

17 June 2016  
ASX RELEASE

**BINDING HEADS OF AGREEMENT TO ACQUIRE FINTECH  
COMPANY SQUIREL LIMITED**

**HIGHLIGHTS**

- Metallum Limited (**MNE**) has entered into binding agreements to acquire 100% of the shares in Squirrel Ltd (**Squirrel**), a FinTech company that develops and markets SMSF software and services (**Transaction**).
- MNE will become a software and services company and be renamed "**Squirrel Limited**".
- Squirrel's proprietary technology drives down the average consumer cost of financial and investment services and removes many of the fees, charges and hidden commissions traditionally paid to financial planners, fund managers, brokers and banks.
- Since the public launch of Squirrel's software in 2015, the business has achieved 100% quarter on quarter client and revenue growth.
- PwC estimates that more than 20% of traditional financial services business is at risk to FinTechs by 2020. Squirrel believes that its platform is a highly scalable disrupter designed to capitalise on this global trend and is directly applicable to approximately 60% of all working Australians.
- In 2014, Deloitte included the Superannuation Funds Industry in the 'fantastic five' highest growth sectors for the next 20 years with category revenue exceeding \$345 billion.
- SMSFs are a fast growing fund type: 557,000 existed in Australia as at June 2015 with an average of almost 36,000 being established each year for the period of 2011 to 2015.
- Upon completion of the Squirrel acquisition, MNE will have a well-qualified Board of Directors with extensive experience commercialising services businesses, including Brian Armstrong (Founder of Advanced Professional Solutions (a Reckon Business)), Mr Damien Linn, Mr Steven Fornasaro and Mr Winton Willesee.
- Completion of the Transaction is conditional upon the Company obtaining all necessary shareholder approvals and re-complying with Chapters 1 and 2 of the ASX Listing Rules.

The Board of Metallum Limited (ASX:MNE) is pleased to announce that it has executed share sale agreements with the shareholders of Sydney-based financial software and services company Squirrel Limited (**Squirrel**) pursuant to which it has agreed to acquire 100% of the issued capital of Squirrel. Squirrel develops and sells vertically integrated SMSF software and services direct to the mass consumer market.

MNE (which, subject to shareholder approval, will be renamed "**Squirrel Limited**" as part of the Transaction) has agreed to a transformational acquisition to obtain 100% ownership of Squirrel.

Squirrel is an Australian unlisted public company having focussed investment in R&D and software development since 2014. The business launched its digital platform in 2015 meeting with immediate demand and 100% quarter on quarter client and revenue growth. It operates a national business with clients in every Australian state and territory serviced efficiently via its web-based software and supported by its Sydney-based team of 25 professional employees.

Squirrel markets direct to consumers via mass media including television and radio. AQX / Roy Morgan data sourced in March 2016 records Squirrel as the 16<sup>th</sup> largest national advertiser for the superannuation category behind MLC 13<sup>th</sup>, CBA 14<sup>th</sup> and WA Super 15<sup>th</sup>.



The Squirrel and Squirrel Superannuation brands are protected by registered trademarks.

Through its subsidiary, Squirrel Superannuation Services Pty Ltd, Squirrel holds retail Australian Financial Services and Australian Credit Licence 462160 and is Member # 24864562 of the Tax Practitioners Board.

Squirrel's Australian Integration Partners and Software Stack:

#### External integration services/partners



#### Squirrel Technology Stack



As Squirrel's applications are hosted with Amazon Web Services (the world's largest hosting service) they can scale within minutes to service tens and hundreds of thousands of concurrent users. Squirrel takes data security seriously and employs IT security alignment to global information standard ISO 27001; server hardening based on NSA CSS guidelines and continuous vulnerability and security penetration testing.

The Squirrel platform has been designed around a modular rules database that allows for rapid expansion into similar and/or emerging international markets.

In April 2016, Squirrel established its first international subsidiary, Squirrel (ASIA) Limited – registered in Hong Kong and the exclusive licensee of Squirrel's software and systems. In May 2016, the company opened its first offices in Hong Kong which will serve as the base to explore license, partnership and development opportunities for mainland China, Taiwan and Hong Kong.

