridman has no interest (either directly or indirectly) in the total issued capital of the Company.

7. RESOLUTION 13: Change of company name

7.1 Background to Resolution 13

Pursuant to section 157(1) of the Corporations Act 2001, Resolution 13 is a **special resolution** which seeks the approval of Shareholders for the Company to change its name to "Montech Holdings Limited".

7.2 Reasons for the change of company name

The Directors believe that this new name more accurately reflects the proposed future operations of the Company.

This change in the name of the Company will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

7.3 Requirements of the Corporations Act 2001

Section 157(1) of the Corporations Act 2001 requires, amongst other actions, a company to pass a special resolution adopting a new name if it wants to change its name.

The Company will make an application to ASIC for the change of name. The new name will take effect upon a new certificate of registration being issued.

8. RESOLUTION 14: Adoption of new company constitution

8.1 Shareholder Approval

Resolution 14 is a **special resolution** that proposes the adoption of a new constitution for the Company in lieu of the existing constitution of the Company.

8.2 Requirements of the Corporations Act 2001 and the ASX Listing Rules

Section 136(2) of the Corporations Act 2001 states that a Company may modify or repeal its constitution, or a provision of its constitution, by special resolution.

The new constitution is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act 2001 and the ASX Listing Rules.

The new constitution is broadly consistent with the provisions of the existing Constitution of the Company. Many of the proposed changes are administrative or minor in nature.

It is not practicable to list all of the changes to the Constitution of the Company in this Explanatory Statement and Shareholders are invited to contact the Company if they have

any queries or concerns. For this purpose, a copy of the proposed constitution is available for review by Shareholders at the Meeting or at the office of the Company.

9. RESOLUTION 15: Section 195 approval

9.1 Background to Resolution 15

Approval of Resolutions 5, 6, 7 and 8 may result in the Directors having a “material personal interest” in the recapitalisation and other matters referred to in the Notice. In the absence of this Resolution 15, the Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated by the Notice.

9.2 Shareholder Approval

Resolution 15 is an ordinary resolution that seeks Shareholder approval (subject to the passing of all other Resolutions other than Resolutions 13, 14, 16 and 17) in accordance with section 195(4) of the Corporations Act 2001 to enable the Company to complete the transactions contemplated in the Notice.

9.3 Requirements of the Corporations Act 2001

Section 195(1) of the Corporations Act 2001 provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors’ meeting must not:

- (a) be present while the matter is being considered at the meeting; or
- (b) vote on the matter.

However, section 195(4) of the Corporations Act 2001 provides that if there are not enough directors to form a quorum for a directors’ meeting because of subsection (1), 1 or more of the directors (including those who have a material personal interest in that matter) may call a general meeting and the general meeting may pass a resolution to deal with the matter.

10. RESOLUTION 16 and 17: Removal and appointment of Auditor

10.1 Background to Resolution 16 and 17

Resolution 16 is an ordinary resolution seeking the removal of RSM Bird Cameron Partners as the auditor of the Company. An auditor may be removed in a general meeting provided that the notice of intention to remove the auditor has been received by the Company.

Resolution 17 is a special resolution seeking the appointment of Stantons International Audit and Consulting Pty Ltd (ABN 84 144 581 519) as the new auditor of the Company. As required by the Corporations Act, a nomination for Stantons to be appointed as the auditor of the Company has been received from a member. A copy of the nomination of Stantons as auditor is set out at Annexure D.

10.2 Requirements of the Corporations Act 2001

Under Section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months’ notice of intention to move the resolution has been given.

It should be noted that under this section, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

In accordance with section 329(2) of the Corporations Act, the Company has sent a copy of the notice to the auditor to be removed under Section 329 of the Corporations Act.

Stantons has given its written consent to act as the Company's auditor in accordance with Section 328A(1) of the Corporations Act subject to shareholder approval of this resolution.

If Resolutions 16 and 17 are passed, the appointment of Stantons as the Company's auditor will take effect at the close of this Meeting. Resolution 17 is subject to the passing of Resolution 16.

11. GLOSSARY

In this Explanatory Statement the following terms have the meaning set out below:

ACN	Australian Company Number.
The Administrators	Quentin Olde & Nathan Landrey
AEDT	Australian Eastern Daylight Time.
ASIC	The Australian Securities and Investments Commission.
The ASX	ASX Limited (ACN 008 624 691) and the financial market that it operates of 20 Bridge Street, Sydney, NSW 2000
The ASX Listing Rules	The official listing rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.
The Capital Raising	The First Placement and the Second Placement.
The Company	Sirius Corporation Limited (subject to deed of company arrangement) (ACN 050 240 330) of Level 5, 137-139 Bathurst Street, Sydney NSW 2000.
The Consolidation	The consolidation of the issued capital of the Company on a one (1) for twenty (20) basis as proposed by Resolution 1 of the Notice and described in section 1 of the Explanatory Statement.
The Constitution of the Company	The constitution of the Company as at the date of the Notice.
The Corporations Act 2001	The Corporations Act 2001 (Commonwealth) as amended or replaced from time to time.
The Corporations Regulations 2001	The Corporations Regulations 2001 (Commonwealth) as amended or replaced from time to time.
Creditors	The creditors of the Company as at the date of the Notice.
The Deed Administrators	Quentin Olde and Nathan Landrey of FTI Consulting
The Directors	The directors of the Company from time to time.
The DOCA	The deed of company arrangement entered into by the Company on 7 November 2013 in order to effect the terms of the Proposal.
The Entitlement Time	11am (AEDT) on 5 April 2014.
The Existing Shareholders	The persons or companies registered in the register of Shareholders of the Company as the holder of one or more Shares as at the Entitlement Time.
The Explanatory Statement	The Explanatory Statement accompanying the Notice.
The First Meeting of Creditors	The First Meeting of Creditors was held by the Deed Administrators pursuant to Section 436E of the Corporations Act.
The First Placement	The issue of the First Placement Securities to the Syndicate (or its nominees) as proposed by Resolution 2 of the Notice and described in section 2 of the Explanatory Statement.
The First Placement	The First Placement Shares and Options.

