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**PALACE RESOURCES LIMITED**

**ACN 106 240 475**

(to be renamed Tikforce Limited)

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**NOTICE OF GENERAL MEETING**

**A General Meeting of the Company will be held at Suite 4, 16 Ord Street West Perth, Western Australia on 12<sup>th</sup> August 2015 at 10:30 AM (WST)**

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

***Should you wish to discuss any matter please contact the Company Secretary on (08) 9429 2900.***

# NOTICE OF MEETING

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## CONTENTS PAGE

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Business of the Meeting (setting out the Resolutions)	5
Explanatory Memorandum (explaining the Resolutions)	15
Definitions	65
Proxy Form	66

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

Notice is given that the general meeting of Shareholders of Palace Resources Limited to which this Notice of Meeting relates will be held at Suite 4, 16 Ord Street West Perth, Western Australia on 12<sup>th</sup> August 2015 at 10:30 AM (WST).

### YOUR VOTE IS IMPORTANT

The Resolutions are important and affect the future of the Company. The business of the Meeting affects your shareholding and your vote is important.

### VOTING ELIGIBILITY

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 of the Company at 5:00 PM (WST) on 10<sup>th</sup> August 2015.

### HOW TO VOTE

You may vote by attending the Meeting in person or by proxy, attorney or authorised representative.

### VOTING IN PERSON

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

### VOTING BY PROXY

You have the right to appoint a proxy to vote on your behalf.

To vote by proxy, please complete and sign the enclosed Proxy Form and return in accordance with the instructions set out on the Proxy Form prior to **10:30am** (WST) on **10<sup>th</sup> August 2015**, being not less than 48 hours prior to the commencement of the Meeting. Proxy forms received later than this time will be invalid.

A proxy can be an individual or a body corporate (refer to Bodies Corporate section below).

When the Proxy Form is executed under a power of attorney, the power of attorney must be lodged in the same way as the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

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; and

## NOTICE OF MEETING

- 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 Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the member's votes.

### BODIES CORPORATE

A body corporate may appoint an individual as its representative to exercise any of the powers the body corporate may exercise at the Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body corporate could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

### OTHER INFORMATION ON PROXIES

Shareholders and their proxies should be aware 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.

If you appoint the Chair as your proxy and do not direct him how to vote, you are expressly authorising the Chair to cast your undirected proxy in all proposed Resolutions in accordance with his intention set out below.

**If the Chair is appointed or taken to be appointed as a Shareholder's proxy and the appointment does not direct the Chair as to how to vote on a Resolution, the Chair is expressly authorised and intends to exercise all available votes in favour of all the proposed Resolutions. This express authorisation is included because without it, the Chair would be precluded from casting your votes on the Resolutions which are connected with the remuneration of the Key Management Personnel.**

### REQUIRED MAJORITIES

Resolutions 1 to 3 and 5 to 25 are **ordinary resolutions** and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the resolutions.

Resolutions 4 and 26 are **special resolutions** and will be passed only if supported by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

### EXPLANATORY MEMORANDUM AND PROXY FORM

The Explanatory Memorandum to this Notice of General Meeting provides additional information on matters to be considered at the Meeting. You are urged to give careful consideration to the Notice of the Meeting and the contents of the Explanatory Memorandum. Further details of each Resolution are set out in the Explanatory Memorandum. The accompanying Explanatory Memorandum and the Proxy Form and voting instructions form part of this Notice of Meeting.

### DEFINITIONS

Terms and abbreviations used in the Notice and Explanatory Memorandum are defined in the 'Definitions' section of the Explanatory Memorandum.

By Order of the Board

## **NOTICE OF MEETING**

Mr Roland Berzins  
Company Secretary

Dated 13<sup>th</sup> July 2015

# NOTICE OF MEETING

## PALACE RESOURCES LIMITED

ACN 106 240 475

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### BUSINESS OF THE MEETING

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#### AGENDA

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### 1. Resolution 1 – Consolidation of Capital

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 254H of the Corporations Act, Listing Rule 7.20, Listing Rule 7.22 and the Constitution and for all other purposes, approval is given for the issued capital of the Company to be consolidated on the basis of:*

- a) every one hundred Shares be consolidated into one Share; and*
  - b) all options on issue be adjusted in accordance with Listing Rule 7.22,*
- with the Consolidation taking effect on a date announced to ASX in accordance with the Listing Rules and with any fractional entitlements being rounded down to the nearest whole number on the terms and conditions set out in the Explanatory Memorandum."*

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### 2. Resolution 2 – Change of Nature and Scale of Activities

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities arising from completion of the Acquisitions as set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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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### 3. Resolution 3 – Approval for the issue of Shares for Capital Raising

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 65,000,000 Shares (on a post Consolidation basis) (**Capital Raising Shares**), at an issue price of \$0.10 each (on a post Consolidation basis), to raise up to \$6,500,000 on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

## NOTICE OF MEETING

### 4. Resolution 4 – Creation of a new class of securities - Performance Shares

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

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of section 246B(1) and 246C(5) of the Corporations Act, the Constitution and for all other purposes, the Directors are authorised to issue the Performance Shares on the terms and conditions set out in the Explanatory Memorandum".*

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

### 5. Resolution 5 – Approval of Issue of Shares and Performance Shares to acquire Misto

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 30,000,000 Shares (on a post Consolidation basis) (Misto Consideration Shares) and 36,000,000 Performance Shares (on a post Consolidation basis) to the shareholders of Misto Nominees Pty Ltd (or their nominees) (Misto Shareholders) in consideration for the acquisition of all of the issued capital of Misto Nominees Pty Ltd (Misto) on the terms and conditions set out in the Explanatory Memorandum."*

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

### 6. Resolution 6 – Approval of Issue of Shares and Performance Shares to acquire Min-Trak

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 9,000,000 Shares (on a post Consolidation basis) (Min-Trak Consideration Shares) and 5,000,000 Performance Shares (on a post Consolidation basis) to the shareholders of Min-Trak Pty Ltd (or their nominees) (Min-Trak Shareholders) to acquire all of the issued capital of Min-Trak Pty Ltd on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

## NOTICE OF MEETING

### 7. Resolution 7 – Approval for the issue of Advisor Options

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 20,000,000 options (on a post Consolidation basis) to advisors and lead managers of the Company (or their nominees) (Advisor Options) on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary Shares, 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.

### 8. Resolution 8 – Approval of participation of Mr Ian Murie in the Capital Raising

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 Listing Rule 10.11, section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue to Mr Murie (or his nominee), of up to an aggregate maximum of 1,500,000 Capital Raising Shares (on a post Consolidation basis), which represent a value of up to \$150,000, on the same terms and conditions as other participants of the Capital Raising and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Murie and any of his 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.

### 9. Resolution 9 – Approval of participation of Mr Peter Woods in the Capital Raising

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 Listing Rule 10.11, section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue to Mr Peter Woods (or his nominee), of up to an aggregate maximum of 1,500,000 Capital Raising Shares (on a post Consolidation basis), which represent value of up to \$150,000, on the same terms and conditions as other participants of the Capital Raising and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Woods and any of his 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.

## NOTICE OF MEETING

### 10. Resolution 10 – Approval of participation of Mr Roland Berzins in the Capital Raising

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 Listing Rule 10.11, section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue to Mr Roland Berzins (or his nominee(s)), of up to an aggregate maximum of 1,500,000 Capital Raising Shares (on a post Consolidation basis), which represent a value of up to \$150,000, on the same terms and conditions as other participants of the Capital Raising and on the terms and conditions set out in the Explanatory Memorandum."*

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

### 11. Resolution 11 – Approval of Existing Notes becoming Convertible

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 Listing Rule 7.1 and for all other purposes, approval is given for the existing notes with a face value of \$460,000 issued by the Company (as announced on 28 May 2015) (**Existing Notes**), becoming convertible into Shares on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

### 12. Resolution 12 – Issue Of New Converting Notes

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 Listing Rule 7.1 and for all other purposes, approval is given for the issue of new convertible notes with a face value of \$540,000 (**New Converting Notes**) on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

### 13. Resolution 13 – Approval of Issue of Shares to Mr Guy Le Page as director fees

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

## NOTICE OF MEETING

*“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 10.11, section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 139,742 Shares (on a post Consolidation basis) to Mr Guy Le Page (or his nominee) for the Director fees payable to him on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Le Page or any of his 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.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 13 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

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### 14. Resolution 14 – Approval of Issue of Shares to Mr Ian Murie as director fees

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 Listing Rule 10.11, section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 76,421 Shares (on a post Consolidation basis) to Mr Ian Murie (or his nominee) as payment for director fees payable to him on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Ian Murie and any of his 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.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 14 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

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### 15. Resolution 15 – Approval of Issue of Shares to Mr Peter Woods as director fees

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 Listing Rule 10.11, section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 222,714 Shares (on a post Consolidation basis) to Mr Peter Woods (or his nominee) as payment for director fees payable to him, on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Peter Woods and any of his 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.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 15 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

## NOTICE OF MEETING

### 16. Resolution 16 – Approval of Issue of Shares to Mr Roland Berzins as company secretary fees

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 Listing Rule 10.11, section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 55,000 Shares (on a post Consolidation basis) to Mr Roland Berzins (or his nominee(s)) as payment for company secretarial fees payable to Mr Roland Berzins on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Berzins and any of his 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.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 16 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

### 17. Resolution 17 – Approval of Issue of Shares to Mr Roland Berzins as consulting fees

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 Listing Rule 10.11 and section 195(4) and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 225,500 Shares (on a post Consolidation basis) to Mr Roland Berzins, (or his nominee(s)) as payment for consulting fees payable to Mr Roland Berzins on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Berzins and any of his 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.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 17 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this Resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

### 18. Resolution 18 – Approval of Issue of Shares to Kilo Delta Pty Ltd as trustee for Baumstein Trust as Consulting Fees

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 Listing Rule 7.1 and all other purposes, approval is given for the Company to issue up to 78,168 Shares (on a post Consolidation basis) to Kilo Delta Pty Ltd as trustee for the Baumstein Trust (or its nominees) as payment for consulting fees payable to Kilo Delta Pty Ltd as trustee for the Baumstein Trust on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the Resolution is passed, and any associates of

## NOTICE OF MEETING

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.

