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**ANTILLES OIL AND GAS NL**  
**(TO BE RENAMED HOMESTAY CARE LIMITED)**  
**ACN 111 823 762**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 11:00am (WST)

**DATE:** 23 August 2018

**PLACE:** London House  
Level 3, 216 St George's Terrace  
Perth, Western Australia 6000

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

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

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm on 21 August 2018.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – PROPOSED ACQUISITION OF HOMESTAY

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the Proposed Acquisition of HomeStay, as described in the Explanatory Statement."*

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

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#### 2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, 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:*

*(a) the existing 162,898,654 Shares are consolidated into 135,000,000 Shares; and*

*(b) the existing 3,000,000 Options are consolidated on a corresponding ratio,*

*and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be)."*

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#### 3. RESOLUTION 3 – ISSUE OF CONSIDERATION SHARES TO HOMESTAY SHAREHOLDERS

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 300,000,000 Initial Consideration Shares (on a post-Consolidation basis) and 200,000,000 Deferred Consideration Shares (on a post-Consolidation basis) to the HomeStay Shareholders as consideration for the Proposed Acquisition on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by HomeStay and any person who will obtain a benefit as a result of the

Proposed Acquisition, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 4. RESOLUTION 4 – PUBLIC OFFER

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

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

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

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#### 5. RESOLUTION 5 – ISSUE OF PUBLIC OFFER SHARES TO DAMIAN BLACK

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 10,000,000 Shares (on a post-Consolidation basis) to Damian Black (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

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

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#### 6. RESOLUTION 6 – ISSUE OF PUBLIC OFFER SHARES TO SHANNON ROBINSON

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Shares (on a post-Consolidation basis) to Shannon Robinson (or her nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Shannon Robinson (and her nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy

Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. RESOLUTION 7 – ISSUE OF PUBLIC OFFER SHARES TO SARA KELLY

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Shares (on a post-Consolidation basis) to Sara Kelly (or her nominee) on the terms and conditions set out in the Explanatory Statement.”*

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

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## 8. RESOLUTION 8 – ISSUE OF SHARES PURSUANT TO CONVERTIBLE LOAN FACILITY

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 50,000,000 Shares (on a post-Consolidation basis) pursuant to a Convertible Loan Facility on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. RESOLUTION 9 – ISSUE OF FACILITATION SHARES

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 10,000,000 Shares (on a post-Consolidation basis) to Mr Michael Denny (or his nominees), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by Mr Michael Denny (and his nominees) and any person who will obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as

proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 10. RESOLUTION 10 – ISSUE OF TRANSACTION OPTIONS TO 708 CAPITAL

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 70,000,000 Transaction Options (on a post-Consolidation basis) to 708 Capital (or its nominees), on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by 708 Capital (and its nominees) and any person who will obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 11. RESOLUTION 11 – ISSUE OF TRANSACTION OPTIONS TO MR DAMIAN BLACK

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Transaction Options (on a post-Consolidation basis) to Mr Damian Black (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

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

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 12. RESOLUTION 12 – ISSUE OF TRANSACTION OPTIONS TO MR RANKO MATIC

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Transaction Options (on a post-Consolidation basis) to Mr Ranko Matic (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

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

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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### 13. RESOLUTION 13 – ISSUE OF TRANSACTION OPTIONS TO MR DAVID WHEELER

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Transaction Options (on a post-Consolidation basis) to Mr David Wheeler (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

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

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 14. RESOLUTION 14 – ISSUE OF TRANSACTION OPTIONS TO MS SHANNON ROBINSON

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Transaction Options (on a post-Consolidation basis) to Ms Shannon Robinson (or her nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by Ms Shannon Robinson (and her nominees) and any of associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 15. RESOLUTION 15 – ISSUE OF TRANSACTION OPTIONS TO MS SARA KELLY

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Transaction Options (on a post-Consolidation basis) to Ms Sara Kelly (or her nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution by Ms Sara Kelly (and her nominees) and any of associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**16. RESOLUTION 16– ELECTION OF DIRECTOR – MS SHANNON ROBINSON**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of clause 14.3 of the Constitution and for all purposes, Ms Shannon Robinson, who being eligible and having given her consent to act, be elected as a director of the Company with effect on and from Settlement of the Proposed Acquisition.”*

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**17. RESOLUTION 17 – ELECTION OF DIRECTOR – MS SARA KELLY**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of clause 14.3 of the Constitution and for all purposes, Ms Sara Kelly, who being eligible and having given her consent to act, be elected as a director of the Company with effect on and from Settlement of the Proposed Acquisition.”*

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**18. RESOLUTION 18 – CHANGE OF COMPANY NAME**

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

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to “HomeStay Care Limited”. ”*

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**19. RESOLUTION 19 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS PLAN**

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 Essential Resolutions, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled HomeStay Care Limited – Incentive Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and



- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**20. RESOLUTION 20 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – PREFERENCE SHARES**

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

*"That, subject to the approval of the Preference Shareholders at the Preference Shareholder's Special General Meeting, in accordance with section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital by cancelling a total of nine (9) Preference Shares held by the Preference Shareholders."*

**Note:** In accordance with section 256C(2) of the Corporations Act, any votes cast on this Resolution (other than by a person as proxy for a member who is entitled to vote, in accordance with the directions on the relevant Proxy Form) by any person who is to receive consideration as part of the reduction and their respective associates will be disregarded.

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**Dated: 23 July 2018**

**By order of the Board**

**MS MELANIE ROSS  
COMPANY SECRETARY**

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**Voting in person**

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

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**Voting by proxy**

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

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

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

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

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

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6188 8181.**

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## EXPLANATORY STATEMENT

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

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### 1. BACKGROUND TO THE PROPOSED ACQUISITION OF HOMESTAY

#### 1.1 General Background

As announced on 10 and 16 May 2018, the Company has executed a binding terms sheet (**Agreement**), pursuant to which the Company was granted an exclusive option to acquire 100% of the issued capital of HomeStay (**Proposed Acquisition**), which has now been exercised by the Company.

The Proposed Acquisition is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisition and satisfying all other requirements of ASX for the reinstatement to official quotation of the Company's Shares on the ASX (among other things). The key terms of the Agreement are set out in Schedule 1.

The consideration for the Acquisition will be satisfied by the issue to the HomeStay Shareholders (or their nominees) of:

- (a) 300,000,000 Shares (on a post-Consolidation basis) at Settlement (**Initial Consideration Shares**); and
- (b) deferred consideration of:
  - (i) 50,000,000 Shares (on a post-Consolidation basis) to be issued upon the HomeStay Group generating cumulative revenue of \$3,000,000 within 36 months of the date that the Company is re-admitted to the Official List and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements (**First Milestone Shares**);
  - (ii) 50,000,000 Shares (on a post-Consolidation basis) to be issued upon the HomeStay Group generating cumulative revenue of \$6,000,000 within 48 months of the date that the Company is re-admitted to the Official List and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements (**Second Milestone Shares**);
  - (iii) 50,000,000 Shares (on a post-Consolidation basis) to be issued upon the HomeStay Group generating cumulative revenue of \$9,000,000 within 54 months of the date that the Company is re-admitted to the Official List and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements (**Third Milestone Shares**);
  - (iv) 50,000,000 Shares (on a post-Consolidation basis) to be issued upon the HomeStay Group generating cumulative revenue of \$12,000,000 within 60 months of the date that the Company is re-admitted to the Official List and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements (**Fourth Milestone Shares**),

(together the **Deferred Consideration Shares**).

For the purpose of the above milestones, the **HomeStay Group** means HomeStay and its subsidiaries as at the date that the Company is reinstated to trading on the Official List following completion of the Acquisition.

The Company has been granted a waiver of ASX Listing Rule 7.3.2 to permit it to issue Deferred Consideration Shares to the HomeStay Shareholders upon satisfaction of the Milestones set out above, which will be outside of three months from the date of this Meeting.

## 1.2 Summary of Resolutions

This Notice of Meeting sets out the Resolutions necessary to complete the Proposed Acquisition and associated transactions. Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the other Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail and Settlement will not occur.

A summary of the Essential Resolutions is as follows:

- (a) as the Company is currently a mineral exploration company, the Proposed Acquisition, if successfully completed, will represent a significant change in the nature or scale of the Company's operations to an aged care technology company, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1);
- (b) the consolidation of the Company's Securities on such basis as will result in the Company having 135,000,000 Shares on issue on a post-Consolidation basis (Resolution 2);
- (c) the issue of the Initial Consideration Shares and the Deferred Consideration Shares (together the **Consideration Shares**) in consideration for the Proposed Acquisition (Resolution 3);
- (d) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising by issuing 150,000,000 Shares at \$0.02 per Share, to raise at least \$3,000,000 (**Public Offer**). The Company may accept oversubscriptions of up to \$1,000,000 under the Public Offer to raise a total of up to \$4,000,000 (Resolution 4);
- (e) the issue of up to 50,000,000 Shares pursuant to the Convertible Loan Facility (Resolution 8);
- (f) the issue at Settlement of:
  - (i) 10,000,000 Shares (**Facilitation Shares**) to Mr Michael Denny (or his nominee) for the introduction and facilitation of the Proposed Acquisition (Resolution 9);
  - (ii) 70,000,000 Transaction Options to 708 Capital (or its nominees) in consideration for corporate advisory services provided by 708 Capital (Resolution 10);
- (g) the appointments of Ms Shannon Robinson and Ms Sara Kelly as Directors on and from Settlement (Resolution 16 and Resolution 17); and
- (h) the change of the Company's name to "HomeStay Care Limited" (Resolution 18).

In addition, the Company is seeking Shareholder approval for the following non-essential Resolutions:

- (a) the issue at Settlement of up to 20,000,000 Shares to Directors as a result of their participation in the Public Offer comprising of the issue of up to 10,000,000 Shares to Mr Damian Black and up to 5,000,000 Shares to each of Ms Shannon Robinson and Ms Sara Kelly (Resolutions 5, 6 and 7);
- (b) the issue of 2,000,000 Transaction Options to each of Mr Ranko Matic, Mr David Wheeler, Mr Damian Black, Ms Shannon Robinson and Ms Sara Kelly in consideration for services provided as Directors (in the case of Mr Damian Black, Mr Ranko Matic and Mr David Wheeler) and services to be provided as Proposed Directors (in the case of Ms Shannon Robinson and Ms Sara Kelly) (Resolutions 11 to 15);
- (c) the adoption of the HomeStay Care Limited – Incentive Performance Rights Plan (Resolution 19); and
- (d) the cancellation of the Preference Shares held by the Preference Shareholders (Resolution 20).

### 1.3 HomeStay

The HomeStay group provides technology enabled care to the aged care industry. Through its proprietary Internet of Things (IOT) platform (**HomeStay IoT Platform**), HomeStay assists seniors and the elderly to remain living independently in their homes for longer. The HomeStay IoT Platform is a unified technology care platform offering on demand care services, healthcare data management and lifestyle monitoring via its “**Intelligent Homes**”.

HomeStay was founded in 2016 after identifying a need for the provision of better, smarter, more efficient and consistent care to senior adults to enable them to stay in their homes longer through the use of technology. In addition, HomeStay provides families peace of mind through participation, communication and transparency to ensure that their loved ones are being looked after.

The HomeStay IOT Platform connects with various sensors, including wearables and sensors on home appliances, to provide ongoing monitoring to assist in the care of elderly users. The platform is driven by artificial intelligence, machine learning and predictive analytics that provide real time alerts and preventative interventions that allow senior adults to stay in their homes longer.

A more detailed description of the HomeStay IoT Platform is set out in Section 1.6 below.

### 1.4 Key Investment Highlights

The Directors and Proposed Directors are of the view that the key highlights of an investment in the Company include:

- (a) the key executives and senior management of HomeStay have an intimate knowledge of the industry in which HomeStay is operating in, at both the technology, and aged care level.
- (b) The HomeStay IoT Platform provides technology enabled care to the aged care industry, and could potentially benefit from the recently released Federal Budget which includes funding to support Australians who wish to receive care at home through the Government providing \$1.6 billion to support 14,000 additional high-level home care packages by 2021-22.

- (c) HomeStay has entered into contracts to install 750 Intelligent Homes (including both government and private enterprise), and has undertaken successful negotiations with service providers to effectively and efficiently roll out these contracted homes.
- (d) HomeStay has identified various potential commercialisation avenues that provide the HomeStay IoT Platform with the opportunity to capture revenues from government and private enterprise, particularly in the aged care industry, but also in the disability and general care sector.
- (e) HomeStay is currently active in two jurisdictions (being Australia and Singapore), and has the potential and intention to roll out its products and operations into many other jurisdictions as traction is gained with its current operations and industry partners.

## 1.5 Aged Care Industry

### Australia's Aging Population and funding aged care in Australia

In 2016, 3.7 million Australians or 15% of the population were aged 65 years or over. This proportion is projected to grow steadily over the coming decades.<sup>1</sup>

The aged care sector makes a significant contribution to the Australian economy, representing almost 1% of gross domestic product.<sup>2</sup> Total Australian Government expenditure on aged care in 2015-16 was \$16.2 billion, up from \$15.2 billion in 2014-15.<sup>3</sup> Funding for aged care included:

- (a) \$3.7 billion for home support and home care services (over 1,600 government approved providers); and
- (b) \$11.4 billion for residential care.<sup>4</sup>

### Federal Budget 2018

In his budget speech, Treasurer, Scott Morrison announced the government would spend \$1.6 billion over four years to create more home care places to support the choice of older Australians who wish to stay at home and avoid going in to residential care. In addition to this he also announced \$146 million to improve access to aged care services in rural and regional areas, \$83 million for increase support to mental health services and added that \$20 million over four years is being ear marked for a pilot project targeting "loneliness" and those at risk of isolation.<sup>5</sup>

### The Aged Care Reform 2017, Increasing Choice in Home Care

In the 2015-16 Budget, the Australian Government announced significant reforms to home care to improve how home care services are delivered to older Australians. From 27 February 2017, funding for a home care package will follow the consumer, allowing them to:

- (a) choose their own provider; and
- (b) change their provider as and when needed.

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<sup>1</sup> Australian Government, Australian Institute of Health & Welfare, 2017, Older Australia at a Glance

<sup>2</sup> Australian Government Department of Health, 2017

<sup>3</sup> Australian Government Department of Health, 2017

<sup>4</sup> Australian Government Department of Health, 2017

<sup>5</sup> Australian Federal Government, Budget 2018

These changes enable a more consumer-driven, market-based and less regulated aged care system, one that supports independent living and in-home care later in life. The two main tenants of this system are:

- (a) Home Care and Home Support; and
- (b) Flexible Care Services.

#### What is Home Care and Home Support

Government provides services to help older people remain in or return to independent living. Carers can also access respite care through home care and home support programs, including the Commonwealth Home Support Program, and Home and Community Care services. These programs provide basic maintenance and support services (including centre-based day care, domestic assistance and social support) to people in the community whose independence is at risk. A limited number of home care packages are also available for people requiring higher levels of help to stay at home, with levels of care ranging from low level care needs (Level 1) to high care needs (Level 4). Services under these packages are tailored to the individual, with services including personal care (e.g. showering), support services (e.g. cleaning) and/or clinical care (e.g. nursing and allied health support). As at 30 June 2017, 71,423 older individuals were recipients of a home care package.<sup>6</sup>

#### What is Flexible Care Services

Where mainstream residential or home care services are unable to cater for an older person's specific needs, the following flexible care options are available:

- (a) Transition Care – assists older individuals to regain physical, and psychosocial, functioning following an episode of in-patient hospital care to help maximise independence and avoid premature entry to residential aged care.
- (b) Short-term restorative care – similar to Transition Care but is provided to people who have had a setback or decline in function without having been in hospital.