Securities	
First Placement Shareholder(s)	A person or company whom subscribes for, is issued and is registered in the register of Shareholders of the Company as the holder of one or more First Placement Shares under the First Placement.
The First Placement Shares	The 150,000,000 Shares to be issued to parties determined by the Board including the Syndicate (or its nominees) at an issue price of \$0.0025 per Share under the First Placement.
The First Placement Options	The 75,000,000 Options to be granted to the Syndicate (or its nominees) at an issue price of \$0.000025 per Option and exercisable at \$0.01 per Option under the First Placement.
The IER	The Independent Expert's Report prepared by Stantons and contained in Annexure C of the Notice and Explanatory Statement.
The Meeting	The Extraordinary General Meeting of the Company to be held at 11am (AEDT) on 7 April 2014 at History House, 133 Macquarie Street, Sydney NSW 2000.
The Notice	The notice convening the Meeting.
Option(s)	An option to subscribe for one (1) Share in the Company.
Optionholder(s)	A holder of one or more Options as at the Entitlement Time.
Pager Partners	Pager Partners Corporate Advisory Pty Ltd (ACN 123 845 401) as trustee for the Pager Partners Investment Trust of 58 Oceanview Avenue, Vaucluse in the State of New South Wales.
The Proposal	The proposal of the Syndicate for the restructure and recapitalisation of the Company as contemplated by the Resolutions proposed by the Notice and effected in the DOCA.
Related Party(ies)	A related party (as the context requires) for the purposes of the Corporations Act 2001.
Representative	A person authorised to act as a representative of a corporation pursuant to article 15.5 of the Constitution of the Company.
The Resolutions	Resolutions 1 to 17 (inclusive) as set out in the Notice and described in the Explanatory Statement.
The Second Meeting of Creditors	The Deed Administrators held the Second Meeting of Creditors pursuant to Section 439A of the Corporations Act on 17 October 2013.
The Second Placement	The issue of the Second Placement Shares as proposed by Resolution 3 of the Notice and described in section 3 of the Explanatory Statement.
Second Placement Shareholder(s)	A person or company whom subscribes for, is issued and is registered in the register of Shareholders of the Company as the holder of one or more Second Placement Shares under the Second Placement.
The Second Placement Shares	The 150,000,000 Shares to be issued by the Company at an issue price of \$0.01 per Share under the Second Placement.
Securities	Shares or Options (as the context requires)

Secuirtyholder	A Shareholder and/or Optionholder.
Share(s)	A fully paid ordinary share in the capital of the Company.
Shareholder(s)	A person or company registered in the register of Shareholders of the Company as the holder of one or more Shares as at the Entitlement Time.
Stantons	Stantons International Pty Ltd (ACN 128 908 289) trading as Stantons International Securities of Level 1, Havelock Street, West Perth in the State of Western Australia.
Subsidiaries	Infomaster Pty Limited, Pinnacle Software Pty Limited, Siricle Pty Limited, Sirius Budgets Pty Limited, Sirius Finance (Aust) Pty Limited.
The Syndicate	The syndicate headed by Pager Partners.
The Related Party Placement	The issue of the Related Party Securities to the Directors (or their nominees) as proposed by Resolutions 5, 6, 7 and 8 of the Notice and described in section 4 of the Explanatory Statement.
The Related Party Securities	Up to 150,000,000 First Placement Shares, up to 75,000,000 First Placement Options and up to 110,000,000 Second Placement Shares proposed to be issued to the Directors (or their nominees) under the Related Party Placement.
Unlisted Options	The 63,866,689 Options (pre consolidation) on issue in the Company as at the date of the Notice.

PROXY FORM

SIRIUS CORPORATION LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 050 240 330

EXTRAORDINARY GENERAL MEETING

Appointment of Proxy

I/We

of

being a member of Sirius Corporation Limited (Subject to Deed of Company Arrangement) entitled to attend and vote at the Extraordinary General Meeting to be held at 11am on 7 April 2014 at History House, 133 Macquarie Street, Sydney NSW 2000, and at any adjournment thereof (**the Meeting**), hereby

Appoint

OR

the Chair of the Meeting (**the Chair**) as your proxy

or failing the person so named or, if no person is named, the Chair of the Meeting, or the Chair's nominee, to vote in accordance with the following Direction to Vote, at the Meeting, and at any adjournment thereof.

2. Direction to Vote

You may direct your Proxy (which may be the Chair, if so appointed) on how to vote on Resolutions 1 to 17 (inclusive) by marking one of the boxes with an "X" for each Resolution. If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

The Chair of the meeting intends to vote undirected proxies IN FAVOUR of all Resolutions.

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respects of a Resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the Resolution/s (**Relevant Resolutions**) and that votes cast by the Chair of the meeting for those Relevant Resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, **the Chair will not cast your votes on the Relevant Resolutions** and your votes will not be counted in calculating the required majority if a poll is called on the Relevant Resolutions.

Voting Directions on Items of Business of the Meeting

I/We direct that my proxy vote in the following manner (please mark relevant boxes with (X) to indicate your directions):

	For	Against	Abstain
Resolution 1: Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Issue of Securities pursuant to the First Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Issue of Shares pursuant to the Second Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4: Acquisition of Relevant Interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: Related Party approval - Mr David Shein, Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6: Related Party approval - Mr Michael Pollak, Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7: Related Party approval - Mr Jonathan Pager, Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8: Related Party approval - Mr Joseph Fridman, Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9: Re-election of Mr David Shein as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10: Re-election of Mr Michael Pollak as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11: Re-election of Mr Jonathan Pager as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12: Re-election of Mr Joseph Fridman as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13: Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14: Adoption of new company constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15: Section 195 approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16: Removal of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17: Appointment of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature of Member(s):

Date: _____ **2014**

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____

Contact Ph (daytime): _____

Instructions for Completing 'Appointment of Proxy' Form

- (Appointing a Proxy):** A member entitled to attend and vote at the Meeting is advised:

 - they are entitled to appoint a proxy to attend and vote at the Meeting on their behalf;
 - a duly appointed proxy need not be a member of the Company; and
 - a member entitled to attend and cast two or more votes at the Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf.

(Appointment of the Chair as Proxy): A member may appoint the Chair as their proxy by marking the box at the beginning of the Proxy Form. If the Chair is appointed, a member may direct how the Chair is to vote by marking one of the boxes opposite each item of business, and they must vote as directed. If the appointed Proxy is the Chair and the member does not direct the Chair how they are to vote, the member will be taken to have directed the Chair to vote in favour of all the Resolutions, even if the Chair has an interest in the outcome of any of the Resolutions. By failing to nominate a proxy, a member will be taken to have appointed the Chair as their proxy and to have directed the Chair to vote in favour of all the Resolutions, even if the Chair has an interest in the outcome of any of the Resolutions.

(Appointment of a Third Party as Proxy): If the person to be appointed as a proxy is someone other than the Chair, that person's name or name of the office of that person must be written in the specified box on the Proxy Form. If this box is left blank, or the named proxy does not attend the Meeting, the Chair will be the member's proxy and the member will be taken to have directed the Chair to vote in favour of all the Resolutions, even if the Chair has an interest in the outcome of any of the Resolutions.

(Appointment of a Second Proxy): The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

(Direction to Vote): A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked, the proxy may vote as they choose. If a member wishes to apportion their voting rights, they may do so by inserting a percentage or number of securities they wish to vote in the 'For', 'Against' or 'Abstain' boxes. The sum of the votes cast must not exceed their voting entitlement or 100%. If a person appointed as a proxy for a member who is entitled to vote (and such proxy is not chairing the Meeting) abstains from voting and the directions on the Proxy Form require that person to vote, the votes not exercised by that person will be given to the Chair to vote in accordance with the directions on the Proxy Form, even if the Chair has an interest in the outcome of any of the Resolutions.
- (Signing Instructions):**

 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Company or registry (as the circumstances require) with a Power of Attorney, please attach a certified photocopy of the Power of Attorney to the Proxy Form when it is returned.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
- (Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Meeting.
- (Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return:

 - **(by post):** to Sirius Corporation Limited (Subject to Deed of Company Arrangement), Level 5, 137-139 Bathurst Street, Sydney NSW 2000;
 - **by facsimile):** to Mr Andrew Whitten (Company secretary) on fax number (+61 2) 9283 1970; or
 - **(by email):** to Mr Andrew Whitten at email awhitten@whittens.com.au

so that it is received at least 48 hours before the Meeting.