### 19. Resolution 19 – Approval of Issue of Shares to Spartan Nominees Pty Ltd as Consulting Fees

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 126,101 Shares (on a post Consolidation basis) to Spartan Nominees Pty Ltd (or its nominees) as payment for consulting fees payable to Spartan Nominees Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

### 20. Resolution 20 – Approval of Issue of Shares to GCP Capital Pty Ltd as management fees

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 360,272 Shares (on a post Consolidation basis) to GCP Capital Pty Ltd (or its nominees) as payment for management fees payable to GCP Capital Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

### 21. Resolution 21 – Approval of Issue of Shares to Cumberland Investments Pty Ltd as consulting fees

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 424,783 Shares (on a post Consolidation basis) to Cumberland Investments Pty Ltd (or its nominees) as payment for consulting fees payable to Cumberland Investments Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

## NOTICE OF MEETING

### 22. Resolution 22 – Approval of Issue of Shares to Fay Holdings Pty Ltd as consulting fees

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 99,632 Shares (on a post Consolidation basis) to Fay Holdings Pty Ltd (or its nominees) as payment for consulting fees payable to Fay Holdings Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

### 23. Resolution 23 – Approval of Issue of Shares to Aspiritual Pty Ltd as consulting fees

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 55,579 Shares (on a post Consolidation basis) to Aspiritual Pty Ltd (or its nominees) as payment for consulting fees payable to Aspiritual Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

### 24. Resolution 24 – Approval of Issue of Shares to AAG Management Pty Ltd as management fees

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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 661,987 Shares (on a post Consolidation basis) to AAG Management Pty Ltd (or its nominees) as payment for management fees payable to AAG Management Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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.

### 25. Resolution 25 – Approval of Issue of Shares and Options to Seefeld Investments Pty Ltd in lieu of Loan Fund Repayment

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

## NOTICE OF MEETING

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 450,000 Shares (on a post Consolidation basis) and 450,000 Options (on a post Consolidation basis) to Seefeld Investments Pty Ltd ( or its nominee) as payment of outstanding loans which are repayable by the Company to Seefeld Investments Pty Ltd on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, 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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### **26. Resolution 26 – Change of Name of Company**

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

*"That, subject to and conditional upon the passing of all Essential Resolutions and completion of the Acquisitions, for the purpose 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 from "Palace Resources Limited" to "Tikforce Limited"."*

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#### **BY ORDER OF THE BOARD**

Roland Berzins

Company Secretary  
Dated: 13<sup>th</sup> July 2015

## NOTICE OF MEETING

# Palace Resources Limited

## ACN 106 240 475

This Explanatory Memorandum has been prepared for the information of the Shareholders in connection with the business to be conducted at the Meeting.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting (of which this Explanatory Memorandum forms a part). This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

- Section 1: Key Dates
  - Section 2: Overview of change of nature and scale of activities
  - Section 3: Resolution 1 - Consolidation of Capital
  - Section 4: Resolution 2 - Change to Nature and Scale of Activities
  - Section 5: Ordinary Resolution 3 - Approval for Issue of Shares for Capital Raising
  - Section 6: Ordinary Resolutions 4 - Creation of new class of securities – Performance Shares
  - Section 7: Ordinary Resolutions 5 - Approval of issue of Shares and Performance Shares to Acquire Misto Nominees
  - Section 8: Ordinary Resolutions 6 - Approval of issue of Shares and Performance Shares to Acquire Min-Trak
  - Section 9: Ordinary Resolution 7 - Issue of Advisor Options
  - Section 10: Special Resolutions 8 – 10 – Approval of Director Participation
  - Section 11: Ordinary Resolutions 11 – 12 – Approval of Converting Notes
  - Section 12: Section 195 Approval
  - Section 13: Ordinary Resolution 13 – 17 – Approval of Issue of Shares in Lieu of Director & Co Sec Fees
  - Section 14: Ordinary Resolutions 18 – 24 – Approval of Issue of Shares in Lieu of Management and Consulting Fees
  - Section 15: Ordinary Resolution 25 - Approval of Issue of Shares and Options in settlement of loan
  - Section 16: Special Resolution 26 - Approval of Change of Company Name
  - Section 17: Enquiries
- Schedules**
- Schedule 1: Terms of Performance Shares
  - Schedule 2: Terms of Advisor Options and Loan Options
  - Schedule 3A: Shares to be issued to Vendors of Misto
  - Schedule 3B: Shares to be issued to Vendors of Min-Trak
  - Schedule 4: Risks
  - Schedule 5: Summary of Proposed Capital Structure
  - Schedule 6: Historical and pro-forma financial information including notes to and forming part of the financial information

# EXPLANATORY MEMORANDUM

## Essential Resolutions

All the Essential Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any one of the Resolutions is not approved at the Meeting, none of them will take effect and the Acquisitions, Capital Raising and other matters contemplated by those Resolutions will not be completed.

## Action to be taken by Shareholders

This Explanatory Memorandum should be read in conjunction with, and forms, part of the accompanying Notice.

The Proxy Form attached to this Notice is to be used by Shareholders if they wish to appoint a representative ("**proxy**") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

## Forward looking statements

The forward looking statements in the Notice are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its 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 the Notice. These risks include but are not limited to, the risks referred to in Section 2.16 and further detailed in Schedule 4.

Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

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## 1. KEY DATES

Set out below is an indicative timetable of the key dates:

Cut off for lodging Proxy Form for Meeting	10 August 2015
Snapshot date for eligibility to vote at Meeting	10 August 2015
General Meeting to approve the change of nature of activities and other matters	12 August 2015
ASX informed of Shareholder approvals	12 August 2015
Suspension of the Company's securities from trading on ASX at the opening of trading	12 August 2015
Lodgment of Prospectus for Capital Raising	27 July 2015
Completion of Capital Raising	Mid - September 2015
Completion of Acquisitions	Mid - September 2015
Anticipated date the suspension of trading of Shares is lifted	Mid - September 2015

*These dates are indicative only and may change.*

The Company anticipates lodging the Prospectus with ASIC on or before 27<sup>th</sup> July 2015.

# EXPLANATORY MEMORANDUM

## 2. OVERVIEW OF CHANGE OF NATURE AND SCALE OF ACTIVITIES

The Company is seeking Shareholder approval for the Company's proposed acquisition of Misto and Min-Trak (the **Acquisitions**) following a consolidation of the Company's issued capital on a 1 to 100 basis.

The Acquisitions will result in the Company undertaking a change of nature and scale of its activities. Given the significant change in the nature and scale of the activities of the Company upon completion of the Acquisitions, ASX has indicated to the Company that it requires the Company to re-comply with the listing requirements of ASX as set out in Chapters 1 and 2 of the Listing Rules.

### 2.1 Company History

The Company was incorporated as a public company on 17 March 1993 and was admitted to the Official List of the ASX on 15 December 2006. The Company has previously focused on mineral exploration in Australia and Indonesia.

The Company currently holds a 100% interest in the mining tenement set out in the table below:

Tenement	Type	Location	Prospective for
EL 25207	Exploration	Tanami Northern Territory	Gold & Copper

Due to difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the exploration industry to take advantage of global market trends and maximise the value of its Shares.

### 2.2 Background to change of Nature and Scale of Activities – Acquisitions

On 20<sup>th</sup> June 2014 the Company granted Silikonrok Pty Ltd ("Silikonrok") a Mandate to evaluate information technology projects on behalf of the Company. The Mandate was amended on the 20<sup>th</sup> December to extend the period of the mandate to 20<sup>th</sup> June 2015 with an option to renew for a further six month beyond that date.

SilikonRok is an independent Perth based advisory group engaged in facilitating development and commercializing of Information Technology and related Intellectual Property companies. It evaluates technology companies and is the holder of Intellectual Property rights and mandates which it wishes to commercialize. The Silikonrok management have a strong track record in the evaluation of risks and opportunities in technology businesses and provide advice on the roadmap to commercialization.

On the 7<sup>th</sup> July 2014 the Company entered into a Joint Venture Agreement with Silikonrok whereby the Company could proceed with an offering to raise capital from the public and apply the capital raised towards the ongoing development of the business based on Silikonrok's expertise.

On 14 July 2014, the Company announced that it had entered into a Heads of Agreement to acquire 100% of the issued capital of Tikforce Pty Ltd (**Tikforce** or **TPL**) via a special purpose vehicle to which Silikonrok Pty Ltd (**Silikonrok**) has assigned its rights to acquire Tikforce.

On 15 January 2015, the Company announced that it had executed a conditional securities sale agreement with Siliciumrok Pty Ltd, the special purpose vehicle, (**Siliciumrok**), (which holds the rights to acquire Tikforce by deed of assignment with Silikonrok); pursuant to which the Company would acquire all of the issued shares in Siliciumrok in consideration for the issue of shares and performance shares to Siliciumrok shareholders.