The recently released Federal Budget included increased funding to support elderly Australians who wish to receive care at home, through the Government providing \$1.6 billion to support 14,000 additional high-level home care packages by 2021–22. This adds to the 6,000 places the Government has provided since the last Federal Budget.

There is presently no obligation for HomeStay to obtain any licenses or other regulatory approvals to undertake its business. However, providers of aged care services are able to receive Australian Government aged care subsidies if they are registered as approved providers. As HomeStay is not responsible for providing services itself, this is not directly relevant to the HomeStay business.

HomeStay is a unique offering that provides a unified technology care platform offering: on demand care services; healthcare data management; and lifestyle monitoring. The aged care industry consists of many providers and is undergoing digitisation. HomeStay offers a transparent platform that can be used to optimise operations, as well as collect data and use artificial intelligence to identify behaviour patterns and introduce early-stage preventive action.

HomeStay is aware that there are competitors in this market offering similar products and / or offerings to HomeStay, however, as far as HomeStay is aware, these competitors operate in different jurisdictions to those in which HomeStay is rolling out

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<sup>6</sup> Australian Government Department of Health 2016

its offerings or have insignificant current presence so as to not interfere with HomeStay's current operations. HomeStay believes that, in addition to having a suite of products and offerings that are of a high quality, it also has a first-to-market advantage over its competitors. This statement can be supported by HomeStay's current binding contracts (**Collaboration Orders**), all of which are with parties whom can be considered as major aged care industry and allied health affiliates. Refer to Section 1.7 for further details of the Collaboration Orders.

## 1.6 HomeStay IoT Platform

### (a) Overview

The HomeStay IoT Platform is operated via an app available on both tablet and mobile on Android and iOS (**HomeStay App**). The HomeStay App currently incorporates many features including the three core offerings:

- (i) Aged Care On Demand Services;
- (ii) HealthCare Data Management; and
- (iii) HomeStay Intelligent Homes.

### (b) Aged Care On Demand Services (HomeStay ODS)

The HomeStay App provides a market place for aged care services utilising the HomeStay booking system via the HomeStay App, enabling clients, family and vendors the ability to search, book, schedule and pay for services, and which provides flexibility and convenience for individuals wanting to stay at home longer.

The HomeStay ODS connects users to a database of service providers that can assist users with everyday jobs for which users may require assistance. Service providers are sourced in a number of ways, based on demand (i.e. as HomeStay continues to roll out its Intelligent Homes, it actively identifies service providers in locations where rollouts are underway, or about to commence). Users can access a list of services and service providers available in their area and use the HomeStay ODS to schedule a date and time for the service provider to provide the services. The HomeStay ODS provides a secure payment portal through which payments can be made for services. The payment portal ensures that users of HomeStay ODS receive their services prior to them paying the service provider, as a payment cannot be made to the service provider until the client confirms that they have received the relevant service that was contracted through the HomeStay App. This payment process ensures that HomeStay ODS service users are protected.

The services currently available through the HomeStay ODS include, cleaning, gardening, meal preparation, home visits, hairdressing, home maintenance, handy man, laundry, transportation and caregivers.

HomeStay offers clinical services through its platform via third party suppliers such as Allied Health Service providers who are responsible for delivering services to HomeStay clients.

All service providers made available through the HomeStay App have been police and reference checked (and any future service providers will be subject to a police and reference check). To pass a police and reference check, a service provider must submit all relevant documentation prior to being allowed on the platform, including police checks with at least two years' validity, and a short list of references, which are contacted. Following

a service providers provision of services, each client is able to provide feedback and rate the service they have received from the service provider. This ensures that HomeStay (through its clients) can exercise another level of quality control in relation to service providers engaged through HomeStay ODS.

(c) **HealthCare Data Management**

The HomeStay App permits users to monitor important health information (and keep patients on track to meet health goals). Central to the HealthCare Data Management functionality is an online health portal accessed through the HomeStay IOT Platform (**Health Portal**).

The Health Portal allows users to securely store their personal medical records, test results and upcoming appointments. Users can then permit third party access to this information for the user's doctor and other authorised health care professionals or the users families or friends, which ensures that important third parties are able to monitor users on an ongoing basis, without the additional costs incurred in attending medical appointments. This ability for electronic engagement means health care plans can be reviewed and healthcare goals can be monitored at a lower cost.

The Health Portal also provides secure channels of communications between users, health care providers and carers, with doctors being able to upload test results and send secure messages. Through this platform, users are able to discuss test results, establish care plans, and review progress from the comfort of their own homes. HomeStay also plans to update the Health Portal to enable secure audio and video connections.

The Health Portal also enables connections to wearable devices. The data collected from these personal health monitors include activity, movement and sleep patterns with options to also include blood pressure, blood sugar, pulse oximetry, heart rate and ECG readings. This information is automatically transmitted to the Health Portal and added to users' electronic health record. This creates a current and accurate reflection of a user's health. The HomeStay IOT Platform is able to connect to home monitors, smartphones, and tablets, so users are able to easily review their own health trends. Any reminders and alerts from your monitoring devices are also integrated into the platform.

The health data collected will be used to develop artificial intelligence (**AI**) alerts to families via the HomeStay App. In order to develop AI alerts, HomeStay collects data from the various abovementioned devices (i.e., home sensors and wearables). The data is then combined and used to determine patterns that are not in line with a client's daily activity. These anomalies in daily activities (which are determined through data monitoring and mining) form the basis of alert generation. The AI being developed is based on outcomes (such as a fall occurring, an abnormal heartbeat, failure to move for extended periods, etc.). Once an outcome occurs, the data leading up to that outcome can be analysed and used to create algorithms (which are intended to be proprietary). As more and more data is collected and analysed, more accurate algorithms can be developed, which in turn, will result in more accurate and meaningful alerts being developed, which will assist to prevent negative outcomes, and assist clients to continue living at home independently, for longer. HomeStay is using the assistance of consultants and strategic partners to assist with the development, and continuing improvement of its AI (i.e, in one instance, the consultant is providing all data analytics and artificial intelligence in relation to the data collected by HomeStay's Intelligent Home).



(d) **HomeStay Intelligent Homes ("Intelligent Home")**

The Intelligence Homes various in-home AI sensors, including movement/activity monitoring, bed sensor, door/window sensors, hot water sensor, incontinence device and wearable smart watches as a single modular package.

Data from the various sensors is collected at a user's home wirelessly through a "hub" which is central to Intelligent Home technology. The main outcome is to provide preventative interventions and care to the elderly by utilising advanced AI and predictive analytics to alert family, friends and caregivers to a potential incident via an alert system, so the situation can be immediately attended to. Actions include calling an ambulance in the case of an emergency, or a caregiver to attend the next day if the situation is not so immediate.

The HomeStay IoT Platform collects data across the HealthCare Data Management and the Intelligent Homes using artificial intelligence, machine learning and predictive analytics to provide alerts to family, friends and caregivers who are then able to triage the situation depending on the severity of the alert.

This type of unique solution is a significant advance on how care is delivered today. In most cases, triage is only delivered after an incident. By using HomeStay Intelligent Home and IoT devices, HomeStay targets accurate predication of an incident before an incident occurs, based on the data collected over time on the individual. The technology can potentially also be applied to the disability sector and HomeStay anticipates extending its offering later in 2018.

## 1.7 **HomeStay's Current Activities**

As at the date of this Notice, HomeStay has formal agreements with each of BICG Pty Ltd (trading as AI Sydney) (**BICG**), LVELY Pte Ltd (**LVELY**), and Home Care Holdings Pty Ltd (**HCH**). The formal binding agreements are in the form of collaboration agreements (each, a **Collaboration Agreement**), and each Collaboration Agreement is on near identical terms and conditions.

Each Collaboration Agreement has a term of two years and may be terminated by either party by thirty days written notice. Each Collaboration Agreement sets out: the obligations of each party and their respective operations; dealings with IP, enhancements to IP, and joint development of new IP; warranties; indemnities; and other provisions typical for agreements of this type. In relation to ownership of IP:

- (a) each party retains full ownership of all its IP held prior to entering into the relevant Collaboration Agreement (**Background IP**);
- (b) any enhancements, changes, or modifications made to a parties Background IP whilst a Collaboration Agreement is in effect will be the property of the party who owned, or held that Background IP prior to entering into the relevant Collaboration Agreement;
- (c) the parties to a Collaboration Agreement acknowledge that a collaboration between them may result in the joint development of new technology, products, and services, and where it is anticipated that such development will occur, the parties will negotiate the terms of any new patent and technology ownership prior to the research and development of any new technology; and
- (d) subject to the paragraph directly above, any new IP created pursuant to a Collaboration Agreement will be owned by, and vest in both parties immediately upon creation, and each party must grant the other party a

non-exclusive, perpetual, non-transferable, royalty free and worldwide licence to use the new IP for the purpose of providing services and undertaking other activities pursuant to, or in connection with the relevant Collaboration Agreement.

Pursuant to each Collaboration Agreement, each new project requires a party to deliver to the other party a "**Collaboration Order**" (which is in an agreed form as an annexure to each Collaboration Agreement). The Collaboration Order sets out: the details of each project and related activities; relevant fees and payments; project time period; and equipment to be provided by each party.

Collaboration Orders have been executed between HomeStay, and each of BICG, LVELY, and HCH.

- (a) BICG is a Sydney based group that specialise in artificial intelligence, data and analytics. BICG is uniquely positioned to ensure its clients get the most powerful insights out of everyday information using future-focused artificial intelligence agent. BICG has been operating for more than 20 years.
- (b) LVELY is a Singapore based entity that engages with volunteer groups who work with the elderly with the purpose of helping them live independently in their homes for longer.
- (c) HCH is a national aged care and allied health provider.

The material terms and conditions of each Collaboration Order are set out below:

#### Collaboration Order – BICG

The material terms of the Collaboration Order between HomeStay and BICG (**BICG Collaboration Order**) are as follows:

- (a) (**Project**): A pilot project for the delivery of the Murrumbidgee Primary Health Network (**MPHN**), and Murrumbidgee Local Health District (**MLHD**) (each abovementioned party being a client of BICG) fragility and mobility project (**BICG Pilot Project**), whereby HomeStay will provide a minimum of 300 Intelligent Homes.
- (b) (**Project Activities**): HomeStay providing its Intelligent Home for use in the BICG Pilot Project, and BICG providing the data analytics and artificial intelligence in relation to the data to be collected by Intelligent Home.
- (c) (**Time Period**): Now until 1 January 2019 (or as otherwise extended by mutual agreement) with initial roll-out scheduled to commence in August 2018 following detailed scoping and scheduling of the program currently underway.
- (d) (**Fees**): At the end of the Time Period, BICG has agreed to acquire, or lease the HomeStay Hub including Intelligent Home equipment and accompanying IoT sensors from HomeStay. HomeStay anticipates that any revenue to be derived via either lease or acquisition of the equipment will be similar to the fees referred to under the paragraph below titled "Business Model Overview" (this is based on BICG electing for a lease period of 24 months).

#### Collaboration Order - LVELY

The material terms of the Collaboration Order between HomeStay and LVELY (**LVELY Collaboration Order**) are as follows:

- (a) **(Project):** The collaboration on an Intelligent Home pilot project in Singapore for 150 homes (**LVELY Pilot Project**).
- (b) **(Project Activities):** LVELY is to recruit participants for the LVELY Pilot Project, and HomeStay is to install the Intelligent Home units in the recruited participants homes.
- (c) **(Time Period):** The collaboration activities will be undertaken over a period of three years (the period commenced on 23 February 2018).
- (d) **(Fees):** Each Intelligent Home shall have a fee attaching to it (with each fee becoming payable after the first 12 months of an Intelligent Home being installed). Fees will be in accordance with the business model outlined under the paragraph below titled "Business Model Overview".

#### Collaboration Order – HCH

The material terms of the Collaboration Order between HomeStay and HCH (**HCH Collaboration Order**) are as follows:

- (a) **(Project):** The provision of Intelligent Home units to an estimated 300 homes located within Australia and New Zealand that are serviced by HCH's affiliate companies (**HCH Pilot Project**).
- (b) **(Project Activities):** HomeStay is to: install Intelligent Home units to homes within Australia and New Zealand; provide training to HCH and its affiliates personnel in relation to the Intelligent Home and any of its components; and provide hardware and software support to HCH and its affiliates (as required).
- (c) **(Time Period):** The HCH Pilot Project commenced on 27 February 2018, and the end date is yet to be determined by the parties. The overarching Collaboration Agreement has a term of two years.
- (d) **(Fees):** Each Intelligent Home shall have a fee attaching to it. Fees will be in accordance with the business model outlined under the paragraph below titled "Business Model Overview".

To date, HomeStay have delivered a total of 20 Intelligent Homes (10 in Australia, and 10 in Singapore), and intends to continue this rollout as aggressively as possible.

## **1.8 Revenue Models**

The business model for HomeStay is to generate revenue from two main categories, namely via "Subscription Services" and "On-Demand Services".

The HomeStay App is free to download and revenue is generated when:

- (a) An on-demand service is provisioned from a vendor. HomeStay takes a fee of 15% of the total cost of the service. For example: A caregiver is booked for 2 hours for a total cost of \$100, HomeStay will charge a fee of \$15 from the vendor for using the booking service.
- (b) Subscription services for the Intelligent Homes. There are 3 charges, the initial cost of hardware, a monthly monitoring and alert system fee, and a one-off installation fee. Generally, the total cost of having an Intelligent Home is payable over 18 to 24 months (similar to a mobile phone plan).

As at the date of this Notice, HomeStay anticipates that it will generate small amounts of revenue pursuant to the Collaboration Orders with each of BICG, LVELY, and HCH in the next 12 – 24 months (based on each party's contractual obligations relating to

fees); and HomeStay ODS. HomeStay will keep the market updated with respect to its ongoing revenue generating activities and will consider release of forecast financial information once it considers that it has a reasonable basis on which to make such forecasts.

## 1.9 Growth Strategy

HomeStay has experienced rapid growth since commencement of operations and roll-out of the HomeStay IOT Platform, with encouraging industry engagement and commitment to commercial pilots for the HomeStay Intelligent Home. HomeStay intends to grow its business by converting the commercial pilots to long term commercial contracts and cross-selling its ODS. HomeStay has identified the need for scalable, reliable, and predictive care that enables those with 'care in the home needs' to live with dignity, independence, choice and control. When considering solutions to this situation, HomeStay has taken an approach that is assisted via cross-industry collaboration. Cross-industry collaboration refers to HomeStay's intended collaboration with parties that have shared attitudes towards health providers, insurers, technology companies and government.

HomeStay has invested in making both collaborations and partnerships a business development cornerstone. By curating and aggregating fit-for-purpose and best-of-breed products and services, HomeStay has given itself an opportunity to expand and scale its offerings and commercial constructs, as well as leverage its first-mover / first-improver opportunities.

In addition to the agreements HomeStay has on foot as set out above, HomeStay currently has two HomeStay led collaboration proof of concepts on foot:

- (a) **The Enabled Lifestyle Blueprint** is a collaboration between HomeStay, St John of God Healthcare and a range of market leaders, movers, and innovators. The parties aim is to develop an end-to-end residential technology solution which will enable increased levels of independence, choice and control for those with intellectual disabilities.
- (b) **Intelligent Home Installation Pilot** – HomeStay is working with Telstra on 150 Intelligent Home installations in New South Wales as part of a pilot program to test the potential to utilise the telecommunications company's field workforce to install HomeStay products.