Proxy forms received later than this time will be invalid.

Annexure A - Pro-Forma Capital Structure

Related Party	Issued Shares as at the date of this Notice of Meeting	Post-Consolidation Issued Shares	First Placement Shares to be issued	Second Placement Shares to be issued	Total Shares issued	Dilutionary effect upon issue of First Placement Shares and Second Placement Shares (undiluted)	Post Consolidation Existing Options at exercise 70 cents expiring 9 Dec 14	First Placement Options to be granted	Issued Shares upon issue of Second Placement Shares and issue of First Placement Securities (fully diluted)	Dilutionary effect upon issue of First Placement Securities (fully diluted) and issue of Second Placement Shares ³
David Shein	0	0	19,230,769	20,192,308	39,423,077	12.50%	0	9,615,385	49,038,462	12.46%
Joseph Fridman	0	0	80,769,231	84,807,692	165,576,923	52.50%	0	40,384,615	205,961,538	52.33%
Jonathan Pager	0	0	25,000,000	2,500,000	27,500,000	8.72%	0	12,500,000	40,000,000	10.16%
Michael Pollak	0	0	25,000,000	2,500,000	27,500,000	8.72%	0	12,500,000	40,000,000	10.16%
Total Related Party Interest	0	0	150,000,000	110,000,000	260,000,000	82.43%	0	75,000,000	335,000,000	85.11%
Other Shareholders	0	0	0	40,000,000	40,000,000	12.68%	0	0	40,000,000	10.16%
Existing Shareholders	308,196,565	15,409,828	0		15,409,828	4.89%	3,193,334	0	18,603,163	4.73%
Total Shareholders	308,196,565	15,409,828	150,000,000	150,000,000	315,409,828	100.0%	3,193,334	75,000,000	393,603,163	100.0%

Annexure B – Terms and Conditions of First Placement Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a) Each Option gives the Optionholder the right to subscribe for one (1) Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
- b) The Options will expire at 5:00pm (AEDT) on 30 June 2017 (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- c) The amount payable upon exercise of each Option will be \$0.01 (Exercise Price).
- d) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- e) Optionholders may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice)

- f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- h) The Options are freely transferable.
- i) All Shares allotted upon the exercise of Options will upon allotment rank *pari passu* in all respects with other Shares.
- j) The Company will not apply for quotation of the Options on ASX. However, the Company may apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 Business Days after the date of allotment of those Shares.
- k) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- l) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- m) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- n) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

Annexure C – Independent Expert’s Report

28 January 2014
The Directors
Sirius Corporation Limited
C/o FTI Consulting
Level 15,
50 Pitt St
SYDNEY NSW 2000

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204
ABN: 42 128 908 289
AFS Licence No: 448697
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Summary of Opinion

For the purposes of Section 611 (item 7) of TCA, in relation to the approval to issue 150,000,000 First Placement Shares, 75,000,000 First Placement Options and 150,000,000 Second Placement Shares, in our opinion taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 7 of this report, the proposals as outlined in paragraph 1.1 and Resolutions 4, 5, 6, 7 and 8 may on balance collectively be considered to be fair and reasonable at the date of this report.

Dear Sirs

RE: SIRIUS CORPORATION LIMITED (“SIRIUS” OR “THE COMPANY”) (ACN 050 240 330) ON THE PROPOSAL THAT SHAREHOLDERS APPROVE THE ISSUE OF UP TO 150,000,000 SHARES AT 0.25 CENTS EACH, UP TO 75,000,000 OPTIONS AT AN EXERCISE PRICE OF 0.0025 CENTS PER OPTION AND UP TO 150,000,000 SHARES AT 1 CENT EACH AS NOTED BELOW AND IN RESOLUTIONS 4, 5, 6, 7, AND 8 TO CUMULATIVELY RAISE \$1,876,875. MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 (“TCA”).

1. Introduction

1.1 We have been requested by the Directors of Sirius to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposals as set out in Resolutions 4, 5, 6, 7 and 8 of the Notice of Meeting (“the Notice”) to be disseminated to shareholders of Sirius in early February 2014.

Resolution 2 relate to issue a total of up to 150,000,000 ordinary shares (“First Placement Shares”) in Sirius at an issue price of 0.25 cents each to raise a gross \$375,000 and the proposal to issue up to 75,000,000 options in Sirius (“First Placement Options”) at an issue price of 0.0025 cents per option to raise up to \$1,875 to be exercisable at 1 cent per First Placement Option with an expiry date on or before 30 June 2017, whilst Resolution 3 deals with the proposal to issue up to 150,000,000 ordinary shares (“Second Placement Shares”) in Sirius at an issue price of 1 cent per share to raise up to a gross \$1,500,000. Refer paragraphs 1.5 and 1.6 below relating to the issue of various shares and share options that, in effect, are part of the shares and share options to be issued pursuant to Resolution 4.

1.2 Resolution 1 relates to a 20 for 1 consolidation of capital proposed to be voted upon by shareholders of Sirius. Accordingly, for the purposes of this report, First Placement Shares, First Placement Options and Second Placement Shares relate to shares being issued on a post consolidated basis.

1.3 The First Placement Options, also referred to as Management Options, relate to the proposed issue of 75,000,000 options at a placement price of 0.0025 cents per option raising a total of up to \$1,875, and being exercisable at 1 cent per option on or before 30 June 2017. The total number of 75,000,000 Management Options will be granted post consolidation as proposed in Resolution 1 within three months of the date of the meeting and the options must be exercised in multiples of 100,000 options being converted into shares at any one time.

1.4 The issue of the First Placement Shares includes the issues of up to 150,000,000 ordinary Sirius shares to a consortium comprising of David Shein (or nominee) (“Shein”), Michael Pollak (or nominee) (“Pollak”), Jonathan Pager (or nominee) (“Pager”) and Joseph Fridman

(or nominee) (“Fridman”) (together “the Consortium”). The Consortium is also to be issued a further up to 75,000,000 First Placement Options and a further up to 110,000,000 Second Placement Shares.

1.5 The proposed issue of 150,000,000 First Placement Shares, 75,000,000 First Placement Options and the 110,000,000 Second Placement Shares to the Consortium, is referred to in this report as the “Consortium Subscription” as part of a total \$1,876,875 capital raising as noted below. The issue of First Placement Shares and Second Placement Shares to the Consortium is referred to as “Consortium Subscription Shares”, whilst the issue of First Placement Options to the Consortium is referred to as “Consortium Subscription Options”. The Consortium Subscription, which is included as part of the proposals as set out in Resolution 2, 3 and 4, is also individually voted upon by non-associated shareholders of Sirius (that is shareholders not associated with the Consortium), for each proposed new related party. Accordingly, Resolutions 5, 6, 7 and 8, which cumulatively form part of Resolutions 2 and 3, also relate to the proposed issue of First Placement Shares, First Placement Options and Second Placement Shares to Messer’s Shein, Pollak, Pager and Fridman individually. Accordingly, the issue of the Company’s shares to each of Shein, Pollak, Pager and Fridman are being dealt with individually under Resolutions 5, 6, 7 and 8 of the Notice as they are related parties to the Company.