On 28 May 2015, the Company announced that it had terminated and replaced the agreement with Siliciumrok and in its place, it had executed a binding securities sale agreement with Misto Nominees Pty Ltd (**Misto Securities Sale Agreement**), a special purpose vehicle to acquire Tikforce. Pursuant to this new agreement, on the same commercial terms as those associated with the Siliciumrok proposal, the Company will acquire all of the issued

## EXPLANATORY MEMORANDUM

capital in Misto in consideration for the issue of Misto Consideration Shares and Performance Shares to Misto Shareholders. Silikonrok has concurrently assigned its right to acquire Tikforce to Misto. Misto executed a conditional securities sale agreement to acquire 100% of the rights and title in the capital of Tikforce (**Tikforce Securities Sale Agreement**). The completion of the Misto Securities Sale Agreement is inter-conditional and dependant on the completion of the Tikforce Securities Sale Agreement. The Misto Securities Sale Agreement effectively replaces the terminated securities sale agreement between the Company and Siliciumrok.

The Misto Acquisition allowed the Company to acquire the Tikforce technology as part of its overall strategy to develop the Tikforce technology platform (**Tikforce Platform**). Further details of the Tikforce Platform are set out in Section 2.4

On the 30<sup>th</sup> September 2014, the Company announced that it had executed a Memorandum of Understanding for the acquisition of a global asset tracking system through the planned acquisition of Min-Trak Ltd (Zambia) (**Min-Trak Zambia**). On 30 January 2015, the Company announced that it had entered into a securities sale agreement (**Min-Trak Securities Sale Agreement**) to acquire all of the issued capital of Min-Trak Pty Ltd (an Australian Incorporated company), the company which has acquired all of Min-Trak Zambia's intellectual property rights to the global tracking system. Further details of the system are set out in Section 2.6.

The Directors believe that the acquisition of Min-Trak is complementary to the acquisition of Tikforce and will provide the Company with a logical development of the synergies between Tikforce and Min-Trak.

### 2.3 Background on Misto

Misto was established on 21<sup>st</sup> May 2015 as a special purpose vehicle through which Misto has signed the Tikforce Securities Sale Agreement to acquire all rights and title in 100% of the issued capital of Tikforce. The Company has entered into the Misto Securities Sale Agreement to acquire Misto, conditional and interdependent, on Misto acquiring Tikforce.

### 2.4 Background on Tikforce

Tikforce Pty Ltd or TPL was established on 10 February 2014. TPL is a technology company which aims to become the leading provider of low cost, cloud-based validation, compliance, pre-qualification, human resource and asset management solutions. TikForce provides a productivity platform for workforce selection and output management. It's primary product is **TikMe** a disruptive workforce validation and compliance solution currently being launched in Australia through a partnership with Australia Post providing 4000 outlets. Upon full rollout of the Australian platform, a global product launch will follow by late 2016 making TikMe validation available in over 100 countries.

TikForce's focus is to deliver solutions that offer:

- Simplicity – easy-to-use applications that make finding and selecting the right people simple (and that can be easily customised and integrated with existing systems)
- Verification – ensuring that employees and contractors within a workforce are licensed and continually compliant
- Control – productive management of assets and workforces through tracking and task measurement.

TikForce's premier solution is **Tik.me**, an online workforce marketplace for both employers and workers. **Tik.me** provides employers with easy access to available work candidate profiles, and gives workers the ability to increase personal control of when they work, who they work for and from where. The key difference between **Tik.me** and its competitors is that it offers a way for **Tik.me** members to have their competencies verified. **Tik.me** offers digital and physical verification (through a strategic alliance with Australia Post) of:

- real identity
- qualifications

## EXPLANATORY MEMORANDUM

- work documentation.

Giving employers' access to verified workers reduces their cost of finding suitable talent while also reducing their risk of non-compliance. Verification for a worker means they can capitalise on their skills and qualifications, and find good jobs fast.

Other TikForce solutions include:

- **TikControl** – an extension of **Tik.me**, providing task scheduling and workforce management
- **TikTraks** – an asset tracking solution.

Since incorporating in February 2014, TikForce's activities have been focused on developing its software and product testing, along with the Australia Post integration and national rollout to 4000 outlets.

**Tik.me** is now ready to deliver to the market. Following a limited roll-out campaign, small private companies and individuals have already subscribed to TikForce products, with positive results. Current marketing efforts are now targeting larger organisations, which are seeking compliance and validation solutions.

### **TikForce's business model**

Following completion of the Offer, the Company will focus on growing TikForce's business and fully commercialising the TikForce products by prioritising funds towards further IP development and marketing.

The Company's initial focus will be to generate sales in the Australian market, with an international expansion to follow.

The Company's revenue model will consist of charging customers a monthly service fee plus an initial establishment fee.

In addition to growing its business organically, the Company will consider opportunities for growth through acquisitions of competitors and complementary businesses.

## **2.5 Misto Securities Sale Agreement**

Pursuant to the Misto Securities Sale Agreement, the consideration to be paid to Misto Shareholders for the Misto Acquisition will be the issue of 30,000,000 Misto Consideration Shares (on a post Consolidation basis) Misto Consideration shares and 36 million Performance Shares (**Misto Performance Shares**) which will be apportioned amongst the Misto Shareholders in the amounts set out in Schedule 3A.

The Misto Consideration Shares will be subject to a period of escrow to be determined by ASX.

The Misto Securities Sale Agreement is conditional on the following conditions precedent:

- (a) the Company completing its legal due diligence investigations, to its absolute satisfaction, in relation to the Misto Shareholders, Misto and Tikforce (and Tikforce's intellectual property rights);
- (b) the Company obtaining all necessary regulatory and shareholder approvals required to complete the Misto Acquisition, Company Consolidation and the Company Capital Raising (as set out in the Notice and the Explanatory Memorandum);
- (c) the Company receiving in principle approval from ASX for the re-instatement of the Company's securities to the official list of ASX on conditions reasonably acceptable to the Company;
- (d) the Company raising a minimum amount of \$4.5 million pursuant to the Capital Raising; and
- (e) the Company completing the Consolidation in compliance with applicable laws and the Listing Rules,

## EXPLANATORY MEMORANDUM

(together, the **Misto Acquisition Conditions**).

The Misto Acquisition Conditions must be satisfied or waived by 30 September 2015 (or another date agreed by the parties in writing). The completion of the Misto Securities Sale Agreement is conditional on, and interdependent on, the completion of the Tikforce Securities Sale Agreement.

Tikforce is a party to an acquisition and royalty agreement with Silikonrok dated 5<sup>th</sup> January 2015 (**Royalty Agreement**). Upon completion of the Misto Acquisition, the Company, will ensure that Tikforce, as a wholly-owned subsidiary of the Company, will continue to pay royalty to Silikonrok under in accordance Royalty Agreement.

The royalty which is payable by Tikforce under the Royalty Agreement is one and one half percent (1.5%) for each billed user unit payable monthly in arrears.

The Misto Securities Sale Agreement also includes customary representations and warranties from the Misto Shareholders in favour of the Company.

### **2.6 Background on Min-Trak Pty Ltd (Min-Trak)**

Min-Trak (Zambia) was formed in late 2012 in Zambia as a result of the requirement for a solution for tracking and securing high value minerals from within and around the Democratic Republic of the Congo.

The Intellectual Property and fixed assets of Min-Trak (Zambia) were purchased by Min-Trak Pty Ltd in November 2014.

Min-Trak Pty Ltd (Min-Trak) is a technology company which provides a tracking and management solution for high-value assets, customized to client requirements. The Min-Trak product can be utilised to:

- track assets and people via mobile or satellite networks
- provide critical vehicle, driver and journey data via an in-vehicle monitoring system
- track load weights and send alerts for unwanted events or deviations
- all with real time reporting.

Min-Trak is essentially a start-up company with limited trading history. Since incorporating in February 2014, Min-Trak's activities have principally involved developing its software and product testing (e.g. R&D, wages and legal fees associated with intellectual property protection).

#### **Min-Trak's business model**

Following completion of the Offer, the Company will focus on growing Min-Trak's business and fully commercialising the Min-Trak tracking system by prioritising funds towards sales and marketing. The Company's initial focus will be to generate sales in Asia Pacific markets focused on areas of control and tracking of assets.

The Company's revenue model will consist of charging customers a monthly service fee plus an initial establishment fee.

The Company intends to incorporate the Min-Trak technology into its TikTraks solution. This will add unprecedented value to TikForce clients by integrating asset tracking and satellite technology to a comprehensive human resource tracking and management platform.

### **2.7 Min-Trak Securities Sale Agreement**

Pursuant to the Min-Trak Securities Sale Agreement, the consideration to be paid to Min-Trak Shareholders for the Min-Trak Acquisition will be the issue of 9,000,000 (Min-Trak Consideration Shares) (on a post Consolidation basis)

## EXPLANATORY MEMORANDUM

and 5 million Performance Shares, Palace resources Ltd shares (**Min-Trak Performance Shares**) which will be apportioned amongst the Min-Trak Vendors in the amounts set out in Schedule 3B.

The Min-Trak Shares will be subject to a period of escrow to be determined by ASX.

The Min-Trak Securities Sale Agreement is conditional on the following conditions precedent:

- (a) the Company obtaining all necessary regulatory and shareholder approvals required to complete the Min-Trak Acquisition, Consolidation and the Capital Raising (as set out in the Resolutions in the Notice);
- (b) the Company receiving in principle approval from ASX for the re-instatement of the Company's securities to the official list of ASX on conditions reasonably acceptable to the Company;
- (c) the Company raising a minimum amount of \$4.5 million pursuant to the completion of the Capital Raising; and
- (d) the Company completing the Consolidation in compliance with applicable laws and the Listing Rules,

(together, the Min-Trak **Conditions**).

The Min-Trak Acquisition Conditions must be satisfied or waived by 30 September 2015 (or another date agreed by the parties in writing). The Min-Trak Securities Sale Agreement also includes customary representations and warranties from the Min-Trak Shareholders in favour of the Company.