HomeStay has focused its operations in NSW and targets expansion to a national platform and is also commencing commercial operations in Singapore. HomeStay continues to engage with potential private and government partners to undertake further commercial projects and continue to develop and expand its offerings under the three core areas. In relation to HomeStay ODS, HomeStay intends to focus on ongoing digital marketing campaigns to grow the HomeStay ODS business.

## 1.10 Licensing and Regulatory Requirements

HomeStay is based in Australia and is subject to Australian laws and regulations. However, HomeStay also currently has its operations in an international jurisdiction, Singapore, and the Company will need to ensure that it complies with all regulatory requirements in this jurisdiction, such as licensing and reporting requirements, as well as any other jurisdictions in which the HomeStay IoT Platform will be operated in the future.

There is presently no obligation for HomeStay to obtain any licenses or other regulatory approvals to undertake its business. However, providers of aged care services are able to receive Australian Government aged care subsidies if they are registered as approved providers. As HomeStay is not responsible for providing services itself, this is not directly relevant to the HomeStay business.

## **1.11 Direction of the Company**

Upon Settlement of the Proposed Acquisition, the Company's focus will shift from mineral exploration to the aged care technology industry, specifically the development and commercialisation of the HomeStay IoT Platform.

The Board considers that the quantum of the Consideration Shares to be issued for the Proposed Acquisition reflects reasonable fair value of HomeStay in view of the Company having conducted arm's length negotiations with representatives of HomeStay to arrive at the commercial terms of the Proposed Acquisition.

In determining the consideration for the Proposed Acquisition, the Company also took into account the following considerations:

- (a) internal revenue and profit forecasts of HomeStay. However, those forecasts cannot be stated publicly as they do not comply with ASIC guidelines (in particular, ASIC Regulatory Guide 170 which requires directors to have a reasonable basis for disclosing forecast financial information);
- (b) third party transactions in the technology market; and
- (c) the Board's assessment of the future prospects of HomeStay based on the status of its technology and the growth forecast of the aged care industry.

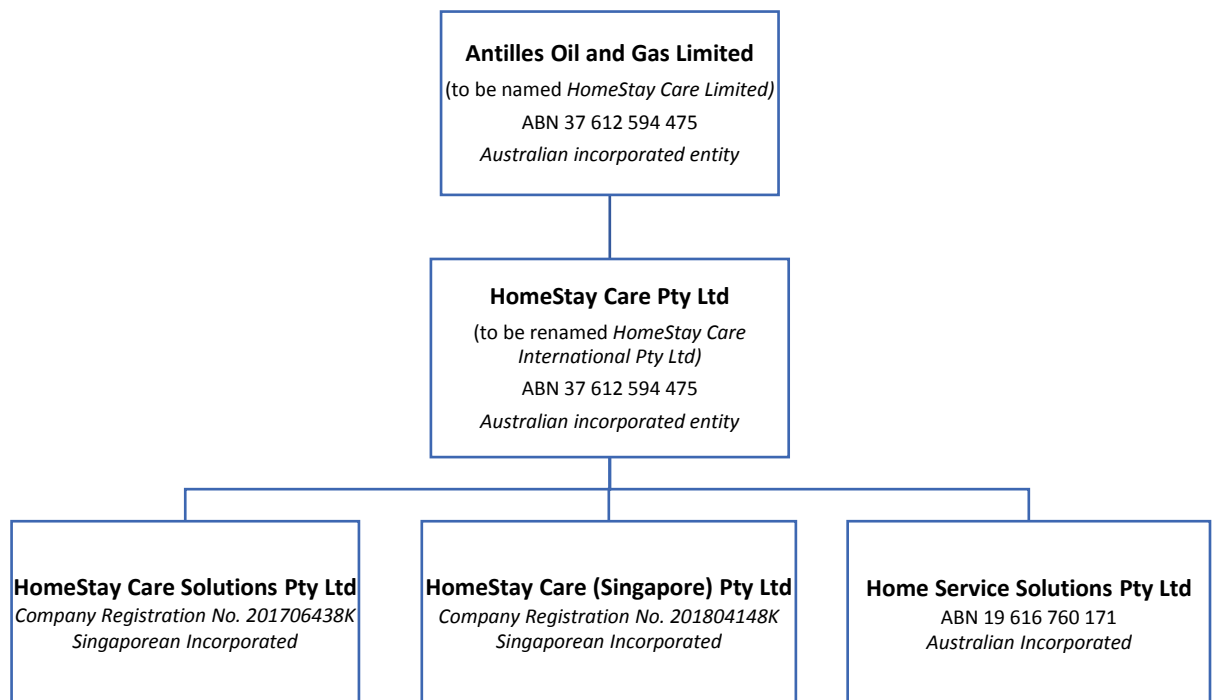
As with the acquisition of any business or asset that does not have a meaningful track record of revenue and profitability, there is not always an appropriate formal valuation methodology (e.g. discounted cash flow) available when determining the purchase price and the Company was required to take into account qualitative factors such as those set out above in coming to a decision on price.

The Board is of the opinion that the opportunity presented under the Proposed Acquisition represents an opportunity that is in the best interests of current Shareholders of the Company and was involved in a lengthy negotiation process prior to executing the Agreement.

The opportunity structured and presented under the Proposed Acquisition presents Shareholders with the opportunity to hold a position in a unique business with the ability to generate revenue in an existing market with an opportunity for significant growth.

## 1.12 Group Structure

Upon Settlement occurring, HomeStay will become a wholly owned subsidiary of the Company. A group structure diagram is set out below, which assumes completion of the Proposed Acquisition:



The Company currently has a number of subsidiaries associated with its current operations as an oil & gas exploration company. These subsidiaries are in the process of being wound up and the Company therefore does not consider them relevant to the Company's ongoing activities following completion of the Proposed Acquisition.

## 1.13 Key Dependencies of the Business Model

The key factors that HomeStay will depend on to meet its objectives are:

- (a) the Company's capacity to re-comply with Chapters 1 and 2 of the ASX Listing Rules to enable re-admission to quotation of the Company's Securities;
- (b) the successful completion of the Public Offer;
- (c) the successful completion of the Proposed Acquisition;
- (d) the progression of pilot programs into ongoing commercial arrangements;
- (e) continual development and updates to HomeStay's AI technology and the HomeStay IoT Platform;
- (f) continued availability of service providers for HomeStay ODS;
- (g) continued access to technology underpinning the AI offering and access to wearables / sensors;
- (h) provision of suitable training to elderly users and service providers; and
- (i) raising sufficient funds to:
  - (i) develop its technology further;

- (ii) roll-out its committed Intelligent Homes; and
- (iii) pursue business growth opportunities.

#### **1.14 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules**

ASX has advised the Company that, given that the Company is proposing to make a change in its activities from a mineral exploration company to an aged care company, it has exercised its discretion to require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Proposed Acquisition.

For this purpose, the Company will be required to re-comply with the conditions to listing on ASX set out in Chapters 1 and 2 of the ASX Listing Rules in order to achieve Settlement and before it can be re-instated to trading on ASX following Settlement.

#### **1.15 ASX waivers and confirmations obtained**

ASX Listing Rule 2.1 Condition 2 provides that it is a condition of quotation of the main class of a company's securities of an entity seeking admission to ASX that the issue price of the securities for which the company seeks quotation must be at least \$0.20 in cash. In addition, ASX Listing Rule 1.1 Condition 12 provides that for an entity to be admitted to the Official List, the exercise price for any options on issue must be at least \$0.20 in cash.

ASX Listing Rule 7.1 requires listed companies to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of a listed company in any 12-month period. If the Company obtains Shareholder approval for the issue of securities (in accordance with the ASX Listing Rules) the issue of those securities will not form part of the Company's 15% capacity.

ASX Listing Rule 7.3 sets out the requirements for shareholder approval under ASX Listing Rule 7.1. In particular, ASX Listing Rule 7.3.2 provides that the notice of meeting must (inter alia) state the date by which the entity will issue the securities and that the securities must be issued no later than 3 months after the date of the meeting or such later date as may be permitted by any ASX waiver or modification of the ASX Listing Rules.

On 17 July 2018, the ASX granted the Company:

- (a) a waiver from the requirements of ASX Listing Rule 2.1 Condition 2 to permit it to issue Shares under the Public Offer and the Convertible Loan Shares at an issue price of \$0.02 per Share;
- (b) a waiver from the requirements of ASX Listing Rule 1.1 Condition 12 to permit it to have Options on issue or to be issued with an exercise price below \$0.20 (being the Transaction Options) after the completion of the Proposed Acquisition; and
- (c) ASX Listing Rule 7.3.2 to permit it to issue, subject to satisfaction of the milestones, Deferred Consideration to the HomeStay Shareholders in accordance with the milestone periods, which will be outside of three months from the date of this Meeting.

This waiver is subject to Shareholders approving the Company undertaking the Public Offer at not less than \$0.02, approving the issue of the Convertible Loan Shares at an issue price of not less than \$0.02 per Share and issuing Options in connection with the Proposed Acquisition with exercise prices not less than \$0.02.

## 1.16 Use of Funds

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its strategy post-completion of the Proposed Acquisition, the Company intends, subject to Shareholder approval, to conduct a capital raising pursuant to a full form prospectus to raise up to \$4,000,000 at an issue price of \$0.02 per Share (**Public Offer**). Shareholder approval for the Public Offer is the subject of Resolution 4.

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List of ASX as follows:

Use of Funds	Minimum Subscription	%	Maximum Subscription	%
Existing cash reserves of the Company plus funds raised under the Facility*	\$2,000,000	40.00%	\$2,000,000	28.57%
Funds raised under the Public Offer	\$3,000,000	60.00%	\$4,000,000	57.14%
<b>TOTAL</b>	<b>\$5,000,000</b>	<b>100%</b>	<b>\$6,000,000</b>	<b>100%</b>
Enhancement of platform, including security updates and IoT devices integration	\$700,000	14.00%	\$800,000	13.33%
Business development	\$250,000	5.00%	\$370,000	6.17%
Sales and marketing	\$250,000	5.00%	\$370,000	6.17%
Intelligent Home installation, hardware, on-going monitoring services, data management and analytics	\$1,450,000	29.00%	\$1,700,000	28.33%
Operations	\$300,000	6.00%	\$300,000	5.00%
Identification of new opportunities and markets	\$100,000	2.00%	\$100,000	1.67%
Working capital**	\$1,500,000	30.00%	\$1,800,000	30.00%
Expenses associated with the Public Offer	\$450,000	9.00%	\$560,000	9.33%
<b>TOTAL</b>	<b>\$5,000,000</b>	<b>100%</b>	<b>\$6,000,000</b>	<b>100%</b>

### Notes:

- Cash reserves of the Company and HomeStay at completion of the Proposed Acquisition assuming completion by 31 August 2018 and assuming expenditure by the entities of approximately \$2,230,000 in addition to the payment of an exclusivity fee and a loan of \$400,000 was made by the Company to HomeStay prior to 31 May 2018.



- Includes administration cost of running the business, including cost of paying salaries to staff as well as general corporate costs including rent and the provision of service to the company
- Anticipated revenues have not been included in the table above on the basis that HomeStay does not consider that it has a reasonable basis on which to include financial forecasts.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from development, sales and marketing and commercialisation activities. This will involve an ongoing assessment of the HomeStay technology and HomeStay IoT Platform. The results obtained from development, sales and marketing and commercialisation activities may lead to increased or decreased levels of expenditure on certain activities reflecting a change in emphasis.

The above table is a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events (including marketing and commercialisation success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Existing Directors and the Proposed Directors consider that following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 1.26.

#### 1.17 No Underwriter

The Public Offer is not underwritten. However, the Company has appointed 708 Capital to lead manage the Public Offer.

#### 1.18 Pro forma capital structure

The proposed capital structure of the Company following completion of the Proposed Acquisition and issues of all Securities contemplated by this Notice is set out below.

	Shares	Options	Deferred Consideration Shares	Preference Shares
<b>Current</b>	162,898,654	3,000,000		9
<b>Post-Consolidation and Cancellation of Preference Shares<sup>3</sup></b>	135,000,000	2,486,209		-
Public Offer <sup>2</sup>	150,000,000	-		-
Consideration Securities	300,000,000	-	200,000,000 <sup>4</sup>	-
Facilitation Shares	10,000,000	-		-
Convertible Loan Shares	50,000,000	-	-	-
Transaction Options to be	-	70,000,000 <sup>1</sup>		-

issued to 708 Capital				
Transaction Options to be issued to Directors	-	10,000,000 <sup>1</sup>		-
<b>TOTAL</b>	<b>645,000,000</b>	<b>82,486,209</b>	<b>200,000,000</b>	<b>Nil</b>

**Notes:**

1. The terms and conditions of the Transaction Options to be issued pursuant to Resolutions 10 to 15 are set out in Schedule 3.
2. Assuming that the Minimum Subscription is raised. If the Company raises the Maximum Subscription, an additional 50,000,000 Shares will be issued.
3. Assuming that that Shareholders approve Resolution 20 and Preference Shareholders approve resolution 1 at the Preference Shareholders' Special General. If either of these Resolutions is not approved, the Preference Shares will be consolidated in the same ratio as the other Securities.
4. The issue of the Deferred Consideration Share is subject to the Company achieving the milestones set out in Section 1.1.

### 1.19 Pro forma balance sheet

The pro-forma balance sheet of the Company following completion of the Proposed Acquisition and issues of all Shares and Transaction Options contemplated by this Notice is set out in Schedule 2. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

### 1.20 Indicative timetable

An indicative timetable for Settlement of the Proposed Acquisition and the associated transactions set out in this Notice is set out below:

Event	Date*
Execution of the Agreement	10 May 2018
Notice of Meeting for the Proposed Acquisition sent to Shareholders	23 July 2018
Lodgement of Prospectus with the ASIC	3 August 2018
Opening date of Public Offer	3 August 2018
Shareholders meeting to approve the Proposed Acquisition	23 August 2018
Closing date of Public Offer	23 August 2018
Issue of Securities under the Public Offer	27 August 2018
Despatch of holding statements	27 August 2018
Re-quotation on the ASX	7 September 2018

Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

### 1.21 Board Intentions upon Settlement

In the event that Settlement occurs, the Company proposes to:

- (a) continue development of the HomeStay IoT Platform;

- (b) undertake business development;
- (c) undertake sales and marketing throughout Australia and internationally; and
- (d) pursue business development opportunities for the HomeStay IoT Platform both in Australia and internationally.

It is intended to allocate the funds raised from the Public Offer and existing cash reserves as set out in Section 1.16 above.

## 1.22 Composition of the Board of Directors

It is intended that the Board will comprise the following upon Settlement:

- (a) Mr Damian Black;
- (b) Ms Shannon Robinson; and
- (c) Ms Sara Kelly.

It is currently intended that Messrs David Wheeler and Ranko Matic will resign as Directors upon Settlement. Additional Board and management resources may be considered as appropriate as the HomeStay IoT Platform and business develops.

## 1.23 Director and Proposed Director Interests in Securities

Directors are not required under the Constitution to hold any Shares to be eligible to act as a Director.