1.6 The Resolutions pertaining to the issue of First Placement Shares, First Placement Options and Second Placement Shares amongst the Consortium is as follows:

Resolution	Related Party	Maximum First Placement Shares to be issued	Issue and Exercise of First Placement Options	Maximum Second Placement Shares to be issued	Total Potential Share Issue	Maximum Voting Power*
5	Shein	19,230,769	9,615,385	20,192,308	49,038,462	10.04%
6	Pollak	25,000,000	12,500,000	2,500,000	40,000,000	11.86%
7	Pager	25,000,000	12,500,000	2,500,000	40,000,000	9.72%
8	Fridman	80,769,231	40,384,615	84,807,692	205,961,538	2.14%
	Total Consortium Subscription	150,000,000	75,000,000	110,000,000	335,000,000	33.76%
	Other Non Associated Parties	-	-	40,000,000	93,600,000	25.40%
2, 3 & 8**	Total	150,000,000	75,000,000	150,000,000	335,500,000	91.05%

**In an expanded share capital structure of Sirius. That is should the maximum First Placement Shares, First Placement Options and Second Placement Shares be issued to the relevant holder and assuming the 20 for 1 share consolidation proposed as part of Resolution 1 (refer to paragraph 1.2) as well as 3,193,334 existing options (on a post 20 for 1 consolidation basis be exercised on or before 9 December 2014 exercisable at 70 cents per option (“Existing Options”).*

***This IER does not relate to the total of these Resolutions, rather Resolutions 5 through to 8 as noted above.*

1.7 Sirius entered into administration on 30 August 2013. On 7 November 2013, the administrators of the Company, entered into a Deed of Company Arrangement (“DOCA”) with Pager Partners Corporate Advisory Pty Ltd. As referred to in the Explanatory Statement in the Notice, it is proposed that the Company will be restructured (hereinafter referred to as the “Restructure”), subject to shareholder approval such that:

- i) Sirius’s existing business assets (including all stock (if any), contacts, intellectual property, customer/supplier lists, domain names etc) will be transferred to Sirius from its subsidiaries unencumbered;
- ii) the Company enters into a Creditors Trust Deed for the purpose of satisfying approved creditor claims;

- iii) the Company making any rights in its sundry debtors and other assets not acquired by the Consortium for the purposes of satisfying the Company's Creditors;
- iv) the payment of \$500,000 in cash for the partial satisfaction of the Company's Creditor's claims (a non-refundable \$10,000 deposit was already paid to the administrator);
- v) the Consolidation of the Company's existing share capital subject to a 20 for 1 share consolidation;
- vi) a new Capital Raising be undertaken (refer to proposal put to existing Sirius shareholders as part of Resolutions 2 and 3 of the Notice); and
- vii) new Directors, namely Messer's Shein, Pollak, Pager and Fridman be appointed as Directors of Sirius.

1.8 The total value of the restructure is set as below:

- i) 150,000,000 shares being issued at 0.25 cents per share to raise \$375,000 (First Placement Shares);
- ii) 75,000,000 options being issued to the Consortium at 0.0025 cents per option, exercisable at 1 cent, to raise \$1,875 (First Placement Options);
- iii) 150,000,000 shares being issued at 1 cent per share to raise \$1,500,000 (Second Placement Shares); and
- iv) Payment of \$500,000 to the administrator for the satisfaction of Creditor's claims.

1.9 The above Restructure is subject to the Company obtaining necessary shareholder approvals and any ASX regulatory re-quotations, as well as Sirius being released from all liabilities and long term commitments through the contemporaneous effectuation of the DOCA and payment of cash consideration. Inter alia, the Company's secured creditors (if any) must also vote to release security over assets, and all creditors will be required to be satisfied from the Creditors Trust. Furthermore, all subsidiaries of Sirius shall be excised from Sirius (unless required by the Consortium).

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

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

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

1.11 Prior to the Restructure, Sirius has 308,196,565 shares on issue. On a post consolidated basis, Sirius would have 15,409,828 shares on issue. Following completion of the Restructure and the other proposals noted in paragraph 1.1 above and in the Notice, the Consortium who currently holds Nil shares in Sirius would own a total of up to 260,000,000 shares in Sirius (not including the potential issue and exercise of First Placement Options nor the exercise of Existing Options) representing approximately 82.43% of the then shares on issue (assuming no other shares are issued or options converted). There would be 315,409,828 Sirius shares on issue.

Accordingly, should the First Placement Options be issued and exercised (and existing options are exercised), the Consortium could own up to 335,000,000 shares in the expanded capital of Sirius, and this would represent approximately up to 85.11% of the then expanded shares on issue in Sirius (total shares on issue would increase to 393,603,162).

As it is envisaged that the Consortium would collectively hold up to approximately 82.43% of the issued capital of Sirius (post issuance of the First Placement Shares and Second Placement Shares, but before the issue and exercise of the First Placement Options and Existing Options), and hold up to approximately 85.11% of the expanded share capital of Sirius (post issuance and exercise of First Placement Options and Existing Options), the Consortium will be deemed to have control of Sirius and will have effective Board control post the effectuation of the Restructure.

- 1.12 Individually, members of the Consortium, namely Messer's Shein, Pollak, Pager and Fridman, would own up to 12.50%, 8.72%, 8.72% and 52.50% respectively of the issued capital of Sirius (after the 20 for 1 share consolidation, the issue of First Placement Shares and Second Placement Shares, but before the issue and potential exercise of First Placement Options and exercise of Existing Options) assuming Resolutions 5 to 8 are passed and consummated. Should the First Placement Options be issued and fully exercised and all Existing Options be exercised, Messer's Shein, Pollak, Pager and Fridman would individually own up to 12.46%, 10.16%, 10.16% and 52.33% of the Company respectively.
- 1.13 A notice prepared in relation to a meeting of shareholders convened for the purposes of section 611 (Item 7) of TCA should be accompanied by an independent expert's report stating whether it is fair and reasonable to approve the issue of up to 150,000,000 First Placement Shares, up to 75,000,000 First Placement Options and up to 150,000,000 Second Placement Shares to raise a gross \$1,876,875. To assist shareholders in making a decision on the proposals outlined in Resolution 4 of the Notice, (and Resolutions 5, 6, 7 and 8) relating to individual members of the Consortium, namely Messer's Shein, Pollak, Pager and Fridman respectively which also form part of Resolutions 2, 3 and 4 of the Notice), the directors have requested that Stantons International Securities prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the proposal under Resolutions 4, 5, 6, 7 and 8 are fair and reasonable to the non-associated shareholders of Sirius.
- 1.14 We are not reporting on the fairness and reasonableness of the other resolutions referred to in the Notice and Explanatory Statement, other than Resolutions 4, 5, 6, 7, and 8 as outlined above. However, we note that the share consolidation (Resolution 1) is part of the overall Restructure.
- 1.15 Apart from this introduction, this report considers the following:
 - Summary of opinion
 - Implications of the proposals with the Consortium
 - Corporate history and nature of business
 - Future direction of Sirius
 - Basis of valuation of Sirius shares
 - Premium for control
 - Consideration as to fairness
 - Conclusion on fairness
 - Conclusion as to fairness and reasonableness
 - Sources of information
 - Appendix A and Financial Services Guide
- 1.16 In determining the fairness and reasonableness of the transactions pursuant to Resolutions 4 to 8 we have had regard to the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". The Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether

there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottees and whether a premium for potential control is being paid by the allottees. Regulatory Guide 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non associated shareholders if the transactions proceed compared with if they do not.