### 2.8 Summary of the terms of the Performance Shares

The Misto Performance Shares are convertible, on a 1 for 1 basis, into Company Shares on achieving objective milestones specific to the performance of Tikforce as set out below:

Objective Criteria concerning the Misto Performance Shares Milestone conditions			
Class	Shares	Share Milestone Conditions	Expiry date
Class A Performance Shares	8,000,000	<b>Share Milestone</b> will be taken to have been satisfied upon the Tikforce Platform achieving 10,000 Tikforce Paid Users <sup>1</sup>	3 years from the date of issue of the Class A Performance Shares
Class B Performance Shares	12,000,000	<b>Share Milestone</b> will be taken to have been satisfied upon the Tikforce Platform achieving 20,000 Tikforce Paid Users <sup>2</sup>	3 years from the date of issue of the Class B Performance Shares
Class C Performance Shares	16,000,000	<b>Share Milestone</b> will be taken to have been satisfied upon the Tikforce Platform achieving 30,000 Tikforce Paid Users <sup>3</sup>	5 years from the date of issue of the Class C Performance Shares

<sup>1</sup> A Tikforce Paid User is defined as a company or individual:

(i) that has directly or indirectly paid for Tikforce solutions in any given month;

(ii) which is an "active" user such that past users who have unsubscribed will not be counted; and

(iii) and where a single user subscribes for multiple Tikforce solutions, such user is only counted once.

<sup>2</sup> Being an additional 10,000 Tikforce Paid Users after satisfaction of the Class A Performance Share milestone resulting in 20,000 total Tikforce Paid Users.

<sup>3</sup> Being an additional 10,000 Tikforce Paid Users after satisfaction of the Class B Performance Share milestone resulting in 30,000 total Tikforce Paid Users.

The Min-Trak Performance Shares are convertible, on a 1 for 1 basis, into Company Shares on achieving objective milestones specific to the performance of Min-Trak as set out below:

Objective Criteria concerning the Min-Trak Performance Shares Milestone conditions			
Class	Shares	Share Milestone Conditions	Expiry date
Class D	2,000,000	<b>Share Milestone</b> will be taken to have been	5 years from the date

## EXPLANATORY MEMORANDUM

Objective Criteria concerning the Min-Trak Performance Shares Milestone conditions			
Performance Shares		satisfied upon the Min-Trak Platform's annualised gross revenue exceeding \$A75,000 per quarter for two consecutive quarters	of issue of the Class D Performance Shares
Class E Performance Shares	2,000,000	<b>Share Milestone</b> will be taken to have been satisfied upon the Min-Trak Platform's annualised gross revenue exceeding \$A375,000 per quarter for two consecutive quarters	5 years from the date of issue of the Class E Performance Shares
Class F Performance Shares	1,000,000	<b>Share Milestone</b> will be taken to have been satisfied upon the Min-Trak Platform's annualised gross revenue exceeding \$A750,000 per quarter for two consecutive quarters	5 years from the date of issue of the Class F Performance Shares

For the purposes of the above milestones of Min-Trak, only revenue generated from the Min-Trak Platform will be counted and revenue from other Palace's operations (including Tikforce) will be disregarded.

Detailed terms and conditions of the Performance Shares are set out in Schedule 1.

### 2.9 Other matters relating to the Acquisitions

As a result of the Acquisitions, the Company will change the nature of its activities from a mineral exploration company to a human resources management technology company. The Company also proposes to change its name from "Palace Resources Ltd" to "Tikforce Ltd". Approval of the change of name is the subject of Resolution 26.

If the Acquisitions are completed, the Company will either sell or relinquish its mining tenement and they will cease to form part of the assets of the Company.

### 2.10 Board and Management

Upon completion of the Misto Acquisition, Mr Kevin Baum (one of the founders of Tikforce) will be appointed as Chief Executive Officer of Tikforce.

Mr Peter Woods will remain as Chairman and Mr Ian Murie and Mr Roland Berzins will remain as current Directors. None of the current Directors will receive any securities issued as consideration for the Acquisitions.

The Company intends to conduct the Capital Raising through the issue of a prospectus as part of its re-compliance with Chapters 1 and 2 of the Listing Rules (**Prospectus**).

The Company is also issuing 20,000,000 Advisor Options (on a post Consolidation basis) to its corporate advisors and joint lead managers as part of the commission and fees payable for the Capital Raising. Each Advisor Option will have an issue price of \$0.0001 with an exercise price of \$0.11 and an expiry date of 31 May 2018. Approval for the issue of these Advisor Options is the subject of Resolution 7.

### 2.11 Use of Funds

The Company intends to use the amounts raised from the Capital Raising to fund development, marketing and activities relating to the TikForce Platform and the Min-Trak Platform.

Funds raised from the Capital Raising will be utilized over a one year period as follows:

## EXPLANATORY MEMORANDUM

	Subscription of \$4,500,000	Percentage of Funds	Subscription of \$5,500,000	Percentage of Funds	Subscription of \$6,500,000	Percentage of Funds
<b>Capital Raised</b>	<b>4,500,000</b>	<b>100%</b>	<b>5,500,000</b>	<b>100%</b>	<b>6,500,000</b>	<b>100%</b>
Expenses of the Capital Raising	572,990	13%	644,190	12%	714,990	11%
<b>Total Funds Available</b>	<b>3,927,010</b>	<b>87%</b>	<b>4,855,810</b>	<b>88%</b>	<b>5,785,010</b>	<b>89%</b>
Creditors	325,000	7%	325,000	6%	325,000	5%
Administration	660,000	15%	765,000	14%	905,000	14%
Product Development Platform	285,000	6%	325,000	6%	385,000	6%
Marketing	2,150,000	48%	2,750,810	50%	3,250,010	50%
Working Capital	327,010	7%	465,000	8%	650,000	10%
Infrastructure Development	180,000	4%	225,000	4%	270,000	4%
<b>Total Allocated Funds</b>	<b>\$4,500,000</b>	<b>100%</b>	<b>\$5,500,000</b>	<b>100%</b>	<b>\$6,500,000</b>	<b>100%</b>

**Notes:** *Unallocated working capital will be utilized by the Company to pay for budgeted or additional expenditure or the administration of costs of the Company.*

### 2.12 Pro-forma Balance Sheet

An unaudited pro forma balance sheet of the Company following completion of the Acquisitions, Capital Raising and other matters in this Notice and the Explanatory Memorandum is set out in Schedule 6 to this Explanatory Memorandum.

### 2.13 Pro-forma Capital Structure

The capital structure of the Company following completion of the Acquisitions, Consolidation, Capital Raising and other matters in this Notice and the Explanatory Memorandum is set out in Schedule 5 to this Explanatory Memorandum.

### 2.14 Advantages of the Acquisitions

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 proposed Resolutions on the Acquisitions:

- (a) the Acquisitions represent a significant investment opportunity for the Company to acquire advanced stage human resources management technology with further prospects of developing and marketing projects to take advantage of rapidly changing and competitive trends in a more mobile workforce. Additionally, the capability of the technology to regulate and manage tasks, track assets and monitor vehicles via an affordable satellite tracking system has the potential to repositions the Company in a leading edge technology sector;
- (b) Tikforce offers a unique model of being the operator and developer of the applications with the ability to offer complementary development platforms as outlined in the body of the Notice above;

## EXPLANATORY MEMORANDUM

- (c) the acquisition of the Tikforce Platform and the Min-Trak Platform provides the Company with the potential opportunity, upon the successful commercialisation and development of these platforms, to substantially increase the value of the Company;
- (d) the Company may be able to raise further funds at higher prices by way of share equity as a result of the Acquisitions;
- (e) the change of activities by the Company includes the potential opportunity to undertake a significant capital raising that will enable the Company to properly develop the Tikforce Platform and the Min-Trak Platform;

### Disadvantages of the 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 proposed Resolutions on the Acquisitions:

- (a) the Company will be changing the nature and scale of its activities, from an exploration company, to a company which is focussed on information technology projects and intellectual property acquisition which may not be consistent with the objectives of Shareholders;
- (b) the Acquisitions and the Capital Raising will result in the issue of Shares, Performance Shares and Advisor Options to the Misto Shareholders, Min-Trak Shareholders, advisors and lead managers of the Company and new investors, which will have a significant dilution effect on the current holdings of Shareholders; and
- (c) there are many risk factors associated with the change of nature and scale of the Company's activities, or rather associated with the business and operations of Tikforce and Min-Trak. (See Schedule 4 to this Notice.)

### 2.15 Risks

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature and scale of its activities which is subject to various and different risk factors. Based on the information available, a non-exhaustive list of risk factors are included in Schedule 4.

It is anticipated that the Company's securities will be subjected to a trading halt or suspension and thereby cease trading on ASX's Official List prior to market open on the day of the Meeting. If the Essential Resolutions are approved at the Meeting, it is expected that the Shares will remain suspended from quotation until the Company has completed the Acquisitions and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

### 2.16 Plans for the Company if the Acquisitions are not completed

If the Company does not complete the Acquisitions, the Company will undertake due diligence on new opportunities for growth in order to retain its ASX Listing.

### 2.17 Directors' Recommendation

It is the view of the Directors that the Acquisitions will give Shareholders the opportunity to participate in a potentially significant development and production program in respect of a highly prospective technology sector.

The Directors consider that the Acquisitions, Consolidation and the Capital Raising are in the best interests of the Company and unanimously recommend that Shareholders vote in favour of all of Resolutions 1 to 7 (inclusive) relating to the Acquisitions, the Capital Raising (and the issue of the Advisor Options) and the Consolidation. The

# EXPLANATORY MEMORANDUM

Resolutions are interdependent, meaning that Shareholders must pass all of the Resolutions for the Acquisitions to proceed.