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

Director	Shares	Options <sup>1</sup>	Deferred Consideration Shares <sup>2</sup>
D Black	1,802,286 <sup>4</sup>	2,000,000	Nil
D Wheeler	207,184	2,000,000	Nil
R Matic	129,490	2,000,000	Nil
S Robinson	18,000,000 <sup>5</sup>	2,000,000	12,000,000
S Kelly	2,500,000 <sup>6</sup>	2,000,000	1,666,665

### **Notes:**

- The terms and conditions of the Transaction Options are set out in Schedule 3.
- The issue of the Deferred Consideration Share is subject to the Company achieving the milestones set out in Section 1.1.
- Securities are stated on a post-Consolidation basis.
- Mr Damian Black proposes to subscribe for up to 10,000,000 Shares under the Public Offer. Refer to Resolution 5 for further details.
- Ms Shannon Robinson proposes to subscribe for up to 5,000,000 Shares under the Public Offer. Refer to Resolution 6 for further details.
- Ms Sara Kelly proposes to subscribe for up to 5,000,000 Shares under the Public Offer. Refer to Resolution 7 for further details.

## **1.24 Advantages of the Proposed Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Proposed Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of an aged care technology company;
- (b) the Company will obtain ownership of HomeStay;
- (c) the Agreement requires the Company to complete a capital raising to raise not less than \$3,000,000 and up to \$4,000,000, which will provide the Company with sufficient funds to implement the proposed commercialisation, marketing and expansion strategy;
- (d) the potential increase in market capitalisation of the Company following Settlement and the associated Public Offer may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present; and
- (e) the appointment to the Board of Ms Shannon Robinson and Ms Sara Kelly provides the Company with experience within the technology industry and in managing ASX listed entities; and
- (f) the consideration for the Proposed Acquisition and the associated transactions is Shares and Options, thereby allowing more funds raised from the Public Offer to be used directly on activities on the HomeStay technology and the HomeStay IoT Platform.

## **1.25 Disadvantages of the Proposed Acquisition**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will be changing the nature and scale of its activities to primarily be an aged care technology company, which may not be consistent with the objectives of all Shareholders;
- (b) the Proposed Acquisition will result in the issue of Shares under the Public Offer, the issue of the Initial Consideration Shares, and the issue of Facilitation Shares to Mr Michael Denny, all of which will have a dilutionary effect on the holdings of Shareholders, as will Shares issued on conversion of the Transaction Options and Shares issued upon satisfaction of the milestones attaching to the Deferred Consideration Shares;
- (c) in connection with the Proposed Acquisition, the Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Proposed Acquisition, which represent sunk, but necessary costs to the Company;
- (d) future outlays of funds from the Company may be required for the operations of HomeStay; and
- (e) there are additional risk factors associated with the change in nature of the Company's activities resulting from the Proposed Acquisition. Some of the key risks are summarised in Section 1.26 below.

## 1.26 Risk factors

The key risks of the Proposed Acquisition and following completion of the Proposed Acquisition are:

### (a) Risks relating to Change in Nature and Scale of Activities

#### (i) Completion risk

Pursuant to the Agreement, the Company has agreed to acquire 100% of the issued capital of HomeStay, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Proposed Acquisition cannot be fulfilled and, in turn, that completion of the Proposed Acquisition of HomeStay does not occur.

If the Proposed Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

#### (ii) Re-quotation of Shares on ASX

The Proposed Acquisition of HomeStay constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.

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

#### (iii) Dilution risk

The Company currently has 162,898,654 Shares on issue (on a pre-Consolidation basis). Pursuant to the Agreement, the Company proposes to issue:

- (A) the Initial Consideration Shares;
- (B) the Deferred Consideration Shares;
- (C) the Public Offer Shares;
- (D) the Facilitation Shares; and
- (E) the Transaction Options.

On issue of the Initial Consideration Shares, the Public Offer Shares, the Convertible Loan Shares and the Facilitation Shares (and provided no Options are exercised):

- (A) the existing Shareholders will retain approximately 20.93% of the Company's issued Share capital at Minimum Subscription or 19.42% at Maximum Subscription;
- (B) the HomeStay Shareholders will hold approximately 46.51% of the Company's issued Share capital at Minimum Subscription or 43.17% at Maximum Subscription;
- (C) Mr Michael Denny will hold approximately 1.55% of the Company's issued Share capital at Minimum Subscription or 1.44% at Maximum Subscription;
- (D) the Lenders will hold approximately 7.75% of the Company's issued Share capital at Minimum Subscription or 7.19% at Maximum Subscription; and
- (E) the investors under the Public Offer will hold approximately 23.26% of the Company's issued Share capital at Minimum Subscription or 28.78% at Maximum Subscription.

If subsequently the milestones are met and all the Deferred Consideration Shares are issued (and provided no other Shares are issued or Options exercised), the interests of the existing Shareholders in the Company will reduce to 15.98% at Minimum Subscription or 15.08% at Maximum Subscription.

If subsequently the Transaction Options are exercised (and provided no other Shares are issued and other Options exercised), the interests of the existing Shareholders in the Company will reduce to 14.59% at Minimum Subscription or 13.85% at Maximum Subscription.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the HomeStay IoT Platform.

(iv) **Liquidity risk**

On Settlement, the Company proposes to issue the Initial Consideration Shares to the HomeStay Shareholders in consideration for the Proposed Acquisition of 100% of the issued capital of HomeStay. The Company understands that ASX will treat these Securities as restricted Securities in accordance with Chapter 9 of the ASX Listing Rules. However, submissions will be made to the ASX to apply for cash formula relief in respect of these Securities.

Based on the post- Proposed Acquisition capital structure (assuming no further Shares including the Deferred Consideration Shares are issued or Options exercised), the Initial Consideration Shares will equate to approximately 46.51% of the issued Share capital on an undiluted basis at Minimum Subscription or 43.17% at Maximum Subscription. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(b) **Risks in respect of HomeStay and its current operations**

(i) **Limited trading history**

HomeStay was incorporated in May 2016 and the business is yet to be fully commercialised. Therefore, there is greater uncertainty in

relation to the business and its prospects considering its limited financial history. In addition, there is no guarantee that HomeStay will be able to successfully commercialise the HomeStay IoT Platform beyond its initial pilot programs, and if it is unable to do so, it will not be able to realise significant revenues in the future.

Whilst the Proposed Directors have confidence in the future revenue-earning potential of HomeStay, there can be no certainty that HomeStay will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities. HomeStay's profitability may be impacted by, among other things, the success of its business strategies (such as the conversion of its current pilot programs into ongoing commercial relationships / sales channels, further development of the HomeStay IoT Platform, and sales and marketing), its ability to provide a high-quality product and level of service to customers, economic conditions in the markets in which it operates, competition factors, and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

(ii) **Risks associated with updates to the HomeStay IoT Platform**

The industry in which HomeStay is involved is subject to increasing domestic and global competition which is fast-paced and fast-changing. While HomeStay will undertake all reasonable due diligence in its business decisions and operations, HomeStay will have no influence or control over the activities or actions of any competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of HomeStay's business. For instance, new technologies could overtake the advancements made by HomeStay's products. In that case, HomeStay's revenues and profitability could be adversely affected.

The cost and time for a competitor to develop a competing technology may not be significant (particularly for a larger competitor with access to funding and resources). This may result in a heightened risk of competition to HomeStay. If a person or entity successfully develops and commercialises a competing product, this may have a materially adverse effect on the value and prospects of HomeStay.

(iii) **Risks associated with the Intelligent Home programs not extending beyond initial contract periods**

There are a number of risks associated with contracts entered into by HomeStay, including the risk that those contracts may contain unfavourable provisions, or be terminated, lost or impaired, or renewed on less favourable terms. As noted above, a number of the existing revenue generating programs of HomeStay are pilot programs, many of which have been entered into on a fixed term basis. If such contracts are not renewed or are renewed on less favourable terms, HomeStay's revenues and profitability could be adversely affected.

(iv) **Retention of existing subscribers and service providers**

The success of HomeStay's business depends in part on its ability to maintain its existing, and to grow new, relationships with subscribers and to increase the number of general practitioners (GPs),

authorised healthcare professionals (**AHPs**), clinics, hospitals and other service providers, and patients, using its platforms and services. HomeStay's ability to retain subscribers will depend, in part, on its ability to continue to be competitive and offer systems, solutions and benefits which are attractive to GPs, AHPs, clinics, hospital other service providers, and patients. There is no guarantee that the number of subscribers or service providers on any of HomeStay's platforms will grow.

(v) **Third Party Relationship Risk**

HomeStay is dependent in part upon its relationships and alliances with industry participants and service providers. Some of HomeStay's partners do, or may in the future, assist HomeStay in the development of its products through testing, research and development, contract manufacturing, supplier or teaming arrangements or the provision of services. If any of HomeStay's existing relationships with partners were impaired or terminated, or if HomeStay was unable to implement additional partnering arrangements it may require from time to time, HomeStay could experience significant delays in the development of products or the provision of services and would incur additional costs or reputational damage. In the event of such parties failing to meet its obligations to HomeStay on time or at all, HomeStay may be adversely affected.

(vi) **Research and Development and Technical Risk**

HomeStay's products and services are the subject of continuous research and development and necessarily need to be substantially developed further in order to gain and maintain competitive and technological advantage, and in order to meaningfully improve the products' and services' usability, scalability and accuracy. There are no guarantees that HomeStay will be able to undertake such research and development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately will adversely affect HomeStay's results and viability.

(vii) **Technology Risk**

HomeStay's market involves rapidly evolving products and technological change. To succeed, HomeStay will need to research, develop, design, test, market and support (i) substantial enhancements to its existing products and (ii) new products, on a timely and cost-effective basis. HomeStay cannot guarantee that it will be able to engage in research and development at the requisite levels. HomeStay cannot assure investors that it will successfully identify new technological opportunities and continue to have the needed financial resources to develop new products in a timely or cost-effective manner. At the same time, products and technologies developed by others may render the Company's products and systems obsolete or non-competitive.

(viii) **Data security risk**

HomeStay will provide its services online through the HomeStay IoT Platform which will include native mobile applications. Hacking or exploitation of some unidentified vulnerability in its website could



lead to a loss, theft or corruption of data. HomeStay will collect sensitive data relating to user information, demographics, etc., which could be attractive to hacking or exploitation.

This could render the platform unavailable for a period of time, whilst data is restored. It could also lead to unauthorised disclosure of users' data with associated reputational damage, claims by users and regulatory scrutiny and fines. Although HomeStay has strategies and protections in place to mitigate security breaches and to protect data, these strategies might not be successful. In that event, disruption to the HomeStay IoT Platform and unauthorised disclosure of user data could negatively impact upon HomeStay's reputation, revenues and profitability.

(ix) **Commercialisation risk**

There is a risk that HomeStay will not be able to successfully commercialise or sell its products (beyond its current material contractual arrangements) or be unable to attract sufficient customers to be sufficiently profitable to fund future operations.

HomeStay's ability to generate revenue depends on the sales it makes across its product offerings. As with any business, there is a risk that the marketing strategies may not be effective in generating the increased customer scale that HomeStay is targeting.

The price point of some of HomeStay's existing or proposed products may be too high compared to other solutions or may not be able to stay at the same or at competitive prices for an extended period. This may lead to difficulties in market acceptance and, if reductions in price are necessary to achieve market penetration, the potential for profit margins will be reduced.

(x) **Intellectual property risk**

The commercial value of HomeStay's intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that HomeStay's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate HomeStay's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which HomeStay (or entities it deals with) may have an interest in now or in the future will afford HomeStay commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against HomeStay under copyright, trade secret, patent, or other laws. While HomeStay is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, HomeStay's business. If HomeStay is forced to defend claims of

intellectual property infringement, whether they are with or without merit or are determined in HomeStay's favour, the costs of such litigation may be potentially significant and may divert management's attention from normal commercial operations.

(xi) **Reliance on third party technology risk**

HomeStay intends to develop the HomeStay IoT Platform so that it can be utilised with a number of operating systems, internet platforms and other hardware devices. While HomeStay will therefore depend on its products being able to operate on a range of systems, platforms and devices, it is unable to control third party developers of such systems. Any changes to external platforms, systems or devices that give preference to competing products or adversely impact on the functionality of HomeStay's products may render consumers less likely to use HomeStay's products, which may have a detrimental impact on HomeStay's financial performance. Likewise, HomeStay's products are predicated on consumers being able to access the internet and cellular networks. If third party providers raise the cost of these networks or restrict the ability of consumers to access these networks via HomeStay's products, this is likely to detrimentally affect HomeStay's financial performance.

(xii) **Contract Risk**

The operations of HomeStay will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, HomeStay is unable to completely avoid the risk of:

- (A) financial failure or default by a participant in any joint venture to which HomeStay may become a party;
- (B) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by HomeStay in its activities; or
- (C) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by HomeStay or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on HomeStay's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by HomeStay, it is not possible for HomeStay to predict or protect itself completely against all such contract risks.

(xiii) **Regulatory risk**

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern HomeStay's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of HomeStay and its shares. In addition, there is a commercial risk that legal

action may be taken against HomeStay in relation to commercial matters.

(xiv) **Foreign exchange risk**

HomeStay may operate in a variety of jurisdictions, including Singapore and Australia, and as such, expects to generate revenue and incur costs and expenses in more than one currency. Accordingly, the depreciation of the Australian dollar and/or the appreciation of the foreign currency relative to the Australian dollar could result in a translation loss on consolidation which is taken directly to shareholder equity.

Any depreciation of the foreign currency relative to the Australian currency may result in lower than anticipated revenue. HomeStay will be affected on an ongoing basis by foreign exchange risks between the Australian dollar and the other foreign currencies and will have to monitor this risk.

(xv) **Competition risk**

The industry in which HomeStay will be involved is subject to domestic and global competition. While similar offerings to those provided by HomeStay may exist internationally, HomeStay is not aware of any direct competitors operating in the jurisdictions targeted by HomeStay. Although HomeStay will undertake reasonable due diligence in its business decisions and operations, HomeStay will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of HomeStay.

(xvi) **Product liability risk**

HomeStay may be exposed to liability claims if its products or services are provided in fault and/or cause harm to its customers. As a result, HomeStay may have to expend significant financial and managerial resources to defend against such claims. If a successful claim is made against HomeStay, HomeStay may be fined or sanctioned, and its reputation and brand may be negatively impacted, which could materially and adversely affect its reputation, business prospects, financial condition and results of operation.

(xvii) **Insurance risk**

HomeStay faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. HomeStay believes it has reasonably adequate coverage for third-party liability insurance, product liability insurance and business interruption insurance. However, HomeStay's insurance coverage may not be adequate. If HomeStay incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, HomeStay's financial position and financial performance may be adversely affected.

(xviii) **Risks associated with failure to deal with growth**

There is a risk that management of the Company will not be able to implement HomeStay's growth strategy. The capacity of management to properly implement and manage the strategic direction of HomeStay may affect the Company's financial performance.

(xix) **Credit risks**

HomeStay will be exposed to credit risks relating to delayed or non-payments from its customers. A failure by HomeStay to adequately assess and manage credit risk may result in credit losses potentially resulting in a material adverse effect on HomeStay's business, operating and financial performance, including decreased operating cash flows.

(xx) **Dependence on the Internet**

The successful continuation of the HomeStay IoT Platform will depend to some extent on the continued acceptance of the internet as a communications and commerce platform for individuals, devices and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service.

The performance of the internet and its acceptance as a business tool have been harmed by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a widespread communications medium and commercial platform, the demand for the Company's products would be significantly reduced, which would harm its business.