- 1.17 Accordingly, our report in relation to Resolution 4 comprising the approval to issue 150,000,000 First Placement Shares, 75,000,000 First Placement Options and 110,000,000 Second Placement Shares to the Consortium or their nominees is concerned with the fairness and reasonableness of the proposal with respect to the existing non-associated shareholders of Sirius and whether the Consortium is paying a premium for control.

Summary of Opinions

- 1.18 **For the purposes of section 611 (item 7) of TCA, the proposals in relation to the approval to issue up to 150,000,000 First Placement Shares, up to 110,000,000 Second Placement Shares and up to 75,000,000 First Placement Options together the Consortium as set out in Resolution 4 and the proposals to issue:**

- up to 19,230,769 First Placement Shares, up to 9,615,385 First Placement Options, and up to 20,192,308 Second Placement Shares to Shein individually (or his nominee) (Resolution 5);

- up to 25,000,000 First Placement Shares, up to 12,500,000 First Placement Options, and up to 2,500,000 Second Placement Shares to Pollak individually (or his nominee) (Resolution 6);

- up to 25,000,000 First Placement Shares, up to 12,500,000 First Placement Options, and up to 2,500,000 Second Placement Shares to Pager individually (or his nominee) (Resolution 7); and

- up to 80,769,231 First Placement Shares, up to 40,384,615 First Placement Options, and up to 84,807,692 Second Placement Shares to Fridman individually (or his nominee) (Resolution 8);

are in our opinion taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 7 of this report, may on balance collectively be considered to be fair and reasonable to the non associated shareholders at the date of this report.

- 1.19 Each shareholder needs to examine the share price of Sirius, market conditions and announcements made by Sirius up to the date of the shareholders meeting at the time of exercise of vote to ascertain the impact, if any, on Resolutions 4 to 8. The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

2.1 As at 21 January 2014, there are 308,196,565 pre-consolidated ordinary fully paid shares on issue in Sirius. Post the implementation of all of the recapitalisation proposals, the number of shares may be:

Number of Pre-consolidated shares on issue	<u>308,196,565</u>
20 for 1 Consolidation of capital	15,409,828
Issue of First Placement Shares	150,000,000
Issue of Second Placement Shares	<u>150,000,000</u>
Shares on issue prior to exercise of share options	315,409,828
Exercise of the First Placement Options	75,000,000
Potential shares on issue (assumes the existing Share options will not be exercised)	<u>390,409,828</u>
Existing Options (on a post 20 for 1 consolidation basis)	<u>3,193,334</u>
Potential shares on issue	<u>393,603,162</u>

Further details on the shares that could be on issue and the shareholding interests of the Consortium are noted in Annexure A attached to the Notice.

2.2 Post the 20 for 1 capital consolidation and the issue of the First Placement Options, the following unlisted share options will be outstanding:

- 75,000,000 First Placement Options (see paragraph 1.2 above) and
- 3,193,334 Existing Options (on a post 20 for 1 capital consolidation) exercisable at 70.0 cents each expiring on 9 December 2014.

2.3 Following completion of the Subscription Agreements and the other proposals noted in paragraph 1.1 above and in the Notice, the Consortium who currently holds nil shares in Sirius could own a total of up to 335,000,000 shares in Sirius representing approximately 85.81% of the then shares on issue (assuming existing options are not exercised but all other share issues as envisaged and options issue have been made and the full exercise of options completed by the option holders as described in the Notice and Explanatory Statement). There would be 390,409,828 Sirius shares on issue (approximately up to 85.11% after exercise of the First Placement Options and approximately 82.43% if collectively the Consortium own up to 260,000,000 shares in Sirius as envisaged under Resolutions 5 to 8 in the Notice).

The Company will raise \$1,876,875 from the issue of First Placement Shares, Second Placement Shares and First Placement Options, of which it is expected that up to \$1,476,875 will come from the Consortium or their nominees (excludes a further 40,000,000 Second Placement Shares issued to other parties at 1 cent each). Should the Consortium receive its full allotment of First Placement Options, and exercise all the aforementioned options, a further \$750,000 would be raised upon exercise of the First Placement Options at a future point in time from the Consortium.

The Company seeks approval for the issue and allotment of up to 150,000,000 First Placement Shares, up to 110,000,000 Second Placement Shares and potential issue and exercise of up to 75,000,000 First Placement Options in the capital of the Company to the Consortium under the Consortium Placement. Should the Consortium exercise its allotment of First Placement Options, the amount raised from the Consortium would increase by \$750,000 to a total amount raised of \$2,626,875.

2.4 We understand that the Subscription monies raised will be used for working capital, development of the existing Sirius business, payment to the Deed Administrator under the DOCA and identifying new opportunities for Sirius shareholders.

- 2.5 The Board of Sirius, should all Resolutions as part of the Notice be consummated, would consist of Messer's David Shein, Michael Pollak, Jonathan Pager and Joseph Fridman. Further new directors may be appointed in the future as the needs arise and subject to the Consortium nominating any new directors.
- 2.6 As at 21 January 2014, it is believed that the number of ordinary shares on issue in Sirius prior to consolidation of capital is 308,196,565 (and post consolidation will be 15,409,828). If all the Resolutions are consummated (and all existing options are converted), the Consortium could collectively own up to approximately 85.11% of the expanded (post consolidated) share capital of the Company and approximately 82.43% if collectively the Consortium own up to 260,000,000 shares in Sirius as envisaged under Resolutions 5 to 8 in the Notice. The actual non-Consortium holding of the capital of the Company, post consummation of all Resolutions put to the shareholders in the Notice by existing shareholders (assuming all Existing Options are exercised) will be 14.89%. Messrs Shein, Pollak, Pager and Fridman will each own approximately 12.46%, 10.16%, 10.16% and 52.33% respectively of the expanded post consolidated capital of the Company (assuming the issue and exercise of all the First Placement Options and Existing Options).
- 2.7 The estimated costs of the Notice for the meeting of shareholders and other costs including corporate and advisory fees, GST, ASX listing fees and other costs will be around \$100,000. Under the Recapitalisation Proposal the Company will also pay \$500,000 to the Creditors Trust.
- 2.8 Set out below is a statement of financial position of the Company based on the Administrators records as at 9 October 2013 (not adjusted to exclude approximately \$2,760,000 of creditors which will have been transferred to the Creditors Trust when the Company comes out of the DOCA), together with the pro-forma balance sheet (statement of financial position) if all resolutions are passed and consummated.