## **3. RESOLUTION 1 – CONSOLIDATION OF CAPITAL**

### **3.1 Background**

Resolution 1 seeks Shareholder approval to consolidate the number of Shares on issue on a 1 for 100 basis (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to enable the Company to satisfy Chapters 1 and 2 of the Listing Rules and obtain approval from ASX for the re-instatement of the Shares on ASX should Shareholder approval be obtained for the Essential Resolutions.

The Consolidation will also reduce the number of Shares on issue, to correspondingly increase the imputed value of each Share, to make investment in the Company's securities more attractive to institutional and other investors and to position the Company for long term growth.

This Resolution is conditional on each of the Essential Resolutions being approved.

### **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.

Listing Rule 7.20 provides that if an entity proposes to reorganise its capital, it must advise shareholders of certain matters, which are set out below.

### **3.3 Fractional entitlements**

Not all Shareholders will hold that number of Shares which can be evenly divided by 100. Where a fractional entitlement occurs (as a result of holdings not being evenly divisible by 100), the Company will round that fraction down to the nearest whole number.

### **3.4 Taxation**

Security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company, Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the Consolidation or the other Essential Resolutions.

### **3.5 Holding statements**

From the date of the Consolidation, all holding statements for Shares and Options 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 Shares and Options 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.

### **3.6 Options**

In accordance with Listing Rule 7.22, the Company's Options will be consolidated on the same basis of the Shares, that is, every 100 Options will be consolidated into 1 Option and their exercise price amended in inverse proportion of the Consolidation ratio. Accordingly, the 209,877,791 Options will be Consolidated into 2,098,778 Options with an exercise price of \$0.20 (instead of an exercise price \$0.002)

## EXPLANATORY MEMORANDUM

### 3.7 Effect on capital structure

The effect which the Consolidation will have on the capital structure of the Company is set out in the table in Schedule 5.

### 3.8 Indicative timetable

If Resolution 1 and all the other Essential Resolutions are passed, the Consolidation of capital is proposed to take effect in accordance with the timetable below:

Event	Date
Record date to determine eligibility to vote at the Meeting	10 August 2015
Meeting – Announcement of results including Shareholders approving the Consolidation	12 August 2015
Last day of ASX trading for Shares on a pre-consolidated basis Last day for Optionholder to lodge a notice of exercise of Options on a pre-consolidated basis	13 August 2015
Trading in Consolidated Shares will commence on deferred settlement basis	17 August 2015
Last day for Company to register transfers on the pre-Consolidation basis Last day for the Company to issue Shares resulting from the exercise of Options on a pre-consolidated basis	17 August 2015
First day for Company to register Shares on a post Consolidation basis First day for Company to issue holding statements for Shares and Options on a Consolidated basis	20 August 2015
Dispatch of new holding statements for Consolidated Shares and Options Deferred settlement trading ends	21 August 2015
Normal T + 3 trading in Consolidated Shares start on ASX	24 August 2015
Settlement of trades conducted on a deferred settlement basis and first settlement of trades conducted on the normal T + 3 basis	24 August 2015

This timetable is indicative only and subject to change without notice.

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## 4. RESOLUTION 2 – CHANGE OF NATURE AND SCALE OF ACTIVITIES

### 4.1 General

Resolution 2 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company to change the focus of the Company's activities from exploration activities into a technology Company focusing on mobile workforce, human resources management, task management, asset tracking and vehicle monitoring using leading edge and affordable satellite tracking technology.

## EXPLANATORY MEMORANDUM

As outlined in Section 2 of this Explanatory Memorandum, the Company has entered into the Misto Securities Sale Agreement and the Min-Trak Securities Sale Agreement whereby the Company proposes to acquire all of the issued capital in Misto and Min-Trak. Min-Trak and Misto (through its proposed acquisition of Tikforce) will own the Min-Trak Platform and the Tikforce Platform respectively. A detailed description of the Acquisitions is outlined in Section 2.

This Resolution is conditional on each of the Essential Resolutions being approved.

### **4.2 Listing Rule 11.1**

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 its shareholders 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 Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that, given the significant change in the nature and scale of the Company's activities as a result of the Acquisitions, it requires the Company to:

- (a) obtain shareholder approval under Listing Rule 11.1.2 for the change in the nature and scale of the Company's activities and the Company must comply with any requirements of ASX in relation to the Notice of Meeting; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

Accordingly, it is anticipated that the Company's securities will be subjected to a trading halt or suspension and thereby cease trading on ASX's Official List prior to market open on the day of the Meeting. If the Essential Resolutions are approved at the Meeting, it is expected that the Shares will remain suspended from quotation until the Company has completed the Acquisitions and re-complied with Chapters 1 and 2 of the Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

[If the Essential Resolutions are not approved at the Meeting, it is expected that the Shares will be reinstated to quotation on ASX's Official List after the Company announces the results of the Meeting in accordance with the Listing Rules and Corporations Act.]

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## **5. RESOLUTION 3 – CAPITAL RAISING**

### **5.1 General**

As detailed in Section 2.7 the Company proposes, pursuant to the Prospectus issued by the Company under Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the Listing Rules, to raise a minimum of \$4,500,000 and a maximum of \$6,500,000. The Capital Raising Shares will be offered at an issue price of \$0.10 each. The Company intends to issue the Prospectus on or about 27<sup>th</sup> July 2015.

Resolution 3 seeks Shareholder approval for the Capital Raising Shares issued pursuant to the Capital Raising.

The Capital Raising is conditional on the following:

- (a) Shareholders passing all of the Essential Resolutions; and

## EXPLANATORY MEMORANDUM

- (b) the completion of the Acquisitions.

Further details of the Capital Raising will be set out in the Prospectus.

Listing Rule 7.1 provides that, subject to certain exceptions (which do not apply), a listed company may not issue equity securities (shares or other securities with rights to conversion to equity (such as options, performance shares and converting notes) equal to more than 15% of the company's issued share capital in any 12 months without obtaining shareholder approval.

The effect of Resolution 3 will be to allow the Company to issue a maximum of 65,000,000 Capital Raising Shares pursuant to the Capital Raising 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 under Listing Rule 7.1.

### 5.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of Capital Raising Shares under Resolution 3:

- (a) The maximum number of Shares to be issued under Resolution 3 is 65,000,000 Shares, on a post Consolidation basis.
- (b) The Capital Raising Shares will be issued on or about 30<sup>th</sup> August 2015 and in any event, 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 Listing Rules). The issue price for each Capital Raising Share will be \$0.10 per Share (on a post-Consolidation **basis**).
- (c) The Capital Raising Shares are proposed to be issued to persons who apply for Capital Raising Shares under the Capital Raising. The Directors will determine to whom the Capital Raising Shares are issued, who are unknown as at the date of this Notice but these persons will not be related parties of the Company (except as permitted in accordance with Resolutions 8 to 10).
- (d) The Capital Raising Shares will be fully paid ordinary shares in the capital of the Company which will be on the same terms and conditions as the Company's existing Shares.
- (e) The Company intends to use the funds raised from the Capital Raising Shares issued under the Capital Raising in accordance with Section 2.11.

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## 6. RESOLUTION 4 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES

### 6.1 General

This Resolution seeks shareholder approval for the Company to be authorised to issue Performance Shares under the Acquisitions.

A company with a single class of shares on issue which proposes to issue new shares not having the same right as its existing shares is taken to vary the rights of the existing shareholders unless the constitution of that company already provides for such an issue.

Section 246B of the Corporations Act and clause 22.6 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or

## EXPLANATORY MEMORANDUM

- (b) the written consent of the members who are entitled to at least 75% of the votes that may be cast in respect of the shares in that class.

The Company currently has one class of shares of issue, being fully paid ordinary shares. Accordingly, the Company seeks approval from Shareholders for the issue of a total of 41,000,000 Performance Shares being:

- ☐ 8,000,000 Class A Performance Shares;
- ☐ 12,000,000 Class B Performance Shares; and
- ☐ 16,000,000 Class C Performance Shares,

to the Misto Shareholders, and

- ☐ 2,000,000 Class D Performance Shares;
- ☐ 2,000,000 Class E Performance Shares; and
- ☐ 1,000,000 Class F Performance Shares,

to the Min-Trak Shareholders.

Each Performance Share, if certain milestones are achieved, will convert into one fully paid ordinary share in the Company. The milestones are set out in Section 2.8. The full terms and conditions of the Performance Shares are set out in Schedule 1 of this Explanatory Memorandum.

This Resolution is conditional on each of the Essential Resolutions being approved.

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## 7. RESOLUTION 5 – ISSUE OF SHARES AND PERFORMANCE SHARES TO MISTO SHAREHOLDERS

### 7.1 General

As outlined in Section 2.5 above, the Company has entered into the Misto Securities Sale Agreement pursuant to which the Company has the right to acquire 100% of the issued share capital of Misto, and accordingly, Misto's interests in Tikforce and Tikforce's interests in the Tikforce Platform.

In consideration for the Misto Acquisition, the Company has agreed to issue 30,000,000 Misto Consideration Shares and 36,000,000 Misto Performance Shares to the Misto Shareholders (or their nominees).

Some or all of the Misto Consideration Shares may be subject to escrow conditions if required by the ASX. As such, during any escrow period, these Misto Consideration Shares will be restricted from being traded for a period of up to 24 months. Trading in the Shares may therefore be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

This Resolution is conditional on each of the Essential Resolutions being approved. The Misto Acquisition is also subject to the Misto Acquisition Conditions, details of which are set out in Section 0.

### 7.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 5.1 above. Resolution 5 seeks Shareholder approval to allow the Company to issue the Misto Consideration Shares and Misto Performance Shares to the Misto Shareholders as consideration for the Misto Acquisition. The number of Misto Consideration Shares and Misto Performance Shares issued each to Misto Shareholder will be in accordance with Schedule 3A.