(xxi) **Sales and Marketing Success**

The Company intends to use some of the funds raised under the Public Offer on sales and marketing measures to grow the number of HomeStay IoT Platform users. By their nature, there is no guarantee that such sales and marketing campaigns will be successful. If they are not, the Company may encounter difficulty in creating market awareness of the HomeStay IoT Platform, which would likely have an adverse impact on HomeStay's revenues.

(xxii) **Privacy Concerns**

Regulations in various jurisdictions limit tracking and collection of personal identification and information. If HomeStay breaches such regulations, its business, reputation, financial position and financial performance may be detrimentally affected. External events may also cause regulators to amend regulations in respect of the collection and use of user information. Any amended regulations may introduce controls which make the operation of certain types of tracking technologies unusable which could damage HomeStay's financial position and financial performance by adding costs to through the requirement to develop and implement new technologies.

(xxiii) **Reliance on Key Management Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of HomeStay depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of HomeStay or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

If such contracts with Key Management Personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, HomeStay would need to engage alternative staff, and HomeStay's operations and business may be adversely affected.

(xxiv) **Litigation**

HomeStay may in the ordinary course of business become involved in litigation and disputes, for example with its contractors or clients. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, clients or other stakeholders. Any such outcomes may have an adverse impact on HomeStay's business, market reputation and financial condition and financial performance. Neither the Company nor HomeStay are currently engaged in any litigation.

(xxv) **Future Funding Needs**

The funds raised under the Public Offer are considered sufficient to meet the immediate objectives of HomeStay. Further funding may be required by HomeStay in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed to develop new and existing products or acquire complementary businesses and technologies. Accordingly, HomeStay may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for HomeStay's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of HomeStay.

(c) **General risks relating to the Company**

(i) **Additional requirements for capital**

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company and implementation of the strategy detailed in Section 1.11. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Following completion of the Public Offer, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and

indefinite postponement of their activities and the proposed commercialisation, marketing and international expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

(ii) **Reliance on key personnel**

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(iii) **Economic and financial market risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

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

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(iv) **Force majeure**

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(v) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and user and supplier relationships.

(vi) **Risk of high volume of Share sales**

If Settlement occurs, the Company will have issued a significant number of new Securities to various parties. Some of the HomeStay Shareholders and others that receive Shares as a result of the Proposed Acquisition or the Public Offer may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Company's Securities.

There can be no assurance that there will be, or continue to be, an active market for Securities or that the price of Securities will increase. As a result, Shareholders may, upon selling their Securities, receive a market price for their Securities that is less than the price of Securities offered pursuant to the Public Offer.

(vii) **Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

**1.27 Plans for the Company if completion of the Proposed Acquisition does not occur**

If the Essential Resolutions are not passed and the Agreement is not completed, the Company will continue to focus on mineral exploration and look for potential business acquisitions to take the Company forward.

### **1.28 Directors' interests in the Proposed Acquisition**

None of the Existing Directors have any interest in the Proposed Acquisition, other than as disclosed in this Notice.

### **1.29 HomeStay's interests in the Company**

None of the HomeStay Shareholders or their associates are related parties of the Company (other than by virtue of becoming Directors upon Settlement) and they have no existing interest in the Securities.

### **1.30 Forward looking statements**

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Explanatory Statement. These risks include but are not limited to, the risks detailed in Section 1.26. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

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## **2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – PROPOSED ACQUISITION OF HOMESTAY CARE PTY LTD**

### **2.1 General**

Resolution 1 seeks approval from Shareholders for the Proposed Acquisition.

As set out above, the Proposed Acquisition will change the nature of the Company's activities from a mineral exploration company to an aged care technology company.

A summary of the terms and conditions of the Agreement is set out in Schedule 1 and a detailed description of HomeStay and its business is outlined in Section 1.3 above.

### **2.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the Official List.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of the Proposed Acquisition requires the Company, in accordance with ASX Listing Rule 11.1.2, to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.



## **2.3 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules**

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing of HomeStay which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's Securities as restricted Securities).

If the Essential Resolutions are approved at the Meeting, it is expected that the Company's Securities will be suspended from quotation until the Company has acquired HomeStay pursuant to the Agreement and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

If the Essential Resolutions are not approved at the Meeting, the Acquisition will not proceed and the Company's Securities are expected to remain quoted on the Official List.

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## **3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL**

### **3.1 Background**

Resolution 2 seeks Shareholder approval for the Company to undertake a consolidation of capital (**Consolidation**). If Resolution 2 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of:

- (a) Shares on issue will be reduced from 162,898,654 to 135,000,000 (subject to rounding); and
- (b) Options on issue will be reduced from 3,000,000 to 2,486,209 (subject to rounding).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to assist in complying with Chapters 1 and 2 of the ASX Listing Rules which is required to obtain re-instatement of its Shares to trading on the Official List of ASX on completion of the Proposed Acquisition.

### **3.2 Legal requirements**

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

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

### **3.3 Fractional entitlements**

Not all Security Holders will hold that number of Shares or Options (as the case may be) which can be evenly divided. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security, as applicable.

### **3.4 Taxation**

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers,

accept any responsibility for the individual taxation implications arising from the Consolidation.

### 3.5 Holding statements

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

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

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

### 3.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

Capital Structure	Shares	Deferred Consideration Shares <sup>3</sup>	Unlisted Options <sup>1</sup>
Pre-Consolidation Securities	162,898,654	-	3,000,000
Post Consolidation of Securities	135,000,000	-	2,486,209
Public Offer <sup>2</sup>	150,000,000	-	-
Consideration Shares	300,000,000	200,000,000	-
Facilitation Shares	10,000,000	-	-
Convertible Loan Shares	50,000,000		
Transaction Options to be issued to the 708 Capital	-	-	70,000,000
Transaction Options to be issued to Directors	-	-	10,000,000
<b>Completion of all Resolutions</b>	<b>645,000,000</b>	<b>200,000,000</b>	<b>82,486,209</b>

#### Notes:

1. The terms of these Transaction Options are set out in the table below.
2. Assuming a Public Offer of \$3,000,000 at an issue price of \$0.02 per Share. In the event that the Company raises the maximum subscription of \$4,000,000 an additional 50,000,000 Shares will be issued.
3. The issue of the Deferred Consideration Shares is subject to the Company achieving the relevant milestones set out in Section 1.1.

The effect the Consolidation will have on the terms of the Options is as set out in the tables below:

#### Options – Pre Consolidation

Terms	Number
Options exercisable at \$0.20 on or before 23 June 2020	3,000,000
<b>Total</b>	<b>3,000,000</b>

## Options – Post Consolidation

Terms	Number
Options exercisable at \$0.24 on or before 23 June 2020	2,486,209
Options exercisable at \$0.03 on or before the date that is 5 years from the date of issue (Transaction Options)	80,000,000
<b>Total</b>	<b>82,486,209</b>

### 3.7 Indicative timetable\*

If Resolution 2 is passed, the Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

Action	Date
Company announces Consolidation and sends out Notice of Meeting.	23 July 2018
Company tells ASX that Shareholders have approved the Consolidation.	23 August 2018
Last day for pre-Consolidation trading.	24 August 2018
Post-Consolidation trading starts on a deferred settlement basis.	27 August 2018
Last day for Company to register transfers on a pre-Consolidation basis.	28 August 2018
First day for Company to send notice to each holder of the change in their details of holdings.	29 August 2018
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements.	
Change of details of holdings date. Deferred settlement market ends.	4 September 2018
Last day for Securities to be entered into holders' Security holdings.	
Last day for the Company to send notice to each holder of the change in their details of holdings.	

## 4. RESOLUTION 3 – ISSUE OF CONSIDERATION SHARES TO HOMESTAY SHAREHOLDERS

### 4.1 General

Resolution 3 seeks Shareholder approval to issue to the HomeStay Shareholders (or their nominees):

- (a) 300,000,000 Initial Consideration Shares (on a post-Consolidation basis); and
  - (b) 200,000,000 Deferred Consideration Shares (on a post-Consolidation basis),
- (together, the **Consideration Shares**) as consideration for the Proposed Acquisition.

The Company notes that the Proposed Directors will be issued the following Consideration Shares by virtue of being HomeStay Shareholders:

- (a) Proposed Director, Ms Shannon Robinson, will be issued the following Shares on a post-Consolidation basis:
  - (i) 18,000,000 Initial Consideration Shares; and
  - (ii) 12,000,000 Deferred Consideration Shares; and
- (b) Proposed Director, Ms Sara Kelly, will be issued the following Shares on a post-Consolidation basis:
  - (i) 2,500,000 Initial Consideration Shares; and
  - (ii) 1,666,665 Deferred Consideration Shares.

## **4.2 Chapter 2E of the Corporations Act**

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

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

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

The issue of the Consideration Shares constitutes giving a financial benefit and the Proposed Directors are related parties of the Company by virtue of being persons who are likely to become related parties of the Company in the future.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consideration Securities because the Consideration Shares will be issued to the Proposed Directors on the same terms as the Consideration Shares issued to unrelated HomeStay Shareholders and as such the giving of the financial benefit is on arm's length terms.

## **4.3 ASX Listing Rules 7.1 and 10.11**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

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

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

As the issue of Consideration Shares to HomeStay Shareholders involves the issue of Consideration Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the Exception 6 to ASX Listing Rule 10.11 applies in the current circumstances.

#### 4.4 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Consideration Shares to be issued is:
  - (i) 300,000,000 Initial Consideration Shares (to be issued on a post-Consolidation basis); and
  - (ii) 200,000,000 Deferred Consideration Shares (to be issued on a post-Consolidation basis);
- (b) the Initial Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Initial Consideration Securities will occur on the same day;
- (c) the Deferred Consideration Shares will be issued not more than 60 months after the date of the meeting and it is intended to issue the Deferred Consideration Shares on four separate dates being as soon as is practicable after each milestone is met (as set out in Section 1.1);
- (d) the Consideration Shares will be issued for nil cash consideration in consideration for the Proposed Acquisition;
- (e) the Consideration Shares will be issued to the HomeStay Shareholders, who are not related parties of the Company (other than as a result of the Proposed Acquisition), in consideration for their respective HomeStay Shares;
- (f) the Initial Consideration Shares and the Deferred Considerations Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares other than in relation to any escrow period imposed by ASX; and
- (g) no funds will be raised from the proposed issue of the Consideration Shares as the Consideration Shares are proposed to be issued in consideration for the Proposed Acquisition in accordance with the terms of the Agreement.

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## 5. RESOLUTION 4 – PUBLIC OFFER

### 5.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 200,000,000 Shares on a post-Consolidation basis at an issue price of \$0.02 per Share, to raise up to \$4,000,000 (**Public Offer**).

The Public Offer will be undertaken via the issue of a prospectus (**Prospectus**) to assist the Company in complying with Chapters 1 and 2 of the ASX Listing Rules which is required to obtain re-instatement of its Shares to trading on the Official List on completion of the Proposed Acquisition.

On 17 July 2018, ASX granted the Company a waiver to enable the Company to issue the Public Offer Shares at an issue price of \$0.02 per Share. The waiver is conditional upon Shareholders approving the issue price of the Public Offer Shares.

The minimum subscription under the Public Offer will be \$3,000,000 (**Minimum Subscription**). It is noted that the Shares the subject of the Public Offer will only be issued if:

- (a) the Minimum Subscription is raised;
- (b) the Company has received conditional approval from ASX for the Company to be reinstated to official quotation on ASX following the Company's compliance with ASX Listing Rule 11.1.3 and Chapters 1 and 2 of the ASX Listing Rules;
- (c) the issue occurs contemporaneously with Settlement, which requires, amongst other things, the passing of all Essential Resolutions.

Further details of the Public Offer are set out in the Prospectus.

A summary of ASX Listing Rule 7.1 is set out in Section 4.3 above.

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

## 5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Public Offer:

- (a) the maximum number of Shares to be issued is 200,000,000 Shares (to be issued on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same day;
- (c) the issue price will be \$0.02 per Share;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company, other than Damian Black, Shannon Robinson and Sara Kelly for whom Shareholder approval is being sought under Resolutions 5, 6 and 7;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Public Offer for the purposes outlined in Section 1.16.

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## 6. RESOLUTIONS 5, 6 AND 7 – ISSUE OF PUBLIC OFFER SHARES TO DAMIAN BLACK, SHANNON ROBINSON AND SARA KELLY

### 6.1 General

Pursuant to Resolution 4, the Company is seeking Shareholder approval for the issue of up to 200,000,000 Shares (on a post-consolidation basis) at an issue price of \$0.02 per Share to raise up to \$4,000,000 (**Public Offer**).

Damian Black, Shannon Robinson and Sara Kelly (together the **Related Parties**) wish to participate in the Public Offer (**Participation**).

Resolution 5 seeks Shareholder approval for the in the issue of up to 10,000,000 Shares (on a post-consolidation basis) to Mr Damian Black (or his nominee) arising from the participation by Mr Black in the Public Offer.

Resolution 6 seeks Shareholder approval for the in the issue of up to 5,000,000 Shares (on a post-consolidation basis) to Ms Shannon Robinson (or her nominee) arising from the participation by Ms Robinson in the Public Offer.

Resolution 7 seeks Shareholder approval for the in the issue of up to 5,000,000 Shares (on a post-consolidation basis) to Ms Sara Kelly (or her nominee) arising from the participation by Ms Kelly in the Public Offer.

## **6.2 Chapter 2E of the Corporations Act**

A summary of Chapter 2E is set out in Section 4.2 above.

The Participation will result in the issue of Shares which constitutes giving a financial benefit. Mr Damian Black is a related party of the Company by virtue of being a Director and Messes Shannon Robinson and Sara Kelly are related parties of the Company by virtue of being persons who are likely to become related parties of the Company in the future.

In respect of Resolution 5, the Directors (other than Mr Damian Black who has a material personal interest in Resolution 5) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to the Related Parties on the same terms as Shares issued to non-related party participants in the Public Offer and as such the giving of the financial benefit is on arm's length terms.

In respect of Resolutions 6 and 7, the Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to the Related Parties on the same terms as Shares issued to non-related party participants in the Public Offer and as such the giving of the financial benefit is on arm's length terms.

## **6.3 ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in Section 4.3 above.

As the Participation involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **6.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares will be issued to Damian Black, Shannon Robinson and Sara Kelly (or their nominees);
- (b) the maximum number of Shares to be issued is 20,000,000 (to be issued on a post-consolidation basis), comprising of:
  - (i) up to 10,000,000 Shares to Damian Black;
  - (ii) up to 5,000,000 Shares to Shannon Robinson; and
  - (iii) up to 5,000,000 Shares to Sara Kelly;

- (c) the Shares will be issued 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);
- (d) the issue price will be \$0.02 per Share, being the same as all other Shares issued under the Public Offer;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Public Offer as set out in Section 1.16 of this Explanatory Statement.

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

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## **7. RESOLUTION 8 – ISSUE OF SHARES PURSUANT TO CONVERTIBLE LOAN FACILITY**

### **7.1 Background**

HomeStay has entered into a convertible loan facility with unrelated third parties (**Lenders**) under which HomeStay has the ability to draw down up to \$1,000,000 to fund its operating expenses and working capital prior to the completion of the Acquisition (**Facility**).

Upon Settlement, the Facility will automatically convert into Shares at a conversion price of \$0.02 per Share, being the same price per Share as all other Shares issued under the Public Offer. Accordingly, the Company is seeking Shareholder approval under Resolution 8 to issue up to 50,000,000 Shares (**Convertible Loan Shares**) to the Lenders upon conversion of the Facility.