	Estimated Statement of Financial Position*	Statement of Financial Position after Resolutions passed
	\$	\$
Current Assets		
Cash Assets	-	1,276,875
	-	1,276,875
Non Current Assets		
Sirius Business (see paragraph 3.3 below)	60,000	60,000
Intellectual Property-Website	-	-
Total Assets	60,000	1,336,875
Liabilities		
Trade Creditors and Accruals	3,852,006	-
Total Current Liabilities	3,852,006	-
Net Deficiency/Surplus	(3,792,006)	1,336,875
<i>*The estimated assets and liabilities of the Company are unknown, as the Company was in administration.</i>		
Equity		
Issued Capital	13,636,115	15,511,115
Reserves	6,790	8,665
Accumulated Losses	(17,434,911)	(14,182,905)
Total Equity	(3,792,006)	1,336,875

***Last known balance sheet made available as at 31 December 2012 – Estimated including under administration*

Note 1

The movement in the cash assets is reconciled as follows:

Cash Assets:	
Opening Balance	-
Option Issue	1,875
Placement of Shares at approximately \$0.0025 each	375,000
Placement of Shares at approximately \$0.01 each	1,500,000
Payment to the Creditors Trust	(500,000)
Costs of the Notice, Listing fees and other costs	(100,000)
Net cash on hand	<u>\$1,276,875</u>

Thus estimated net cash after the capital raisings and payment for costs of the Notice and other costs and the payment to the Creditors Trust will be \$1,276,875 and no other material liabilities.

3. Corporate History and Nature of Business

- 3.1 Sirius is currently suspended from its listing on the ASX and concentrated its efforts on providing technology expertise, asset management and customer service solutions to software and service companies and local government agencies. The Company will evaluate the economic viability of these technologies and related intellectual properties and may possibly look to acquire new technologies and projects in the future.
- 3.2 A summarised unaudited consolidated balance sheet (statement of financial position) of the Sirius Group post ratification of all Resolutions are passed and consummated is outlined in paragraph 2.8 of this report.
- 3.3 The retention of the Company's existing assets (unencumbered) includes all of the Company's remaining stock (nil) and customer contracts (if any), registered business names, intellectual property, goodwill, domain names, websites, trademarks, patents and all other assets to operate the Sirius business of asset management and providing support to the local government industry ("Sirius Business"). As announced by the Administrator to the market on 29 October 2013, one of the main business activities of the Sirius Group (Infomaster Pty Ltd) was sold by the Administrators and proceeds retained by the Administrators for payment of their fees and for the benefit of pre-administration creditors. However, the Administrator did not sell the Pinnacle Software Pty Ltd assets, which were retained as it was required as part of the recapitalisation of the Company. It is our view, that the value of the Sirius Business retained has limited value, however the Promoters (Consortium members) in a submission to the ASX has ascribed a value of \$60,000. This value cannot be substantiated at this point of time. The pro-forma statement of financial position has included the \$60,000 notwithstanding that the value has not been substantiated. Notwithstanding, the net asset position of the company is currently estimated to be negative (prior to the above recapitalisation) and is therefore valued at nil.

4. Future Directions of Sirius

- 4.1 We have been advised by the directors and management of Sirius that:
- The immediate short-term plan is to reapply for trading on the ASX so that the shares are freely tradable on the ASX;
 - To complete all the Resolutions in the Notice to raise \$1,876,875 (not including the effect of any further funds from the exercise of First Placement Options) and such funds will be used for working capital, development of the existing Sirius business, payment to the Deed Administrator under the DOCA and identifying new opportunities for Sirius shareholders;

- Composition of the Board of directors of Sirius may change in the near future as outlined in paragraph 2.5;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company may seek to raise further capital if required but no further capital raisings are expected in early to mid 2014 (other than the \$1,876,875 monies raised as noted in this report).

5. Basis of Valuation of Sirius

5.1 Shares

5.1.1 In considering the proposals as outlined in Resolution 4 (and individually Resolutions 4, 5, 6, 7 and 8), we have sought to determine whether the issue price of the Consortium Subscription Shares to the Consortium (or their nominees) is in excess of the current fair value of the shares in Sirius on issue and whether the proposed Consortium Subscription is at a price that Sirius could make to unrelated third parties and then conclude whether the proposal is fair and reasonable to the existing non associated shareholders of Sirius.

5.1.2 The valuation methodologies we have considered in determining a theoretical value of a Sirius share are:

- capitalised maintainable earnings/discounted cash flow;
- takeover bid - the price at which an alternative acquirer might be willing to offer;
- adjusted net asset backing and windup value; and
- the recent market prices of Sirius shares.

5.2 Capitalised maintainable earnings and discounted cash flows

5.2.1 Sirius currently does not have a reliable cash flow or profit history from a business undertaking and therefore this methodology is not considered to be appropriate, particularly given the fact that the Company entered into voluntary administration on 30 August 2013.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Sirius could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. Currently the Company is in voluntary administration, and the Company has undertaken a Deed of Company Arrangement with Pager Partners Corporate Advisory Pty Ltd (a related entity to Pager), for the Company to emerge from Administration. To our knowledge, there was a rival bid to recapitalise the Company, however in the view of the Administrator and Sirius's creditors, the Pager Partners Corporate Advisory Pty Ltd bid was the most appropriate for all creditors of Sirius. However, if all of the Consortium Subscription Shares are issued and the Consortium Subscription Options are issued and exercised, the Consortium (either individually or via nominees) would control up to approximately 85.11% of the expanded ordinary issued capital of Sirius assuming the exercise of other outstanding share options, but before any other further share issues as referred to in this report and the Notice and Explanatory Statement.

5.4 Adjusted Net Asset Backing

5.4.1 Net asset backing and windup value

5.4.1 As noted above prior to the recapitalisation process, Sirius has no cash and limited other assets (apart from an ascribed value of \$60,000 put to the existing Sirius business by the proposed incoming Directors of Sirius, which may be a lower or greater value upon further evaluation) and minimal business activities and the Administrator considers that on a windup basis, the return to shareholders would be nil (refer paragraph 3.3 of this report).

5.4.2 Purely based on the net cash value of a recapitalised Sirius, the net assets would be disclosed at approximately \$1,336,875 (assuming the Company raises \$1,876,875 as noted above) which would be equivalent to approximately \$0.00405 per share, assuming 315,409,828 shares would be on issue after the recapitalisation process (but before the exercise of First Placement Options and exercise of Existing Options. This compares with the estimated current net value of an Sirius share of nil cents. Should First Placement Options be exercised to raise a further \$750,000 and Existing Options be exercised, a further \$2,235,339 be raised and the total number of shares on issue would increase to 393,603,162 share on issue or approximately \$0.01101 cents per share (assuming no further share are issued).

5.5 Market price of Sirius shares

5.5.1 As the Company is suspended from the ASX, we do not believe it is appropriate to value the Sirius share based on prior quoted prices of Sirius shares on the ASX.

Summary conclusion on value of a share in Sirius

5.6 After taking into account the matters referred to in the preceding paragraphs, we are of the view that the current theoretical value of a Sirius share (prior to the recapitalisation process) is nil cents. As disclosed above the Company has no material assets with minimal business activities.

5.7 If the recapitalisation process is finalised, the net value of an Sirius share immediately post recapitalisation would approximate \$0.00424 per share (assuming the \$1,876,875 is raised as noted in the Resolutions in the Notice, but before the exercise of the Consortium Subscription Options and Existing Options) and accepting the unsubstantiated value of \$60,000 to the Sirius Business (\$0.00405 cash backing only).

6. Premium for Control

6.1 Premium for control for the purposes of this report has been defined as the difference between the price per share that a buyer would be prepared to pay to obtain a controlling interest in the Company and the price per share at which the same person would be required to pay per share which does not carry with it control of the Company.