## EXPLANATORY MEMORANDUM

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

### 7.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of Misto Consideration Shares and Misto Performance Shares under Resolution 5:

- (a) the maximum number of securities to be issued is:
  - (i) 30,000,000 Misto Consideration Shares (on a post Consolidation basis);
  - (ii) the following Misto Performance Shares (each of which will be convertible on a 1 for 1 basis into Shares on achieving objective milestones specific to the performance of the Tikforce Platform):
    - (A) 8,000,000 Class A Performance Shares;
    - (B) 12,000,000 Class B Performance Shares; and
    - (C) 16,000,000 Class C Performance Shares.
- (b) The Company will issued the Misto Consideration Shares and the Misto Performance Shares on completion of the Acquisitions, which is anticipated to be on or about 30<sup>th</sup> August 2015 and in any event, 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 Listing Rules). It is proposed that the Misto Consideration Shares and Misto Performance Shares will be issued on one date.
- (c) The Misto Consideration Shares and the Misto Performance Shares will be issued for no cash consideration as they are securities issued as consideration for the Misto Acquisition. Accordingly, no funds will be raised from the issue of the Misto Consideration Shares and the Misto Performance Shares.
- (d) The Misto Consideration Shares and the Misto Performance Shares will be issued to the Misto Shareholders as outlined in Schedule 3A. None of the Misto Shareholders are, or will be, related parties of the Company.
- (e) The Misto Consideration 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. On conversion of the Misto Performance Shares, 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.
- (f) The Misto Performance Shares will be a new class of securities, which will have the right to convert to Shares upon satisfying specified performance criteria prior to their expiry dates. Detailed terms and conditions for the Misto Performance Shares are provided in Schedule 1.

### 7.4 Substantial Shareholders

Following completion of the Misto Acquisition, completion of the Consolidation and completion of the Capital Raising, it is anticipated that the following parties will be substantial shareholders of the Company with the approximate holdings:

Name	No. of Shares	%
Kilo Delta P/L ATF Baumstein Trust	11,628,168	8.41
Silkonrok Pty Ltd <sup>1</sup>	10,506,000	7.60

## EXPLANATORY MEMORANDUM

<sup>1</sup> Kilo Delta Pty Ltd as Trustee for the Baumstein Trust holds 35% of the equity in Silikonrok Pty Ltd

### 8. RESOLUTION 6 – ISSUE OF SHARES AND PERFORMANCE SHARES TO MIN-TRAK SHAREHOLDERS

#### 8.1 General

As outlined in Section 2.5 above, the Company has entered into the Min-Trak Securities Sale Agreement pursuant to which the Company has the right to acquire 100% of the issued share capital of Min-Trak, and accordingly, Min-Trak's interest in the Min-Trak Platform.

In consideration for the Min-Trak Acquisition, the Company has agreed to issue 9,000,000 Min-Trak Consideration Shares and 5,000,000 Min-Trak Performance Shares to the Min-Trak Shareholders (or their nominees).

The Min-Trak Consideration Shares will be subject to escrow conditions if required by the ASX. As such, during any escrow period, these Min-Trak Consideration Shares will be restricted from being traded for a period of up to 24 months. Trading in the Shares may therefore be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

This Resolution is conditional on each of the Essential Resolutions being approved. The Min-Trak Acquisition is also subject to the Min-Trak Acquisition Conditions, details of which are set out in Section 0.

#### 8.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 5.1 above. Resolution 6 seeks Shareholder approval to allow the Company to issue the Min-Trak Consideration Shares and the Min-Trak Performance Shares to Min-Trak Shareholders as consideration for the Min-Trak Acquisition. The Min-Trak Consideration Shares and the Min-Trak Performance Shares would be issued to Min-Trak Shareholders in accordance with Schedule 3B.

The effect of Resolution 6 will be to allow the Company to issue the Min-Trak Consideration Shares and the Min-Trak Performance Shares during the period of 3 months after the date of the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### 8.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of Min-Trak Consideration Shares and Min-Trak Performance Shares under Resolution 6:

- (a) The maximum number of securities to be issued is:
  - (i) 9,000,000 Shares (on a post Consolidation basis); and
  - (ii) the following Min-Trak Performance Shares (each of which will be convertible on a 1 for 1 basis into Shares on achieving objective milestones specific to the performance of Min-Trak):
    - (A) 2,000,000 Class D Performance Shares;
    - (B) 2,000,000 Class E Performance Shares; and
    - (C) 1,000,000 Class F Performance Shares.
- (b) The Company will issued the Min-Trak Consideration Shares and the Min-Trak Performance Shares on completion of the Acquisitions which is anticipated to be on or about 30<sup>th</sup> August 2015 and in any event, no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any

## EXPLANATORY MEMORANDUM

ASX waiver or modification of the Listing Rules). It is proposed that the Min-Trak Consideration Shares and Min-Trak Performance Shares will be issued on one date.

- (c) The Min-Trak Consideration Shares and the Min-Trak Performance Shares will be issued for no cash consideration as they are securities issued as consideration for the Min-Trak Acquisition. Accordingly, no funds will be raised from the issue of the Min-Trak Consideration Shares and the Min-Trak Performance Shares.
- (d) The Min-Trak Consideration Shares and the Min-Trak Performance Shares will be issued to the Min-Trak Shareholders as outlined in Schedule 3B. None of the Min-Trak Shareholders are, or will be, related parties of the Company.
- (e) The Min-Trak Consideration 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. On conversion of the Min-Trak Performance Shares, 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.
- (f) The Min-Trak Performance Shares will be new classes of securities, which will have the right to convert to Shares upon satisfying specified performance criteria prior to their expiry dates. Detailed terms and conditions for the Min-Trak Performance Shares are provided in Schedule 1.

### 8.4 Substantial Shareholders

Following completion of the Misto and Min-Trak Acquisitions, completion of the Consolidation and completion of the Capital Raising, it is anticipated that the following parties will be substantial shareholders of the Company with the approximate holdings:

Name	No. of Shares	%
Silikonrok Pty Ltd <sup>1</sup>	13,506,000	9.77
Kilo Delta P/L ATF Baumstein Trust	11,628,168	8.41

<sup>1</sup> Kilo Delta Pty Ltd as Trustee for the Baumstein Trust holds 35% of the equity in Silikonrok Pty Ltd

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## 9. RESOLUTION 7 – ISSUE OF ADVISOR OPTIONS

### 9.1 Background

The Company is required to issue 20,000,000 Advisor Options (on a post Consolidation basis) to its corporate advisors and joint lead managers as part of the commission and fees payable for the Capital Raising.

### 9.2 Listing Rule 7.1

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

The effect of Resolution 7 will be to allow the Directors to issue the Advisor Options to the Company's corporate advisors and joint lead managers 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. This Resolution is conditional on each of the Essential Resolutions being approved.

The Advisor Options will be subject to escrow restrictions in accordance with Appendix 9B of the Listing Rules.

## EXPLANATORY MEMORANDUM

### 9.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Advisor Options under Resolution 7:

- (a) The maximum number of Advisor Options to be issued is 20,000,000 (on a post-Consolidation basis).
- (b) The Advisor Options will each have an exercise price of \$0.11 and an expiry date of 31 May 2018. Each Advisor Option will have an issue price of \$0.0001.
- (c) The Advisor Options will be issued on or about mid - September 2015 and in any event, 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 Listing Rules). It is intended that issue of the Advisor Options will occur on the same date.
- (d) The Advisor Options will be issued with an issue price of \$0.0001 and they are being issued to the Company corporate advisors and joint lead managers as part of the commission and fees payable for the Capital Raising. Accordingly, \$200 will be raised from the issue of the Advisor Options.
- (e) The full terms and conditions of the Advisor Options are set out in Schedule 2.
- (f) None of the Company's corporate advisors and joint lead managers to whom the Advisor Options will be issued are related parties of the Company.

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## 10. RESOLUTIONS 8 TO 10 – APPROVAL AND PARTICIPATION OF DIRECTORS IN THE CAPITAL RAISING

### 10.1 General

It is proposed that each of the Directors will participate in the Capital Raising by subscribing for Shares up to an aggregate maximum total of 4,500,000 Capital Raising Shares (on a post Consolidation basis) (**Director Capital Raising Shares**).

### 10.2 Listing Rule 10.11

Listing Rule 10.11 provides that a company must not (subject to specific exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Each of the Directors is a related party of the Company by virtue of being a director. Therefore shareholder approval is required under Listing Rule 10.11 for their respective participation in the Capital Raising and the issue of the Directors Capital Raising Shares to them. Each of the Directors' participation must be separately approved by Shareholders in accordance with Listing Rule 10.11.

Resolutions 8 to 10 seek Shareholder approval under Listing Rule 10.11 for the issue of the Director Capital Raising Shares to the Directors. If approval is given under Listing Rule 10.11, the Company is entitled to rely on Exception 14 of Listing Rule 7.2 as an exception to any requirement for shareholder approval under Listing Rule 7.1. Accordingly, shareholder approval is not required under Listing Rule 7.1.

Shareholder approval of the issue of the Director Capital Raising Shares means that the Company will not use the Company's 15% Capital Raising capacity under the Listing Rule 7.1.

These Resolutions are conditional on each of the Essential Resolutions being approved.

### 10.3 Chapter 2E of the Corporations Act

The Company is seeking separate Shareholder approval under Chapter 2E of the Corporations Act to each of the Directors' participation in the Capital Raising.

## EXPLANATORY MEMORANDUM

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to related parties of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) prior shareholder approval has been obtained for the giving of the financial benefit.