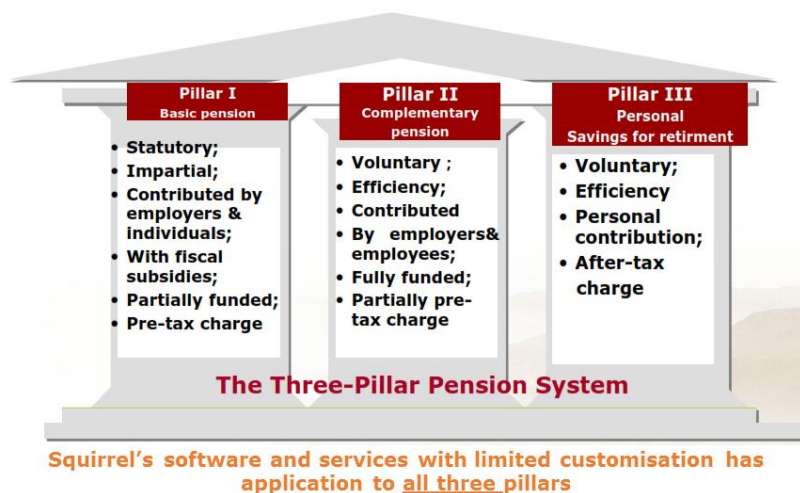
China's three tier pension market is rapidly changing to accommodate its ageing population. China's retirees need access to stable income; currently more than 180 million people are aged over 60 with the total number anticipated to grow to one third of the population by 2050.

Capital outflows from China are trending from institutional to private. In 2015 Yu'e Bao, offered by Alipay, an Alibaba company, launched a new online investment fund which attracted 80 million customers / US\$93 billion in funds under management to its online investment fund in less than 12 months, in part illustrating the willingness of Chinese regulators to allow new players and the population's substantial demand for digital investment products.<sup>1</sup>

<sup>1</sup> Article published in The Australian entitled "The Future of Australian Finance in China" dated 13 January 2015.

## China's Multi-level Pension System: Three Pillars

**Objective:** Wide Coverage, Basic Guaranteed, Multi-Tiered, Sustainable Development



Squirrel has high level support and engagement from Austrade (Sydney, Hong Kong and Shanghai offices) to assist the company enter these international markets and capitalise on the proposed changes to the Chinese pension market.

### KEY ACQUISITION TERMS

In consideration for the acquisition of Squirrel, MNE will issue to the Squirrel shareholders an aggregate of:

- 690,000,000 fully paid ordinary shares in MNE (**MNE Shares**) at a deemed issue price of \$0.024 each; and
- 126,000,000 performance shares in MNE (**Performance Shares**) convertible into MNE Shares in the event that Squirrel records revenue from ordinary operations of not less than \$30,000,000 in its consolidated audited accounts for the financial year ended 30 June 2018.

All MNE Shares and Performance Shares (the **Consideration Shares**) will be subject to escrow restrictions.

In connection with the acquisition, MNE intends to raise up to \$3,000,000 by the issue of MNE Shares under a prospectus and \$3,185,507 by the exercise of existing options on issue exercisable at \$0.024 each on or before 31 July 2016, with such exercise expected to be fully underwritten by Merchant Corporate Finance Pty Ltd.

Settlement of the acquisition of Squirrel is conditional upon the satisfaction (or waiver) of conditions precedent, including:

- Completion of due diligence by MNE on Squirrel to the sole satisfaction of MNE within 21 days of the agreement being executed;
- Completion of due diligence by Squirrel on MNE to the sole satisfaction of Squirrel within 21 days of the agreement being executed;

- MNE obtaining shareholder approval for the Transaction, including approval for:
  - the appointment of Squirrel's nominee directors to the board of MNE;
  - the change of name of MNE to Squirrel Limited;
  - the change in the nature and scale of MNE's activities;
  - the issue of the Consideration Shares; and
  - the consolidation of the issued capital of MNE;
- MNE complying with any requirements of ASX in relation to the acquisition including, if necessary, receiving conditional approval to have its shares readmitted to trading on the Official List of ASX and those conditions being satisfied;
- MNE lodging a prospectus with ASIC to raise a minimum of \$3,000,000 by the issue of MNE Shares; and
- Execution by the Squirrel shareholders of ASX restriction agreements for the Consideration Shares.

The conditions will need to be satisfied by 30 November 2016 (or such later date as is agreed by MNE and Squirrel).