6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders' control more than 20% of the issued capital. In this case, the Consortium could hold up to approximately 85.11% of the expanded issued capital of Sirius (the related parties individually namely, Shein, Pollak, Pager and Fridman would individually own 12.46%, 10.16%, 10.16% and 52.33% of the Company respectively). In take-over offers, it is often the case that a premium for control falls in the normal range of 15% to 40% and it is often accepted that a 20% premium for control should be payable. The actual premium may be more or less. In this case, we assume a reasonable premium for control should be 20%.

6.3 The Sirius shares that are proposed to be issued to the Consortium (the subject of Resolution 4), are deemed to be theoretically worth nil cents. After certain transaction costs, a net cash balance of approximately \$1,276,875 will remain in the Company (assuming the raising of the \$1,876,875 referred to above).

In our opinion, it is possible that the Consortium are paying a premium for control, however, the non associated shareholders of Sirius are benefiting in that the theoretical value of a Sirius share rises from nil cents (with \$60,000 of net business assets and minimal business activities) to a company with a theoretical cash backed value of approximately \$0.00405 per share.

If the recapitalisation proposal is completed the Company may be in a position to seek new funds and new businesses in the future and depending on whether it is required to comply with Chapters 1 and 2 of the ASX Listing Rules may seek re-quotations of the Company's

shares on the ASX. No major fund raising or new business acquisitions have yet been identified.

6.4 Our preferred methodology is to value Sirius and a Sirius share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.2 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Transaction control basis.

6.5 We set out below the comparison of the low, preferred and high values of a Sirius share compared to the issue price for the Subscription Shares.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a Sirius Share	5.6	0.00	0.00	0.00
Issue price of the First and Second Placement Shares (average rate)		0.625	0.625	0.625
Excess between Subscription Price and fair value		<u>0.625</u>	<u>0.625</u>	<u>0.625</u>

The 0.625 cents is a blended rate of the issue of 150,000,000 First Placement Shares at 0.25 cents each and 150,000,000 Second Placement Shares at 1.0 cents each.

6.6 On a pre Proposed Transaction control basis, the value of a Sirius share is nil cents per share. The recapitalisation is expected to raise \$1,876,875 post consummation of all Resolutions. Based on the preferred value of nil cents per share, a premium for control of is being paid by the Consortium.

6.7 We note that the Consortium does not have Board control of Sirius, and has a nil interest in Sirius at the date of this report.

7. Fairness of the Proposals

7.1 The concept of “fairness” is to be taken to be the value of the offer price, or the consideration being equal to or greater than the value of the securities in the above mentioned offer. As noted above the Sirius shares that are proposed to be issued to the Consortium, the subject of Resolutions 2 and 3) are deemed to be theoretically worth nil cents. Assuming a 20% premium for control, the deemed theoretical value is still nil.

7.2 If the recapitalisation proposal is completed, the theoretical value of a Sirius share increases to approximately \$0.00405 before the potential exercise of any options. The theoretical value of a Sirius share post recapitalisation from a non associated shareholder’s perspective, based on the estimated net assets of \$1,336,875 is \$0.00424 (prior to the potential exercise of any options) which is in excess of the theoretical value pre recapitalisation of nil cents per share. Based on a fully diluted basis (after the exercise of the 75,000,000 First Placement Options to the Consortium at 1 cent each and the 3,193,334 Existing Options to existing options holders at 70 cents per option each), the potential cash on hand increases by \$2,985,334, the net assets increase to \$4,322,209, and the theoretical value of a Sirius share increases from nil to \$0.01098 based on the potential shares on issue of 393,603,162 shares. The theoretical value of a Sirius share post recapitalisation from a non associated shareholder’s perspective on a fully diluted basis, based on the estimated net assets of \$4,332,209 is \$0.01098 which is in excess of the theoretical value pre recapitalisation of nil cents per share

7.3 In arriving at our conclusion on fairness, we considered whether the transaction is “fair” by comparing:

- (a) the fair market value of a Sirius share pre-transaction on a control basis; versus
- (b) the fair market value of a Sirius share post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transaction.

7.4 The low, preferred and high values of an Sirius share pre the Proposed Transactions on a control basis is:

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of an Sirius Share	5.6	nil	nil	nil

7.5 The preferred fair market value of a Sirius share has been estimated at nil cents on a pre Proposed Transaction control basis. The Consortium Subscription yields to an adjusted value of \$0.00424 cents per Sirius share (refer below). As the preferred fair market value of a Sirius share is greater on a post transaction basis, the proposed Consortium Subscription is considered to be fair to the non associated shareholders.

7.6 We set out below the range of estimated technical net asset values of Sirius based on the Pro-forma Balance Sheet as detailed in paragraph 2.8 (after adjusting for the following transactions):

Option Issue	\$1,875
Placement of Shares at approximately \$0.0025 each	\$375,000
Placement of Shares at approximately \$0.01 each	\$1,500,000
	\$
Sirius Business Asset (see paragraph 3.3 above)	60,000
Cash	1,276,875
Other current assets	-
Other current liabilities	nil
Total net assets	<u>1,336,875</u>
Number of shares on issue	315,409,828
Net asset value per share	\$0.00424
Minority interest discount	16.67%
Minority value per share	\$0.00353
Issue Price (Blended Rate) (see paragraph 6.5 above)	\$0.00625

7.7 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 6.2.

7.8 As noted above the fair market value of an Sirius share Post-Transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transaction has a preferred fair value of approximately \$0.00353.

7.9 We set out below a comparison of:

- (a) the fair market value of a Sirius share pre-transaction on a control basis; versus
- (b) the fair market value of an Sirius share post-transaction on a minority basis, taking into account the additional cash raised and the associated dilution resulting from the issue of new shares under the transaction.

	Para.	Low (\$)	Preferred (\$)	High (\$)
Estimated fair value of an Sirius Share Pre Transaction on a control basis	5.6	nil	nil	nil
Estimated fair value of an Sirius Share Post Transaction on a minority basis	8.4	0.00353	0.00353	0.00353
Excess/(shortfall) between Pre transaction Price and Post transaction Price		<u>0.00353</u>	<u>0.00353</u>	<u>0.00353</u>

Using the preferred net asset fair values, the estimated fair value of a Sirius share Pre Transaction on a control basis is less than the estimated fair value of a Sirius share Post Transaction on a minority basis and on this basis the Consortium Subscription is considered fair to the non associated shareholders of Sirius.

7.10 Conclusion as to fairness

After taking into account the matters referred to in 7 above and elsewhere in this report, we are of the opinion that the proposals as outlined in Resolution 4 (and Resolutions 5, 6, 7 and 8 for related parties Shein, Pollak, Pager and Fridman respectively) are on balance fair to the non-associated shareholders of Sirius as at the date of this report.