Any Director Capital Raising Shares issued to a Director will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act. The Director Capital Raising Shares will be issued at the same price as the other Capital Raising Shares. The board believes that the “arms length” exception in section 210 of the Corporations Act to the requirement to seek Shareholder approval under Chapter 2E of the Corporations Act is available to the Company. However, as the Company is already required to seek Shareholder approval to the issue of any Director Capital Raising Shares to the Directors under the Listing Rules, the Company has decided to also seek Shareholder approval under Chapter 2E of the Corporations Act.

### 10.4 Specific information required by Listing Rule 10.13

For the purpose of Listing Rule 10.13, the following information is provided in relation to the issue of Director Capital Raising Shares under Resolutions 8 to 10:

- (a) The maximum number of Shares to be issued to the Directors (or their nominee(s)) is:
  - (i) up to 1,500,000 Director Capital Raising Shares to Mr Peter Woods (or his nominee(s)) (on a post Consolidation basis);
  - (ii) up to 1,500,000 Director Capital Raising Shares to Mr Roland Berzins (or his nominee(s)) (on a post Consolidation basis); and
  - (iii) up to 1,500,000 Director Capital Raising Shares to Mr Ian Murie (or his nominee(s)) (on a post Consolidation basis).
- (b) The Director Capital Raising Shares will be issued no later than one month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the listing rules) and it is intended that all of the Director Capital Raising Shares will be issued on the same date. The Director Capital Raising Shares are to be issued at the same time as the other Capital Raising Shares.
- (c) The Director Capital Raising Shares will be issued at an issue price of \$0.10 each. It will be issued at the same price and on the same terms and conditions as those Capital Raising Shares issued to other participants in the Capital Raising. A maximum of \$450,000 will be raised from the issue of the Director Capital Raising Shares.
- (d) The Director Capital Raising Shares will be fully paid ordinary shares of the Company and rank equally in all respect with the Company's existing Shares on issue.
- (e) The funds raised from the issue of Director Capital Raising Shares will be aggregated with, and used for the same purpose as, the funds raised from the Capital Raising (and in accordance with Section 2.11).

### 10.5 Chapter 2E of the Corporations Act

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed participation of the Directors in the Capital Raising and the potential issue of Director Capital Raising Shares to each of them:

## EXPLANATORY MEMORANDUM

- (a) Each of the Directors is a related party of the Company to whom approval of Resolution 8 (in the case of Mr Ian Murie), Resolution 9 (in the case of Mr Peter Woods) and Resolution 10 (in the case of Mr Roland Berzins) would permit financial benefits to be given.
- (b) The nature of the financial benefit to be given to a Director (or their nominee) is the issue of, and subscription for:
- (i) up to 1,500,000 Director Capital Raising Shares to Mr Ian Murie (or his nominee(s)) (on a post Consolidation basis) which represents a value of up to \$150,000 in accordance with Resolution 8;
  - (ii) up to 1,500,000 Director Capital Raising Shares to Mr Peter Woods (or his nominee(s)) (on a post Consolidation basis) which represents a value of up to \$150,000 in accordance with Resolution 9; and
  - (iii) up to 1,500,000 Director Capital Raising Shares to Mr Roland Berzins (or his nominee(s)) (on a post Consolidation basis) which represents a value of up to \$150,000 in accordance with Resolution 10.
- (c) The highest, lowest and last trading prices of the Shares during the 12 months prior to the last practicable day for finalising this Explanatory Memorandum (being 30th June 2015) are set out below:

	Price	Date
<b>Highest</b>	\$0.002	29 <sup>th</sup> December 2014
<b>Lowest</b>	\$0.001	8 <sup>th</sup> April 2015
<b>Last</b>	\$0.001	8 <sup>th</sup> April 2015

- (d) As at 30<sup>th</sup> June 2015, being the last practicable date before finalising this Explanatory Memorandum, the Directors each had the following relevant interests in Shares and options of the Company:

Name of Directors	Securities in the Company	Interest in the Company (%)
Ian Murie	7,045,000	0.63%
Peter Woods	307,401	0.03%
Roland Berzins	11,316,200	1.01%

- (e) The issue of Director Capital Raising Shares to the Directors will have a dilutionary impact on the percentage interests of existing Shareholders. Based on the number of Shares on issue as at 30th June 2015, being the last practicable date before finalising this Explanatory Memorandum, set out below is a couple of scenarios of the dilutionary impact on existing Shareholders of the issue of Director Capital Raising Shares to the Directors, assuming the following:
- (i) the Acquisitions have been completed with the issue of the Misto Consideration Shares and the Min-Trak Consideration Shares;
  - (ii) the minimum number of Capital Raising Shares have been issued in respect of the Capital Raising; and
  - (iii) the maximum number of Director Capital Raising Shares are issued to each Director.

**Dilution as a result of Resolution 8 (on a post Consolidation basis):**

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658

## EXPLANATORY MEMORANDUM

	Number of Shares
<b>Add:</b> Misto Consideration Shares, Min-Trak Consideration Shares and minimum number of Capital Raising Shares (45,000,000 Capital Raising Shares)	84,000,000
<b>New Total</b>	95,208,658
Resolution 8: Director Capital Raising Shares to be issued to Mr Ian Murie	1,500,000
Dilution Effect	1.58%

**Dilution as a result of Resolution 9** (on a post Consolidation basis):

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658
<b>Add:</b> Misto Consideration Shares, Min-Trak Consideration Shares and minimum number of Capital Raising Shares (45,000,000 Capital Raising Shares)	84,000,000
<b>New Total</b>	95,208,658
Resolution 9: Director Capital Raising Shares to be issued to Mr Peter Woods	1,500,000
Dilution Effect	1.58%

**Dilution as a result of Resolution 10** (on a post Consolidation basis):

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658
<b>Add:</b> Misto Consideration Shares, Min-Trak Consideration Shares and minimum number of Capital Raising Shares (45,000,000 Capital Raising Shares)	84,000,000
<b>New Total</b>	95,208,658
Resolution 10: Director Capital Raising Shares to be issued to Mr Roland Berzins	1,500,000
Dilution Effect	1.58%

- (f) Any funds raised from the issue of the Director Capital Raising Shares to the Directors will be applied in the same manner as the other funds raised in the Capital Raising.
- (g) There are no significant opportunity costs to the Company, taxation consequences or benefits foregone in issuing the Director Capital Raising Shares to the Directors on the terms proposed.
- (h) The Directors are not aware of any information other than that set out in the Notice or this Explanatory Memorandum that is reasonably required by Shareholders in order for them to decide whether or not it is in the Company's interest to pass Resolution 8, Resolution 9 or Resolution 10.

## EXPLANATORY MEMORANDUM

### 10.6 Directors' recommendation

The Directors will not make a recommendation in relation to these Resolutions as they may participate in the Capital Raising and be issued Director Capital Raising Shares.

## 11. RESOLUTIONS 11 and 12 – APPROVAL OF EXISTING CONVERTING NOTES BECOMING CONVERTIBLE AND ISSUE OF NEW CONVERTING NOTES

### 11.1 Existing Notes

On 28 May 2015, the Company announced to the ASX that it has undertaken the first stage of its funding arrangements with private equity investors by issuing unlisted and unsecured notes up to a face value of \$1,000,000.

The Company has now issued Existing Notes with a face value of \$460,000 to sophisticated and professional investors which are not related parties to the Company. The Existing Notes will only become convertible into Shares upon receiving the approval of Shareholders under Resolution 11.

Resolution 12 also seeks shareholder approval for the purposes of Listing Rule 7.1 for the issue of New Converting Notes to sophisticated and professional investors which are not related parties of the Company.

The Existing Notes and the New Converting Notes (together the **Converting Notes**) will have a total face value of \$1,000,000. The funds raised from the issue of the Converting Notes will allow the Company to finalise all due diligence in relation to the Acquisitions and obtain all regulatory approvals for the Acquisitions and the Capital Raising.

Resolutions 11 to 12 are conditional on each of the Essential Resolutions being approved.

### 11.2 Key Terms of the Converting Notes

The Converting Notes will include customary terms for convertible notes and include the following key terms:

- (a) **Status:** Unlisted and convertible into Shares. Each Converting Note will rank equally in all respects with other Converting Notes.
- (b) **Face value:** Each Converting Note has a face value of \$1.00. The total face value of the Converting Notes is \$1,000,000.
- (c) **Transfer:** The Converting Notes cannot be sold, assigned or transferred.
- (d) **Maturity Date:** 12 months from the issue date of the Converting Notes (**Issue Date**)
- (e) **Interest Rate:** Each Converting Note is interest bearing at the rate of 10% per annum.
- (f) **Security:** The Converting Notes are unsecured.
- (g) **Events of default:** Each of the following is an event of default:
  - (i) the Company failing to make any payment due in accordance with the terms and conditions of the Converting Notes;
  - (ii) the Company failing to perform any of the terms and covenants of the Converting Notes and such default, if remediable, is not remedied for 30 days after notice from noteholders (**Noteholders**) requiring such default to be remedied;
  - (iii) any of the Company's representations and warranties being false or misleading; or

## EXPLANATORY MEMORANDUM

- (iv) the Company suffering an insolvency event.

Upon an event of default occurring, a Noteholder may declare the Converting Notes (held by them) due and payable (which will be payable by the Company within 20 business days of receiving such a declaration). The total amount due and payable is the face value of the Converting Notes held by that Noteholder (**Total Amount**).

- (h) **Conversion:** Each Converting Note is convertible into Shares (**Conversion Shares**) at the conversion price which is \$0.05 for each Conversion Share issued upon the conversion of the Converting Notes (on a post Consolidation basis) (**Conversion Price**).