If Settlement does not occur, the Company will have no liability in respect of the Facility. However, HomeStay will be liable to repay the Lender any outstanding amount advanced under the Facility.

A summary of ASX Listing Rule 7.1 is set out in Section 4.3 above.

The effect of Resolution 8 will be to allow the Company to issue the Convertible Loan Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **7.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Convertible Loan Shares:

- (a) the maximum number of Convertible Loan Shares to be issued is 50,000,000 Shares (to be issued on a post-Consolidation basis);
- (b) the Convertible Loan Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same day;
- (c) the issue price will be \$0.02 per Convertible Loan Share;



- (d) the Convertible Loan Shares will be issued to the Lenders who are not related parties of the Company;
- (e) the Convertible Loan Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares to the Lenders.

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## **8. RESOLUTION 9 – ISSUE OF FACILITATION SHARES**

### **8.1 General**

Resolution 9 seeks Shareholder approval for the issue of 10,000,000 Shares (on a post-Consolidation basis) (**Facilitation Shares**) to Mr Michael Denny (or his nominees) in consideration for the introduction and facilitation of the Proposed Acquisition.

A summary of ASX Listing Rule 7.1 is set out in Section 4.3 above.

The effect of Resolution 9 will be to allow the Company to issue the Facilitation Shares to Mr Michael Denny (or his nominees) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **8.2 Technical information required by ASX Listing Rule 7.1**

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

- (a) the maximum number of Shares to be issued is 10,000,000 Shares (to be issued on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (c) the Shares will be issued for nil cash consideration in satisfaction of introduction and facilitation services provided to the Company by Mr Michael Denny;
- (d) the Shares will be issued to Mr Michael Denny (or its nominees), who is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Facilitation Shares as the Shares are being issued in consideration for introduction and facilitation services provided to the Company by Mr Michael Denny.

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## **9. RESOLUTION 10 – ISSUE OF TRANSACTION OPTIONS TO 708 CAPITAL**

### **9.1 General**

Resolution 10 seeks Shareholder approval for the issue of 70,000,000 Transaction Options (on a post-Consolidation basis) to 708 Capital (or its nominees) in

consideration for corporate advisory services provided to the Company by 708 Capital.

A summary of ASX Listing Rule 7.1 is set out in Section 4.3 above.

The effect of Resolution 10 will be to allow the Company to issue the Transaction Options to 708 Capital during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **9.2 Technical information required by ASX Listing Rule 7.1**

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

- (a) the maximum number of Transaction Options to be issued is 70,000,000 Transaction Options (to be issued on a post-Consolidation basis);
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same date;
- (c) the Options will be issued for nominal cash consideration of \$0.0001 as the issue will predominantly occur in satisfaction of corporate advisory services provided to the Company by 708 Capital;
- (d) the Options will be issued to 708 Capital (or its nominees), who is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 3; and
- (f) only nominal funds of \$7,000 will be raised from the issue of the Transaction Options as the Options are predominantly being issued in consideration for corporate advisory services provided to the Company by 708 Capital.

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## **10. RESOLUTIONS 11 TO 15 – ISSUE OF TRANSACTION OPTIONS TO RELATED PARTIES**

### **10.1 General**

The Company has agreed, subject to obtaining Shareholder approval, that the Existing Directors and Proposed Directors (or their nominees) (**Related Parties**) be issued a total of 10,000,000 Transaction Options (on a post-Consolidation basis) on the terms and conditions set out below.

The purpose of the issue of the Transaction Options to the Related Parties is to further motivate and reward their respective performances. The Board considers the granting of the Transaction Options to be a cost-effective reward for the Company to make to appropriately incentivise the continued performance of the Related Parties or reward the historical performance of the Related Parties and is consistent with the strategic goals and targets of the Company.

The issue of Transaction Options to Mr Damian Black, Mr Ranko Matic, Mr David Wheeler, Ms Shannon Robinson and Ms Sara Kelly (and/or their nominees) are the subject of Resolution 11, Resolution 12, Resolution 13, Resolution 14 and Resolution 15, respectively.

## 10.2 Chapter 2E of the Corporations Act

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

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

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

The grant of the Transaction Options constitutes giving a financial benefit and Mr Damian Black, Mr Ranko Matic, Mr David Wheeler, Ms Shannon Robinson and Ms Sara Kelly, are related parties of the Company by virtue of the fact that they are Existing Directors or Proposed Directors.

As it is proposed that Transaction Options be issued to all of the Directors, the Directors have been unable to form quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to these issues. Accordingly, Shareholder approval is sought for the purpose of section 208 of the Corporations Act for the issue of the Transaction Options to the Directors.

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

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

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

- (a) the related parties are Mr Damian Black, Mr Ranko Matic, Mr David Wheeler, Ms Shannon Robinson and Ms Sara Kelly (and/or their respective nominees) and they are related parties of the Company by virtue of being Existing Directors of the Company (in respect of Messrs Black, Matic and Wheeler) and Proposed Directors of the Company (in respect of Ms Shannon Robinson and Ms Sara Kelly);
- (b) the maximum number of Transaction Options (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
  - (i) 2,000,000 Transaction Options (to be issued on a post-Consolidation basis) to Mr Damian Black (or his nominee);
  - (ii) 2,000,000 Transaction Options (to be issued on a post-Consolidation basis) to Mr Ranko Matic (or his nominee);
  - (iii) 2,000,000 Transaction Options (to be issued on a post-Consolidation basis) to Mr David Wheeler (or his nominee);
  - (iv) 2,000,000 Transaction Options (to be issued on a post-Consolidation basis) to Ms Shannon Robinson (or her nominee); and
  - (v) 2,000,000 Transaction Options (to be issued on a post-Consolidation basis) to Ms Sara Kelly (or her nominee);

- (c) the Transaction Options will be issued to the Related Parties no later than one month after the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Transaction Options will be issued for nominal cash consideration of \$0.0001;
- (e) the funds will be raised on issue of the Transaction Options will be applied towards working capital;
- (f) a summary of the terms and conditions of the Transaction Options is set out in Schedule 3;
- (g) the value of the Transaction Options and the pricing methodology is set out in Schedule 4;
- (h) the relevant interests of the Existing Directors' and Proposed Directors' relevant interest in the Securities of the Company upon completion of the Proposed Acquisition are set out in the table below:

Related Party	Shares	Options	Deferred Consideration Shares <sup>5</sup>
Mr Damian Black	1,802,286 <sup>2</sup>	2,000,000	Nil
Mr Ranko Matic	1207,184	2,000,000	Nil
Mr David Wheeler	129,490	2,000,000	Nil
Mr Shannon Robinson	18,000,000 <sup>3</sup>	2,000,000	12,000,000
Ms Sara Kelly	2,500,000 <sup>4</sup>	2,000,000	1,666,665

**Notes:**

1. Securities are stated on a post-Consolidation basis.
  2. Mr Damian Black proposes to subscribe for up to 10,000,000 Shares under the Public Offer. Refer to Resolution 5 for further details.
  3. Ms Shannon Robinson proposes to subscribe for up to 5,000,000 Shares under the Public Offer. Refer to Resolution 6 for further details.
  4. Ms Sara Kelly proposes to subscribe for up to 5,000,000 Shares under the Public Offer. Refer to Resolution 7 for further details.
  5. The issue of the Deferred Consideration Shares will be subject to the Company meeting the relevant milestones set out in Section 1.1.
- (i) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Previous Financial Year (ending 31 December 2017)	Proposed Remuneration (Financial Year ending 31 December 2018)
Mr Damian Black	\$30,000	\$30,000
Mr Ranko Matic <sup>2</sup>	\$30,000	\$17,500

Mr David Wheeler <sup>2</sup>	\$30,000	\$17,500
Mr Shannon Robinson <sup>1</sup>	Nil	\$104,200
Ms Sara Kelly	Nil	\$12,500

**Notes:**

1. Ms Robinson will receive a \$25,000 bonus upon completion of the Acquisition and the Company being reinstated to trading on ASX. Additionally, pursuant to Ms Robinson's executive services agreement with HomeStay (which commenced on 1 December 2016 (**ESA Commencement Date**)), Ms Robinson shall be paid for her services at a rate of \$50,000 per annum from: the ESA Commencement Date, to 1 September 2018 or the Company being reinstated to trading on ASX (whichever is earlier) (as no salary has been paid to Ms Robinson to date).
  2. This figure is calculated on the basis that Settlement occurs on 30 July 2018.
- (j) if the Transaction Options granted to the Related Parties are exercised, a total of 10,000,000 Shares would be issued (on a post-Consolidation basis). This will increase the number of Shares on issue from 645,000,000 to 655,000,000 (assuming that no other Options are exercised, the Company does not meet the milestones attaching to the Deferred Consideration Shares, no Shares other than those contemplated by the Resolutions of this Notice are issued and the Company raises the Minimum Subscription). This will result in the shareholding of existing Shareholders being diluted by an aggregate of 1.53%, comprising 0.31% by each Director and Proposed Director;
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.29	7 – 20 April 2017, 12 – 13 March 2018
Lowest	\$0.013	12 July, 15 – 29 October 2017
Last	\$0.021	10 May 2018

- (l) the primary purpose of the grant of the Transaction Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate the Proposed Directors and reward the performance of the Existing Directors in their respective roles as Directors;
- (m) Mr Damian Black declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Transaction Options in the Company should Resolution 11 be passed. However, in respect of Resolutions 12 to 15, Mr Black recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Transaction Options to the Related Parties, will align the interests of the Related Parties with those of Shareholders;

- (ii) the grant of the Transaction Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Transaction Options upon the terms proposed;
- (n) Mr Ranko Matic declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Transaction Options in the Company should Resolution 12 be passed. However, in respect of Resolution 11, Resolution 13, Resolution 14 and Resolution 15, Mr Matic recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (o) Mr David Wheeler declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Transaction Options in the Company should Resolution 13 be passed. However, in respect of Resolution 11, Resolution 12, Resolution 14 and Resolution 15, Mr Wheeler recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (p) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Transaction Options to be granted; and
- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 11 to Resolution 15.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Transaction Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Transaction Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **11. RESOLUTIONS 16 AND 17 – ELECTION OF DIRECTORS – MS SHANNON ROBINSON AND MS SARA KELLY**

Clause 14.3 of the Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in General Meeting.

In order for the Proposed Directors to be eligible for election, the Proposed Directors, or a Shareholder intending to propose their nomination, must leave at the Company's registered office at least 30 Business Days before the Meeting, a written notice from the Proposed Directors consenting to their nomination and signifying their candidature for the office, or a written notice from a Shareholder signifying their intention to nominate the Proposed Directors.

Pursuant to Resolutions 16 and 17, Messes Shannon Robinson and Sara Kelly seek election from Shareholders to be appointed upon completion of the Proposed Acquisition. Resolutions 16 and 17 are Essential Resolutions and are subject to and conditional upon approval of all other Essential Resolutions.

## **11.1 Shannon Robinson**

### **(a) Qualifications and other material directorships**

Shannon has over 10 years' international experience acting as a director or officer of ASX listed companies, more recently focusing on emerging technology companies. Shannon specialises in providing corporate and strategic advice in relation to transaction structuring, business development, acquisitions and mergers, capital raisings and listing of companies on stock exchanges (ASX & AIM). Shannon is currently a director of Fastbrick Robotics Limited (ASX: FBR), Spookfish Limited (ASX: SFI) and Yojee Limited (ASX: YOJ) and has also been a director of several ASX and AIM listed companies. Shannon is an associate of the Australian Institute of Company Directors (AICD), an associate of the Governance Institute of Australia. Shannon is also admitted to practice in Western Australia and the High Court.

### **(b) Independence**

Ms Robinson has an executive services agreement with HomeStay, and has been a director of HomeStay since its incorporation. Ms Robinson's interest in securities are set out at Section 1.23, and details of Ms Robinson's remuneration are set out at Section 10.3(i).

The Board has considered Ms Robinson's independence and considers that she is not an independent Director.

## **11.2 Sara Kelly**

### **(a) Qualifications and other material directorships**

Ms Sara Kelly is a corporate lawyer and Partner at Edwards Mac Scovell Legal (a Perth based law firm). Ms Kelly has significant transactional and industry experience having worked both in private practice as a corporate adviser and as in-house counsel. Ms Kelly's experience includes the administration of regulatory frameworks and processes in a listed company environment, acquisitions, takeovers, capital raisings and listing of companies on ASX and AIM. Ms Kelly is currently a director of Drake Resources Limited (ASX:DRK).

### **(b) Independence**

Ms Kelly has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the entity and its security holders generally.

The Board has considered Ms Kelly's independence and considers that she is an independent Director.

## **11.3 Director Recommendation**

The Directors support the election of Ms Robinson and Ms Kelly and recommend that Shareholders vote in favour of Resolution 16 and Resolution 17.

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## **12. RESOLUTION 18 – CHANGE OF COMPANY NAME**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 18 seeks the approval of Shareholders for the Company to change its name to **"HomeStay Care Limited"** subject to completion of the Proposed Acquisition.

If Resolution 18 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 18 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Proposed Acquisition in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

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### **13. RESOLUTION 19 – APPROVAL OF INCENTIVE PERFORMANCE RIGHTS PLAN**

Resolution 19 seeks Shareholders approval for the adoption of the employee incentive scheme titled HomeStay Care Limited – Incentive Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 19 is passed, the Company will be able to issue Performance Rights under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Performance Rights have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 5. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

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### **14. RESOLUTION 20 – APPROVAL TO MAKE SELECTIVE REDUCTION OF CAPITAL – PREFERENCE SHARES**

#### **14.1 Background**

Section 14 of this Explanatory Statement relates to Resolution 20 of the Notice of Meeting and the sole resolution of the Preference Shareholders' Special General



Meeting. Resolution 20 will only come into effect if Resolution 1 at the Preference Shareholders' Special General Meeting is passed.

The purpose of Resolution 20 is to seek the requisite approval of Shareholders required under the Corporations Act for the selective reduction and cancellation of nine (9) Preference Shares held by Preference Shareholders (**Preference Shareholders' Selective Capital Reduction**).

The effect of Resolution 20 will be a selective capital reduction and cancellation of nine (9) Preference Shares held by the Preference Shareholders. See Section 14.3 below for further details.

Resolution 20 is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed.

## **14.2 Section 256C of the Corporations Act**

Pursuant to section 256C of the Corporations Act, a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced.

The Corporations Act provides that the rules relating to a reduction of share capital are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the Company's solvency;
- (b) seeking to ensure fairness between the shareholders of the Company; and
- (c) requiring the Company to disclose all material information.

In particular, Section 256B of the Corporations Act requires that a Company may only reduce its capital if:

- (a) it is fair and reasonable to the shareholders as a whole;
- (b) it does not materially prejudice the Company's ability to pay its creditors; and
- (c) it is approved by shareholders in accordance with section 256C of the Corporations Act.

Section 256C(4) of the Corporations Act requires that the Company must include with the Notice of Meeting a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to shareholders.

The Directors believe that the Preference Shareholders' Selective Capital Reduction as proposed is fair and reasonable to Shareholders for the following reasons:

- (a) the Preference Shareholders' Selective Capital Reduction will only result in the cancellation of the Preference Shares issued to the Preference Shareholders;
- (b) the Preference Shareholders' Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors and will have minimal financial effect on the Company; and

- (c) the financial effect on cash reserves of the Preference Shareholders' Selective Capital Reduction on the Company will be nil as the Company nil consideration will be received by the Preference Shareholders for the Preference Shareholders' Selective Capital Reduction.