#### PROPOSED CAPITAL STRUCTURE

PROPOSED CAPITAL STRUCTURE	SHARES	PERFORMANCE SHARES	OPTIONS	\$
Existing Securities on issue	135,351,400	-	132,641,792	-
Securities to be issued on exercise of 31 July 2016 MNE Options (exercise of MNE Options is underwritten)	132,235,818	-	-	-
Securities to be issued to Squirrel shareholders	690,000,000	126,000,000	-	-
<b>Total<sup>1</sup></b>	<b>957,587,218</b>	<b>126,000,000</b>	<b>350,974</b>	-
<b>Consolidation of Issued Capital (expected on the basis of 8<sup>1/3</sup>:1)<sup>2</sup></b>	114,910,470	15,120,000	42,116	-
Securities to be issued under Prospectus Offer (offer of MNE Shares at issue price of \$0.20 each to raise \$3,000,000)	15,000,000	-	-	-
<b>Total Securities on issue at re-listing</b>	<b>129,910,466</b>	<b>15,120,000</b>	<b>44,517</b>	-
<b>Market Cap on re-listing<sup>2</sup></b>	-	-	-	<b>Approx. \$26 million</b>
<b>Cash at Bank</b>	-	-	-	<b>Approx. \$8 million</b>

1. Indicative number only; MNE may issue additional shares in connection with the transaction, including to its corporate advisers.
2. Consolidation ratio of 8<sup>1/3</sup>:1 is indicative only. The Company may vary the final consolidation ratio in consultation with Squirrel.
3. Based on price per MNE Share of \$0.20 (on a post-consolidation basis).



## INDICATIVE TIMETABLE

Event	Date
Announcement of Transaction	17 June 2016
Completion of Due Diligence	8 July 2016
General Meeting of MNE Shareholders to approve the transaction	August 2016
Lodgement of Prospectus with the ASIC	August 2016
Close of the Offer under the Prospectus	October 2016
Targeted completion of the acquisition of Squirrel and satisfaction of all conditions for reinstatement to trading on ASX	October 2016
Reinstatement to trading on ASX	November 2016

## BOARD OF DIRECTORS

It is proposed that, upon completion of the acquisition of Squirrel, the Board of MNE will consist of Mr Damien Linn, Mr Brian Armstrong, Mr Steven Fornasaro and Mr Winton Willesee. A brief biography of the proposed directors is as follows:

### Mr Damien Linn

Prior to Founding Squirrel, Damien was held a number of senior roles with Australia's big four banks including as General Manager of a national wealth management channel and Head of Accelerated Growth. His experience also extends to NSW State Management for Australia's largest independent network of Financial Advisers.

Damien is has also been a regular media presenter with spending two years co-hosting weekly radio programs on 2UE, 2GB, 4BC assisting listeners and callers with financial questions.

### Mr Winton Willesee

Mr Willesee is an experienced company director. Winton brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries in a number of jurisdictions having been involved with many successful ventures from early stage through to large capital development projects. Mr Willesee holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary.

### Mr Brian Armstrong

Brian was Founder and Managing Director of Advanced Professional Solutions (APS). Brian drove the development of APS from a start-up in 1997 into a successful multi-national firm. APS became the leading accounting & practice management software for large accounting firms, supplying more than 70% of the top 200 (including 3 of the big 4) Accounting Firms in Australia, New Zealand and

making a significant penetration into the US and UK markets. In addition to practice management software, APS also focused on the SMSF accounting software market.

In 2004 APS merged with Reckon Limited (RKN), prior to that, Brian held senior executive roles with ASX-listed software supplier Solution 6, with responsibility for operations in South Africa, UK, USA and Asia.

**Mr Steven Fornasaro**

Steven is a Senior Partner of in the Sydney office of Global Accounting and Advisory Group Crowe Horwath. Steven quickly gets to the heart of his clients' challenges and opportunities and applies his own knowledge and expertise and collaborates with other experts, such as legal and financial to develop strategic responses.

His experience includes all aspects of business from restructures, due diligence, R&D, intellectual property, audit and tax compliance, to cash flow and capital raising and succession. Steven's knowledge in setting up structures and introducing clients wishing to expand offshore to his foreign contacts will be critical to the expansion of Squirrel into new markets.

Squirrel is being advised by Murdoch Cheng Legal Practice and MNE by Steinepreis Paganin.

Further information will be provided in the notice of meeting document to be sent to shareholders in the coming weeks.

Winton Willesee  
Chairman  
Metallum Limited

Further enquiries:  
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