8. Reasonableness of the Proposals

Advantages

- 8.1 The passing and consummation of Resolution 4 (and collectively Resolutions 4, 5, 6, 7 and 8) in conjunction with the completion of the recapitalisation process would result in a net cash injection of approximately \$1,276,875 (assuming the capital raising of the \$1,876,875 referred to above) into the Company and having a company with minimal or no liabilities, compared with the current position whereby the Company has net assets of approximately \$nil.
- 8.2 If the proposals per Resolution 4 (and collectively Resolutions 4, 5, 6, 7 and 8) are consummated along with the completion of the recapitalisation process, the net cash asset backing of a Sirius share rises from nil cents to approximately \$0.00424 (assumes \$1,876,875 worth of shares and options are issued).
- 8.3 If Resolution 4 (and collectively Resolutions 4, 5, 6, 7 and 8) are passed together with the completion of the recapitalisation process (and other Resolutions not reported upon in this Report), the Company's chances to seek re-quotations of its shares on the ASX are enhanced in that without the recapitalisation, it is likely that the Company would be dissolved and struck off. By obtaining re-quotations of the Company's shares, the existing shareholders are offered liquidity to sell their shares on the ASX.
- 8.4 The proposed directors bring expertise to the Company in that Messer's Shein, Pollak, Pager and Fridman have financial, accounting, marketing and corporate experience and/or experience as directors or managers of public listed companies or other trading entities. The Explanatory Statement discloses the background of the proposed directors (section 6).

Disadvantages

- 8.5 A significant shareholding in the Company is being given to the Consortium, and in particular Messer's Shein, Pollak, Pager and Fridman combined would own (either directly

or via their nominees) up to approximately 85.11% of the expanded issued capital of the Company. However, we note that Sirius will be recapitalised with approximately \$1,276,875 in net cash (assuming the \$1,876,875 capital raising), will have no debt and will have the opportunity to grow its existing business and/or consider the acquisition of other assets or businesses. The existing shareholders are diluted to approximately 14.89% (including the new non-associated shareholders). It is assumed that all Consortium investors will obtain a benefit particularly if the Company's shares can be re-quoted on ASX. The large aggregate shareholding of the Consortium may reduce the appetite for other parties to make a takeover bid for the Company.

- 8.6 Sirius would only have approximately net cash of \$1,276,875 (assuming the raising of \$1,876,875 as noted above) after the consummation of the recapitalisation process is complete. Further fundraisings may be required to be undertaken in the near future. If further shares are issued, the percentage share holding of the existing shareholders of Sirius may be diluted down even further. However as noted above, the shares in Sirius prior to the recapitalisation process is considered to be of nil value with the possibility of the Company being placed into liquidation.
- 8.7 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable. Refer to the Letter to Shareholders accompanying the Notice on the proposed expenditure post the recapitalisation process.

Other

- 8.8 The 75,000,000 First Placement Options, if exercised, would result in a further inflow of funds to Sirius of \$750,000. The exercise price of the 75,000,000 First Placement Options is 1 cent each. The trading price of a Sirius share (after re-quotations of the Company's shares on the ASX that is dependent upon completion of the recapitalisation process) at the date of exercise of the share options could be in excess of 1 cent before option holders exercised the share options.
- 8.9 The 75,000,000 First Placement Options to be issued for a total of \$1,875 have been valued using the Black Scholes option valuation methodology with the key assumptions of an exercise price of 1.0 cents, a share price of 1.0 cents, an interest rate of 2.955%, an issue date of 1 March 2014 and a volatility factor of 75%. The value ascribed is 0.053 cents per share option for a total value of approximately \$393,900, but against which a discount of 25% is applied for the unlisted status of the options issued to the Consortium.

9. Conclusion as to Reasonableness

- 9.1 After taking into account the matters referred to in 8 above and elsewhere in this report, we are of the opinion that the proposals as outlined in Resolution 4 (and collectively Resolutions 4, 5, 6, 7 and 8) are on balance reasonable to the non-associated shareholders of Sirius as at the date of this report.**

10. Sources of Information

- 10.1 In making our assessment as to whether the proposals pursuant to Resolutions 4 to 8 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of Sirius which is relevant in the current circumstances. In addition, we have held discussions with Jonathan Pager a party associated with the Promoter about the present state of affairs of Sirius. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the representative of the Promoter and publicly filed information on the financial position of the Company lodged via the ASX website.
- 9.2 Information we have received includes, but is not limited to:
- drafts of the January 2014 Notice of General Meeting of Shareholders of Sirius (and draft of the ESS attached);
 - discussions with a representative of the Promoter and director of Sirius;

- shareholding details of Sirius;
- announcements, if any, made by Sirius to the ASX to 21 January 2014;
- the reviewed financial report of Sirius for the 6 months ended 31 December 2012; and
- the Deed of Company Arrangement dated 7 November 2013.

9.3 Our report includes Appendix A and Financial Services Guide, attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

A handwritten signature in black ink, appearing to read 'Martin Michalik', with a stylized flourish at the end.

Martin Michalik
Director

APPENDIX A

AUTHOR INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities dated 28 January 2014, relating to Resolutions 4, 5, 6, 7 and 8 outlined in the Notice of Meeting of Shareholders and the accompanying ES to be distributed to shareholders of Sirius in early February 2014.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with Sirius other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed \$8,500 (excluding GST). The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor Martin Michalik or John P Van Dieren have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd or any directors of Stantons International Securities and Stantons International Audit and Consulting Pty Ltd do not hold any securities in Sirius. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities, Martin Michalik and John Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities has prepared other independent expert reports for parties associated with the Promoter or its Nominees.

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Investment Advisers Licence (No 448,697) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr Martin Michalik CA and John Van Dieren (FCA) the persons responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuations and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of the proposed Directors and the Promoter in order to assist the shareholders of Sirius to assess the merits of the proposals (Resolutions 4, 5, 6, 7 and 8) to which this report relates. This report has been prepared for the benefit of the Sirius shareholders and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act 2001 and does not provide a general expression of Stantons International Securities opinion as to the longer term value of Sirius. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Sirius or any of its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in Resolutions 4, 5, 6, 7 and 8 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 4, 5, 6, 7 and 8.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by the Promoter (represented by Jonathan Pager of Pager Partners), its officers and other parties (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), the Promoter has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Sirius may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by the Promoter and Sirius's Deed Administrators; and
- (b) to indemnify Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from the Promoter or any of its officers and Sirius providing Stantons International Securities any false or misleading information or in the failure of the Promoter, Sirius and their officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to the proposed Directors and the Promoter for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 28 January 2014**

1. Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated entities receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

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

8. Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Telephone: 08 9481 3188
Facsimile: 09 9321 1204

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

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and

assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

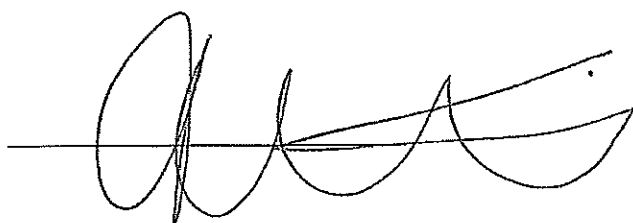
Annexure D - Notice of Nomination of auditor

Nomination of Auditor

I, Michael Woolf Naphtali being a member of Sirius Corporation Limited ACN 050 240 330 (Subject to Deed of Company Arrangement), hereby nominate Stantons International Audit and Consulting Pty Ltd of Level 2, 1 Walker Avenue, West Perth WA 6005 for appointment as auditors.

Dated this 11th day of February 2014

Signed:

A handwritten signature in black ink, appearing to be 'M. Woolf Naphtali', written over a horizontal line. The signature is stylized and cursive.