The Directors do not consider that there are any material disadvantages to the Company undertaking the Preference Shareholders' Selective Capital Reduction.

Pursuant to section 256C(2) of the Corporations Act, a selective reduction of capital must be approved by either:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates; or
- (b) a resolution agreed to, at a general meeting by all Shareholders.

Further, as the Preference Shareholders' Selective Capital Reduction involves the cancellation of shares, section 256C(2) of the Corporations Act requires that the selective capital reduction must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

The Preference Shareholders' Special General Meeting is being held after the General Meeting, at which the Preference Shareholders will vote on the Preference Shareholders' Selective Capital Reduction, for the purpose of satisfying section 256C(2) of the Corporations Act (subject to Resolution 20 being passed at the General Meeting).

#### **14.3 Summary of and Effect of Proposed Preference Shareholders' Selective Capital Reduction**

The overall effect of the Preference Shareholders' Selective Capital Reduction is to reduce the number of Preference Shares currently on issue from nine (9) to nil. The Preference Shareholders' Selective Capital Reduction will not have an effect on the number of Shares currently on issue.

The Board has determined that the Company's Preference Share structure creates cost and complexity for the Company and as such it has decided that it is in the best interests of the Company to cancel the Preference Shares on issue.

#### **14.4 Interests of Directors**

The Directors do not have any material interest in the outcome of Resolution 20 other than as a result of their interest arising solely in the capacity as Shareholders.

The Directors believe that the Preference Shareholders' Selective Capital Reduction will not materially prejudice the Company's ability to pay its creditors because the Preference Shareholders' Selective Capital Reduction is being made for nil cash consideration and will have no impact on the Company's cash reserves or its ability to meet its financial commitments.

Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 20 as they consider the proposed reduction of capital to be fair and reasonable and in the best interests of Shareholders.

#### **14.5 Other Material Information**

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 20 being information that is known to any of the Directors

and which has not been previously disclosed to Shareholders, other than as disclosed in this Explanatory Statement.

Once Resolution 20 is passed by Shareholders and resolution 1 of the Preference Shareholders Special General Meeting is passed by the Preference Shareholders, the Company will not make the reduction of capital until at least 14 days after lodgement of Resolution 20 with the ASIC, in accordance with the ASIC prescribed timeline for selective capital reductions.

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## GLOSSARY

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**\$** means Australian dollars.

**708 Capital** means 708 Capital Pty Ltd (ACN 142 319 202) (AFSL 386279).

**Agreement** has the meaning given at Section 1.1.

**ASIC** means the Australian Securities & Investments Commission.

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

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

**Board** means the current board of directors of the Company.

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

**Chair** means the chair of the Meeting.

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

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

**Company** or **Antilles** means Antilles Oil and Gas NL (ACN 111 823 762).

**Consideration Shares** means the Initial Consideration Shares and the Deferred Consideration Shares.

**Initial Consideration Shares** means 300,000,000 Shares to be issued to the HomeStay Shareholders at Settlement in consideration for the Proposed Acquisition.

**Consolidation** has the meaning set out in Section 3.1.

**Constitution** means the Company's constitution.

**Convertible Loan Shares** has the meaning set out in Section 7.

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

**Deferred Consideration Shares** means 200,000,000 Shares to be issued to the HomeStay Shareholders subject to the satisfaction of milestones set out in Section 1.1.

**Directors** means the directors of the Company from time to time.

**Essential Resolutions** means Resolutions 1 to 4, Resolution 7, Resolution 9 and Resolutions 16 to 18.

**Existing Directors** means the current Directors of the Company, being Mr Damian Black, Mr Ranko Matic and Mr David Wheeler.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Facilitation Shares** means 10,000,000 Shares to be issued to Mr Michael Denny (or his nominees).

**Facility** has the meaning set out in Section 7.

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

**HealthCare Data Management** means the systems used by HomeStay to collect health care data.

**HomeStay** means HomeStay Care Pty Ltd (ACN 612 594 475)

**HomeStay App** means any application which is utilised by HomeStay to provide HomeStay ODS, or manage integration of the HomeStay IoT Platform.

**HomeStay Group** means HomeStay and its subsidiary companies.

**HomeStay IoT Platform** means any platform used by HomeStay to offer: on-demand care services; healthcare data management; and / or lifestyle monitoring.

**HomeStay ODS** means HomeStay's on demand services.

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

**HomeStay Shareholder** means a registered holder of a HomeStay Share.

**Intelligent Home** means any home that has, or has had one of HomeStay's data collecting hubs installed in it, together with any number of hub-communicating in-home artificial intelligence sensors (including (but not limited to): movement / activity monitoring sensors; bed sensors; door / window sensors; hot water sensor; incontinence device; and / or wearable smart watches).

**IoT** means internet of things.

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

**Lenders** has the meaning set out in Section 7.

**Maximum Subscription** means the maximum amount to be raised under the Public Offer, being \$4,000,000.

**Minimum Subscription** means the minimum amount to be raised under the Public Offer, being \$3,000,000.

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

**Official List** means the official list of the ASX.

**Option** means an option to acquire a Share.

**Optionholder** means the holder of an Option.

**Performance Right** means a right to acquire a Share, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the Share.

**Plan** means the HomeStay Care Limited – Incentive Performance Rights Plan the subject of Resolution 18 and as summarised in Schedule 5.

**Preference Share** means a preference share in the capital of the Company.

**Preference Shareholder** means the holder of a Preference Share as at the date of the Meeting.

**Preference Shareholders Selective Capital Reduction** has the meaning given in Section 14.1.

**Preference Shareholders' Special General Meeting** means the special general meeting convened by the Notice, pursuant to which the Preference Shareholders will vote on the Preference Shares Selective Capital Reduction in accordance with section 256C(2) of the Corporations Act.

**Proposed Directors** means Ms Shannon Robinson and Ms Sara Kelly.

**Prospectus** has the meaning set out in Section 5.1.

**Proxy Form** means the proxy form accompanying the Notice.

**Public Offer** means the offer of up to 200,000,000 Shares, at an issue price of \$0.02 per Share, raise up to \$4,000,000 pursuant to the Prospectus.

**Public Offer Shares** means the Shares to be issued pursuant to the Public Offer.

**Record Date** has the meaning given to that term in the timetable set out in Section 1.20.

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

**Schedule** means a schedule to this Notice.

**Section** means a section of the Explanatory Statement.

**Securities** means a Share or Option.

**Security Holder** means the holder of a Security.

**Settlement** means settlement of the Proposed Acquisition in accordance with the terms of the Agreement.

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

**Shareholder** means a registered holder of a Share.

**Transaction Options** means an Option to be issued on the terms and conditions set out in Schedule 3.

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

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## SCHEDULE 1 – MATERIAL TERMS OF AGREEMENT

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The key terms of the Agreement to effect the acquisition of 100% of the issued capital of HomeStay (**Proposed Acquisition**) are as follows:

(a) **Exclusivity**

Upon execution of the Agreement, the Company paid an exclusivity fee of \$100,000 to HomeStay, which will be refundable in the event that any of the conditions precedent are not satisfied within the period required due to the acts or omissions of HomeStay, HomeStay breaches the Agreement or HomeStay undertakes an alternative transaction to the Proposed Acquisition (**Exclusivity Fee**).

(b) **Option**

In consideration for the Exclusivity Fee, HomeStay granted the Company an exclusive option to:

- (i) undertake due diligence on HomeStay for the purpose of considering the Proposed Acquisition (which has been completed, as announced on 16 May 2018); and
- (ii) procure HomeStay to compel the HomeStay Shareholders to accept offers for their shares (**HomeStay Shares**) so that the Company can acquire 100% of the issued capital of HomeStay.

(c) **Loan**

On exercise of the Option, which occurred on 15 May 2018, the Company made a loan of \$300,000 (**Loan**) to HomeStay on the following terms and conditions:

- (i) the Loan is interest free and unsecured;
- (ii) the Loan is repayable upon the earlier of 28 September 2018 or that date that is three months following any of the following occurring:
  - (A) a person acquiring an interest in HomeStay (in any manner whatsoever) entitling such person to at least 50 per cent of the votes in a general meeting of the HomeStay Shareholders or obtains rights to appoint a majority of the board of directors of HomeStay, or HomeStay enters into an agreement with respect to any of the foregoing;
  - (B) HomeStay applying for admission to listing on a stock exchange;
  - (C) HomeStay completing a capital raising of an amount equal to or greater than 150% of the outstanding Loan; or
  - (D) HomeStay disposing or agreeing to dispose (in any matter whatsoever) of a material part of its business or interest therein or enters into an arrangement with a person to jointly develop a material part of the business of HomeStay in such a manner that is determined by the Company to constitute a joint venture arrangement.

(d) **Conditions Precedent**

Completion of the Proposed Acquisition is subject to and conditional upon a number of conditions precedent, including:

- (i) Antilles and HomeStay obtaining all necessary regulatory, shareholder and third-party approvals required to complete the transactions contemplated by the Agreement, including, without limitation, ASX granting a waiver to permit the issue of the Deferred Consideration Shares outside of the 3 month period following Shareholders approving their issue;
- (ii) Antilles receiving conditional approval by ASX to reinstate its Securities to trading on the ASX (after the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being to the reasonable satisfaction of Antilles and HomeStay;
- (iii) Antilles undertaking a capital raising to raise at least \$3,000,000 through an issue of Shares at \$0.02 per Share, issued (on a post-Consolidation basis);
- (iv) all HomeStay Shareholders agreeing to transfer their HomeStay Shares to the Company and entering into any restriction agreements required under the ASX Listing Rules in relation to the Consideration Shares to be issued as consideration for the Proposed Acquisition;
- (v) the Company providing evidence to HomeStay's satisfaction that at completion, the Company has a cash balance of at least \$2,000,000 and total liabilities not exceeding \$100,000;
- (vi) all recipients of the Facilitation Shares and Transaction Options delivering executed restriction agreements in relation to the Facilitation Shares and Transaction Options in accordance with the ASX Listing Rules (if required by ASX); and
- (vii) there being no material adverse change in the circumstances of HomeStay or the Company prior to completion,

(together, the **Conditions Precedent**).

(e) **Consideration:**

In consideration for the Proposed Acquisition, the Company will issue:

- (i) 300,000,000 Shares (on a post-Consolidation basis) (**Initial Consideration Shares**) to the HomeStay Shareholders (or their nominees) in proportion to their existing interest in HomeStay; and
- (ii) deferred consideration of:
  - (A) 50,000,000 Shares (on a post-Consolidation basis) to be issued to the HomeStay Shareholders upon the HomeStay Group generating cumulative revenue of \$3,000,000 within 36 months of the date that the Company is re-admitted to the Official List and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements (**First Milestone Shares**);
  - (B) 50,000,000 Shares (on a post-Consolidation basis) to be issued to the HomeStay Shareholders upon the HomeStay Group generating cumulative revenue of \$6,000,000 within 48 months of the date that the Company is re-admitted to the Official List and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements (**Second Milestone Shares**);



- (C) 50,000,000 Shares (on a post-Consolidation basis) to be issued to the HomeStay Shareholders upon the HomeStay Group generating cumulative revenue of \$9,000,000 within 54 months of the date that the Company is re-admitted to the Official List and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements (**Third Milestone Shares**);

50,000,000 Shares (on a post-Consolidation basis) to be issued to the HomeStay Shareholders upon the HomeStay Group generating cumulative revenue of \$12,000,000 within 60 months of the date that the Company is re-admitted to the Official List and such revenue is confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements (**Fourth Milestone Shares**), (together the **Deferred Consideration Shares**).

For the purpose of the above milestones, the **HomeStay Group** means HomeStay and its subsidiaries as at the date that the Company is reinstated to the Official List.

The issue of the Deferred Consideration Shares is subject to revenue being confirmed by the signed attestation of a registered company auditor or properly included in the Company's audited financial statements.

Antilles will also issue (on a post-Consolidation basis) 70,00,000 Transaction Options to 708 Capital in consideration for lead manager services, 10,000,000 Facilitation Shares to Mr Michael Denny (or his nominees) for the introduction and facilitation of the Proposed Acquisition, and 10,000,000 Transaction Options, being 2,000,000 Transaction Options to each of the Proposed Directors and the Existing Directors.

(f) **Board composition**

On completion of the Proposed Acquisition, Antilles will appoint Ms Shannon Robinson and Ms Sara Kelly as directors of the Company. Current Directors Messrs Ranko Matic and David Wheeler will resign.

(g) **Change of name**

Following successful completion of the Proposed Acquisition, Antilles proposes to change its name to "HomeStay Care Limited".

The Agreement otherwise contains terms and conditions which are typical for an agreement of its nature.

## SCHEDULE 2 – PRO-FORMA BALANCE SHEET

### MINIMUM SUBSCRIPTION

	AVD 31/12/17	HSC 31/12/17	Exclusivity fee	Purchaser loan	Acquisition entry adjustment	Elimination of HSC investment	Capital Raise	6% Costs of raise	Other Costs of transaction	70m Options Costs of raise	Facilitation fee	Director Options	Convertible Loan	Subsequent events	PRO-FORMA (at end of transaction)
<b>ASSETS</b>															
<b>CURRENT ASSETS</b>															
Cash and cash equivalents - AVD	2,663,785	-	(100,000)	(300,000)			3,000,000	(180,000)	(300,000)	7,000	1,000	600		5,000	4,827,385
Cash and cash equivalents - HSC	-	569,353	100,000	300,000									1,000,000		1,969,353
Receivables	8,161	24,455													32,616
<b>TOTAL CURRENT ASSETS</b>	2,671,946	593,808	-	-	-	-	3,000,000	(180,000)	(300,000)	7,000	1,000	600	1,000,000	5,000	6,829,354
<b>NON-CURRENT ASSETS</b>															
PPE	-	-													
Development assets	-	435,060	-	-	-	-	-	-	-	-	-	-		-	435,060
<b>TOTAL NON-CURRENT ASSETS</b>	-	435,060													435,060
<b>TOTAL ASSETS</b>	2,671,946	1,028,868	-	-	-	-	3,000,000	(180,000)	(300,000)	7,000	1,000	600	1,000,000	5,000	7,264,414
<b>LIABILITIES</b>															
<b>CURRENT LIABILITIES</b>															
Payables	(57,697)	(77,342)													(135,039)
Provisions	-	(2,832)													(2,832)
<b>TOTAL CURRENT LIABILITIES</b>	(57,697)	(80,174)	-	-	-	-	-	-	-	-	-	-		-	(137,871)
<b>NON CURRENT LIABILITIES</b>															

Borrowings	-	-											(1,000,000)		(1,000,000)
<b>TOTAL NON CURRENT LIABILITIES</b>	-	-											(1,000,000)		(1,000,000)
<b>TOTAL LIABILITIES</b>	(57,697)	(80,174)	-	-	-	-	-	-	-	-	-	-	(1,000,000)	-	(1,137,871)
<b>NET ASSETS</b>	2,614,249	948,694	-	-	-	-	3,000,000	(180,000)	(300,000)	7,000	1,000	600	-	5,000	6,126,543
<b>EQUITY</b>															
Issued capital	(36,177,797)	(1,412,501)			(9,257,973)	36,177,797	(3,000,000)	180,000	300,000	924,000	(241,000)			(5,000)	(12,542,474)
Reserves	2,648,040	-				(2,648,040)				(931,000)		(80,400)			(1,011,400)
Retained earnings	30,915,508	463,807			6,643,724	(30,915,508)					240,000	79,800		250,000	7,677,331
<b>TOTAL EQUITY</b>	(2,614,249)	(948,694)	-	-	(2,614,249)	2,614,249	(3,000,000)	180,000	320,000	(7,000)	(1,000)	(600)	-	245,000	(6,126,543)

## MAXIMUM SUBSCRIPTION

	AVD 31/12/17	HSC 31/12/17	Exclusivity fee	Purchaser loan	Acquisition entry adjustment	Elimination of HSC investment	Capital Raise	6% Costs of raise	Other Costs of transaction	70m Options Costs of raise	Facilitation fee	Director Options	Convertible Loan	Subsequent events	PRO-FORMA (at end of transaction)
<b>ASSETS</b>															
<b>CURRENT ASSETS</b>															
Cash and cash equivalents - AVD	2,663,785	-	(100,000)	(300,000)			4,000,000	(240,000)	(320,000)	7,000	1,000	600		5,000	5,717,385
Cash and cash equivalents - HSC	-	569,353	100,000	300,000									1,000,000		1,969,353
Receivables	8,161	24,455													32,616
<b>TOTAL CURRENT ASSETS</b>	2,671,946	593,808	-	-	-	-	4,000,000	(240,000)	(320,000)	7,000	1,000	600	1,000,000	5,000	7,719,354
<b>NON-CURRENT ASSETS</b>															
PPE	-	-													-
Development assets	-	435,060													435,060
<b>TOTAL NON-CURRENT ASSETS</b>	-	435,060	-	-	-	-	-	-	-	-	-	-		-	435,060

<b>TOTAL ASSETS</b>	2,671,946	1,028,868	-	-	-	-	4,000,000	(240,000)	(320,000)	7,000	1,000	600	1,000,000	5,000	<b>8,154,414</b>
<b>LIABILITIES</b>															
<b>CURRENT LIABILITIES</b>															
Payables	(57,697)	(77,342)													<b>(135,039)</b>
Provisions	-	(2,832)													<b>(2,832)</b>
<b>TOTAL CURRENT LIABILITIES</b>	(57,697)	(80,174)	-	-	-	-	-	-	-	-	-	-		-	<b>(137,871)</b>
<b>NON CURRENT LIABILITIES</b>															
Borrowings	-	-											(1,000,000)		<b>(1,000,000)</b>
<b>TOTAL NON CURRENT LIABILITIES</b>	-	-											(1,000,000)		<b>(1,000,000)</b>
<b>TOTAL LIABILITIES</b>	(57,697)	(80,174)	-	-	-	-	-	-	-	-	-	-	(1,000,000)	-	<b>(1,137,871)</b>
<b>NET ASSETS</b>	2,614,249	948,694	-	-	-	-	4,000,000	(240,000)	(320,000)	7,000	1,000	600	-	5,000	<b>7,016,543</b>
<b>EQUITY</b>															
Issued capital	(36,177,797)	(1,412,501)			(9,257,973)	36,177,797	(4,000,000)	240,000	320,000	924,000	(241,000)			(5,000)	<b>(13,432,474)</b>
Reserves	2,648,040	-				(2,648,040)				(931,000)		(80,400)			<b>(1,011,400)</b>
Retained earnings	30,915,508	463,807			6,643,724	(30,915,508)					240,000	79,800			<b>7,427,331</b>
<b>TOTAL EQUITY</b>	(2,614,249)	(948,694)	-	-	(2,614,249)	2,614,249	(4,000,000)	240,000	320,000	(7,000)	(1,000)	(600)		(5,000)	<b>(7,016,543)</b>

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## SCHEDULE 3 – TERMS AND CONDITIONS OF TRANSACTION OPTIONS

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(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on or before the date that is five (5) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

## SCHEDULE 4 – VALUATION OF TRANSACTION OPTIONS

The Transaction Options to be issued to the Related Parties pursuant to Resolutions 10, 11, 12, 13 and 14 have been valued by internal management and independent reviewed.

Using binomial options pricing model and based on the assumptions set out below, the Transaction Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	14 June 2018
Market price of Shares	2 cents
Exercise price	3 cents
Expiry date (length of time from issue)	5 years
Risk free interest rate	2.42% 2.39% (continuously compounded)
Volatility (discount)	91.19%
<b>Indicative value per Transaction Option</b>	1.3 cents
<b>Total Value of Transaction Options to be issued to Related Parties</b>	\$130,000
Resolution 10 (Damian Black)	\$26,000
Resolution 11 (Ranko Matic)	\$26,000
Resolution 12 (David Wheeler)	\$26,000
Resolution 13 (Shannon Robinson)	\$26,000
Resolution 14 (Sara Kelly)	\$26,000

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

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## SCHEDULE 5 – SUMMARY OF INCENTIVE PERFORMANCE RIGHTS PLAN

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The key terms of the Plan are as follows:

- (a) The Board may, from time to time, in its absolute discretion, make a written offer to any of the following:
  - (i) a Director (whether executive or non-executive) of any Group Company;
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000; or
  - (iv) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under clauses (a), (b) or (c) above,

**(Eligible Participants).**

- (b) Under the Plan the Board may grant Performance Rights to Eligible Participants with effect from the date determined by the Board, upon the terms set out in the Plan and upon such additional terms and vesting conditions as the Board determines.
- (c) The Board will advise each Eligible Participant of the following minimum information regarding the Performance Rights:
  - (i) the maximum number of Performance Rights that the Eligible Participant may apply for, or the formula for determining the number of Performance Rights that may be applied for;
  - (ii) the maximum number of Shares that the Eligible Participant is entitled to be issued on the exercise of each Performance Right or the formula for determining the maximum number of Shares;
  - (iii) any applicable vesting conditions;
  - (iv) when unvested Performance Rights will expire (**Expiry Date**);
  - (v) the date by which an offer must be accepted (**Closing Date**); and
  - (vi) any other information required by law or the ASX Listing Rules or considered by the Board to be relevant to the Performance Rights or the Shares to be issued on exercise of the Performance Rights.
- (d) Performance Rights will not be quoted on the ASX, except to the extent provided for by the Plan or unless the Offer provides otherwise.
- (e) Subject to clause (h), a Performance Right granted under the Plan will not vest and be exercisable unless the vesting conditions (if any) have been satisfied and the Board has notified the Eligible Participant of that fact.
- (f) The Board must notify an Eligible Participant in writing within 10 Business Days of becoming aware that any vesting conditions attaching to a Performance Right have been satisfied.
- (g) Subject to the Corporations Act, the ASX Listing Rules and the Plan, the Company must issue to the participant or his or her personal representative (as the case may be) the number of Shares the participant is entitled to be issued in respect of vested



Performance Rights that are exercised, within 10 business days of the Performance Rights being exercised.

- (h) A Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right occurring, as governed by the Plan;
  - (ii) a vesting condition in relation to the Performance Right is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Performance Right in accordance with the Plan;
  - (iii) a vested Performance Right is not exercised within the time limit specified in the Plan;
  - (iv) an Eligible Participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right in accordance with the Plan;
  - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant in accordance with the Plan;
  - (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Performance Right in accordance with the Plan; and
  - (vii) the Expiry Date of the Performance Right.
- (i) The Board may, in its absolute discretion, by written notice to a participant, resolve to waive any of the vesting conditions applying to the Performance Rights due to:
- (i) an Eligible Participant or, where the participant is a nominee of an Eligible Participant, that Eligible Participant, ceasing to be an Eligible Participant as a result of:
    - (A) death or total or permanent disability; or
    - (B) retirement or redundancy; or
  - (ii) an Eligible Participant or, where the participant is a nominee of an Eligible Participant, that Eligible Participant, suffering severe financial hardship;
  - (iii) any other circumstance stated in the terms of the relevant Offer made to and accepted by the participant;
  - (iv) a change of control occurring; or
  - (v) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company,

in which case, a participant (or their personal legal representative where applicable) may exercise any vested Performance Right at any time within one month of the Board notifies that the Performance Right has vested, failing which the Performance Right will lapse, by a signed written notice to the Board specifying the Performance Rights being exercised and providing the certificate for those Performance Rights.

# GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

**Holder Number:**

## Vote by Proxy: AVD

Your proxy voting instruction must be received by **11.00am (WST) on Tuesday, 21 August 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

## Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.



- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal:

<https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided. **By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

# CONTACT

## Return your completed form:



### BY MAIL

Automic Registry Services  
PO Box 2226  
Strawberry Hills NSW 2012



### IN PERSON

Automic Registry Services  
Level 3, 50 Holt Street,  
Surry Hills NSW 2010

## Contact us – All enquiries to Automic:



### WEBCHAT

<https://automic.com.au/>



### EMAIL

[hello@automic.com.au](mailto:hello@automic.com.au)



### PHONE

**1300 288 664 (Within Australia)**  
**+61 2 9698 5414 (Overseas)**

# STEP 1: Please appoint a Proxy

## Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the General Meeting of Antilles Oil and Gas NL, to be held at **11.00am (WST) on Thursday, 23 August 2018 at London House, Level 3, 216 St George's Terrace, Perth, Western Australia 6000** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

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

Unless indicated otherwise by ticking the "for", "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 11, 12, 13, 14, 15 and 19 (except where I/we have indicated a different voting intention below) even though Resolutions 11, 12, 13, 14, 15 and 19 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

# STEP 2: Your Voting Direction

## Resolutions

- 1 Change to Nature and Scale of Activities – Proposed Acquisition of Homestay
- 2 Consolidation Of Capital
- 3 Issue of Consideration Shares to Homestay Shareholders
- 4 Public Offer
- 5 Issue of Public Offer Shares to Damian Black
- 6 Issue of Public Offer Shares to Shannon Robinson
- 7 Issue of Public Offer Shares to Sara Kelly
- 8 Issue of Shares pursuant to Convertible Loan Facility
- 9 Issue of Facilitation Shares
- 10 Issue of Transaction Options to 708 Capital
- 11 Issue of Transaction Options to Mr Damian Black

## For Against Abstain

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Resolutions

- 12 Issue of Transaction Options to Mr Ranko Matic
- 13 Issue of Transaction Options to Mr David Wheeler
- 14 Issue of Transaction Options to Ms Shannon Robinson
- 15 Issue of Transaction Options to Ms Sara Kelly
- 16 Election of Director – Ms Shannon Robinson
- 17 Election Of Director – Ms Sara Kelly
- 18 Change of Company name
- 19 Adoption of Incentive Performance Rights Plan
- 20 Approval to make Selective Reduction of Capital – Preference Shares

## For Against Abstain

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

# STEP 3: Sign

## SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Email Address \_\_\_\_\_

**By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).**

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## **ANTILLES OIL AND GAS NL**

**ACN 111 823 762**

### **NOTICE OF PREFERENCE SHAREHOLDERS' SPECIAL GENERAL MEETING**

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Notice is given that the Preference Shareholders' Special General Meeting will be held at:

**TIME:** 12:00pm (WST)  
**DATE:** 23 August 2018  
**PLACE:** London House  
Level 3, 216 St George's Terrace  
Perth, Western Australia 6000

***The business of the Preference Shareholders' Special General Meeting affects your shareholding and your vote is important.***

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

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Preference Shareholders' Special General Meeting are those who are registered Preference Shareholders at 5:00pm on 22 August 2018.***

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**BUSINESS OF THE PREFERENCE SHAREHOLDERS' SPECIAL GENERAL MEETING**

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Notice is given that a Special General Meeting of Preference Shareholders of Antilles Oil & Gas NL will be held at London House, Level 4, 216 St Georges Terrace, Western Australia 6000 at 12:00pm (WST) on 23 August 2018 or as soon as the General Meeting of Shareholders has concluded or been adjourned, whichever is earlier.

The Explanatory Statement to the Notice of Meeting and the Explanatory Statement to this Notice of Preference Shareholders' Special General Meeting provides additional information on matters to be considered at the Preference Shareholders' Special General Meeting. The Explanatory Statement to the Notice of Meeting and the Explanatory Statement to this Notice of Preference Shareholders' Special General Meeting and the Proxy Form are part of this Notice of Preference Shareholders' Special General Meeting.

The persons eligible to vote at the Preference Shareholders' Special General Meeting are the Preference Shareholders (being the holders of the Preference Shares subject to the Preference Shareholders Selective Capital Reduction.

The business of the Preference Shareholders' Special General Meeting affects the Preference Shareholders' shareholdings.

Terms and abbreviations used in this Notice of Preference Shareholders' Special General Meeting and Explanatory Statement of Special Preference Shareholders' General Meeting are defined in the Glossary of the Notice of General Meeting above.

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**AGENDA**

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**1. RESOLUTION 1 – APPROVAL FOR CANCELLATION OF PREFERENCE SHARES**

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

*“That, subject to and conditional on the passing of Resolution 5 at the General Meeting, in accordance with section 256C(2) of the Corporations Act and for all other purposes, approval is given by the Preference Shareholders for the Company to cancel a total of nine (9) Preference Shares held by the Preference Shareholders on the terms and conditions and for the purpose set out in the Special Meeting Explanatory Statement accompanying this Special Meeting Notice. ”*

**Dated: 23 July 2018**

**By order of the Board**

**MS MELANIE ROSS  
COMPANY SECRETARY**

## Voting in person

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

## Voting by proxy

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

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

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

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

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6188 8181.***

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**EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

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**2. RESOLUTION 1 – APPROVAL FOR CANCELLATION OF PREFERENCE SHARES**

As outlined above, section 256C(2) of the Corporations Act requires that in order for a selective reduction of capital to be completed, the selective reduction of capital must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

The Preference Shareholders' Special General Meeting is being held for the purpose of approving the Preference Shareholders' Selective Capital Reduction, and the only parties entitled to attend and vote at the Preference Shareholders' Special General Meeting are the Preference Shareholders.

Details of the proposed Preference Shareholders' Selective Capital Reduction are outlined in Section 13 of the Notice of General Meeting annexed above, and the Company considers that all other information has been made available to Shareholders and Preference Shareholders.

Resolution 1 to be considered at the Special General Meeting is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed.

# GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

**Holder Number:**

## Vote by Proxy: AVD

Your proxy voting instruction must be received by **12.00am (WST) on Tuesday, 21 August 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

## Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.



- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal:

<https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided. **By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



## CONTACT

### Return your completed form:



#### BY MAIL

Automic Registry Services  
PO Box 2226  
Strawberry Hills NSW 2012



#### IN PERSON

Automic Registry Services  
Level 3, 50 Holt Street,  
Surry Hills NSW 2010

### Contact us – All enquiries to Automic:



#### WEBCHAT

<https://automic.com.au/>



#### EMAIL

[hello@automic.com.au](mailto:hello@automic.com.au)



#### PHONE

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

## STEP 1: Please appoint a Proxy

### Complete and return this form as instructed only if you do not vote online

I/We being a Preference Shareholder entitled to attend and vote at the Special General Meeting of Antilles Oil and Gas NL, to be held at **12.00am (WST) on Thursday 23 August 2018 at London House, Level 3, 216 St George's Terrace, Perth, Western Australia 6000** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

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

Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

## STEP 2: Your Voting Direction

### Resolutions

For Against Abstain

1 Approval for cancellation of Preference shares ☐ ☐ ☐

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

## STEP 3: Sign

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Email Address \_\_\_\_\_

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).