- (i) **Mandatory Conversion Event:** Upon:

- (i) the Company receiving valid applications for the Capital Raising Shares offered under the Capital Raising equivalent to, or in excess of, the minimum subscription of \$4.5 million, under the Capital Raising;
- (ii) ASX giving the Company conditional approval for the Company to be re-admitted to the official list of ASX; and
- (iii) the board of the Company, acting reasonably and in good faith, that the Company is able to satisfy the conditions attached to ASX's approval for the Company to be readmitted to the official list of ASX,

(the **Mandatory Conversion Event**),

the Company must convert all of the Converting Notes by delivering a conversion notice to the Noteholders within 5 business days after the Mandatory Conversion Event has occurred.

- (j) **Conversion Right:** If the Mandatory Conversion Event has not occurred, the Company may convert all the Converting Notes no more than 10 business days, and at least 3 business days, before the Maturity Date.
- (k) **Early Redemption:** The Company can elect to redeem the Converting Notes, on any date that falls 3 months after their Issue Date, by paying the Total Amount.
- (l) **Repayment:** If the Company has not converted, or redeemed, the Converting Notes by the Maturity Date, and there has been no event of default, the Company must pay the Total Amount by the Maturity Date.
- (m) **Number of Shares issued upon Conversion:** The number of Conversion Shares issued upon the conversion of the Converting Notes will be calculated by dividing the total face value of the Converting Notes by the Conversion Price of the Converting Notes. This equates to 20,000,000 Conversion Shares on a post Consolidation basis.
- (n) **Conversion Shares subject to escrow restrictions:** Some or all of the Conversion Shares may be subject to escrow as determined by ASX.
- (o) **Issue of Shares upon conversion of the Converting Notes:** All Conversion Shares issued upon the conversion of the Converting Notes will rank equally in all respects with all other Shares on issue as at the issue date of the Conversion Shares.
- (p) **Breach of section 606:** If the conversion of the Converting Notes will result in a Noteholder contravening section 606(1) of the Corporations Act, the conversion of the Converting Notes will be deferred and the Company will convene a meeting to seek shareholder approval for the conversion of the Converting Notes. If such shareholder approval is not obtained, the Company will pay the Noteholder an amount equal to the aggregate face value of the Converting Notes the conversion of which will result in a contravention of section 606(1) of the Corporations Act.

## EXPLANATORY MEMORANDUM

### 11.3 Regulatory requirements

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

Under Resolution 11, the Company is not seeking shareholder approval for a new issue of the Converting Notes, but for the change in the nature of the Existing Notes on issue, such that upon approval by Shareholders the Existing Notes become unlisted Converting Notes convertible into Shares (and therefore becoming equity securities).

Under Resolution 12, the Company is seeking shareholder approval for the issue of New Converting Notes.

The effect of Resolution 11 will be to allow the Existing Notes to become Converting Notes without using the Company's 15% annual placement capacity. Resolution 12 allows the Company to issue the New Converting Notes 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.

### 11.4 Listing Rule 7.3

Pursuant to and in accordance with the Listing Rule 7.3, the following information is provided in relation to the Existing Notes and New Converting Notes:

- (a) There are no new Converting Notes issued under Resolution 11. \$540,000 Converting Notes will be issued under Resolution 12. If each of the Resolutions are approved and the Company issued all the New Converting Notes, the maximum number of Shares which will be issued upon the conversion of the Converting Notes is 20,000,000 Shares (on a post consolidation basis).
- (b) The New Converting Notes will be issued on or about 15<sup>th</sup> July 2015, and in any event, no later than three months after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended that the issue of the New Converting Notes will occur on the same date.
- (c) Each Converting Note has a face value of \$1.00. Each Converting Note is convertible at a Conversion Price of A\$0.05 for each Conversion Share.
- (d) The Existing Notes were issued to sophisticated and professional investors (as defined under section 708 of the Corporations Act) which are not related parties of the Company. The New Converting Notes will be issued to sophisticated and professional investors (as defined under section 708 of the Corporations Act) which are not related parties of the Company;
- (e) The terms of the Converting Notes are described in Section 11.2 above. All Conversion Shares issued upon the conversion of the Converting Notes will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.
- (f) The funds raised from the issue of the Converting Notes will be used by the Company to finalise all due diligence and obtain all regulatory approvals in relation to the Acquisitions and the Capital Raising.

Pursuant to ASX Guidance Note 12 Section 3.13, any Conversion Shares issued under this Convertible Note may, at ASX discretion, remain unquoted prior to shareholder approval of the Company's re-compliance under Listing Rule 11.1 & 11.2.

#### Dilution as a result of Resolution 11 and 12 (on a post Consolidation basis):

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658

## EXPLANATORY MEMORANDUM

Resolutions 11 and 12: Conversion Shares to be issued	20,000,000
New Total	31,208,658
Dilution Effect	178.43%

### 11.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 11 and 12.

## 12. Section 195 Approval

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during the meeting of directors when matters in which the director holds a “material interest” are being considered.

The Directors have a material personal interest in the outcome of Resolutions 8 to 10 and Resolutions 13 to 17.

In the absence of shareholder approval under section 195 of the Corporations, the Directors may not be able to form a quorum at the director meeting necessary to carry out the terms of Resolutions 8 to 10 and Resolutions 13 to 17. Accordingly, the Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to the Shareholders to decide.

## 13. RESOLUTIONS 13 to 17 – APPROVAL OF ISSUE OF SHARES TO RELATED PARTIES IN LIEU OF DIRECTOR, COMPANY SECRETARY AND CONSULTING FEES

### 13.1 Shares to Directors

The Company proposes to grant a total of 719,377 Shares (on a post Consolidation basis) to Directors (**Director Shares**) and a past director, Mr Guy Le Page, (**Past Director**), or their nominees, for nil consideration as payment for \$71,938 worth of outstanding director fees, company secretarial fees and consulting fees payable as follows:

Resolution	Name	Fees (\$)	Number of Director Shares issued (on a post Consolidation basis)	Share Price issued at \$0.10 (on a post Consolidation basis) <sup>4</sup>	Value of Director Shares at
13	G Le Page <sup>1</sup>	13,974	139,742	\$0.10	13,974
14	I Murie <sup>1</sup>	7,642	76,421	\$0.10	7,642
15	P Woods <sup>1</sup>	22,271	222,714	\$0.10	22,271
16	RH Berzins <sup>2</sup>	5,500	55,000	\$0.10	5,500
17	RH Berzins <sup>3</sup>	22,550	225,500	\$0.10	22,550
	<b>TOTAL</b>	<b>71,938</b>	<b>719,377</b>		<b>71,938</b>

<sup>1</sup> Directors Fees

<sup>2</sup> Company Secretarial Fees

<sup>3</sup> Consulting Fees

<sup>4</sup> The deemed issue price of the Director Shares is based on the closing price of the Company's share capital on 30th June 2015 and multiplied by 100 as the Director Shares will be issued on a post Consolidation basis.

### 13.2 Chapter 2E of the Corporations Act – Related Party Transactions

The issue of Director Shares to the Directors and the Past Director constitutes a grant of a financial benefit to related parties for the purposes of Chapter 2E of the Corporations Act. As explained in Section 10.3 above, Chapter

## EXPLANATORY MEMORANDUM

2E of the Corporations Act requires shareholder approval where a public company seeks to give a “financial benefit” to a “related party”.

For the purposes of Chapter 2E, Messrs Le Page, Murie, Woods and Berzins are related parties of the Company by virtue of sections 228(2) and 228(5) of the Corporations Act and the issue of Director Shares would constitute the giving of a financial benefit. As none of the exceptions set out in the Corporations Act apply, the grant of the Director Shares to the Directors and the Past Director requires Shareholder approval.

The Directors therefore consider it prudent to consider that each Director holds a “material personal interest” in the consideration of each of these Resolutions and so a quorum cannot be formed to consider the matter at board level. However, by reason of section 195(4) of the Corporations Act, the Directors are permitted in such instances to put the matter before Shareholders to resolve. The Directors have accordingly exercised their right under section 195(4) of the Corporations Act and have resolved to place the proposed issue of the Director Shares to the Directors to Shareholders to consider, and if thought fit, approve.

Resolutions 13 to 17 seek Shareholder approval for the issue of the Director Shares. These Resolutions are conditional on each of the Essential Resolutions being approved.

### 13.3 Listing Rule 10.11

Listing Rule 10.11 requires the Company to obtain shareholder approval to the issue of equity securities to a related party of the company. For the purposes of Listing Rule 10.11, a related party includes a director and a past director of the Company.

Exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if approval is being obtained pursuant to ASX Listing Rule 10.11. Accordingly, as shareholder approval is being sought under Listing Rule 10.11, further approval is not required under Listing Rule 7.1.

### 13.4 Technical Information Required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Shares under Resolutions 13 to 17:

- (a) The maximum number of Shares to be issued pursuant to Resolutions 13 to 17 will be 719,377 Shares and will be issued to the Directors and the Past Director as detailed below:

Name of Director	Number of Director Shares to be issued (on a post Consolidation basis)
Mr Guy Le Page	139,742
Mr Ian Murie	76,421
Mr Peter Woods	222,714
Mr Roland Berzins	280,000
<b>Total</b>	<b>719,377</b>

- (b) The Directors Shares will be issued no later than one month after the date of this Meeting or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Director Shares will be issued at a deemed issue price of 10 cents for each Director Share (on a post Consolidation basis). The deemed issue price of the Director Shares is based on the closing price of the Company’s share capital on 30th June 2015, (being the last practicable date prior to the date of finalising this Explanatory Memorandum) which is \$0.001 (on a pre Consolidation basis). The Directors consider this a fair and appropriate way to work out the issue price for each Director Share and the number of Director

## EXPLANATORY MEMORANDUM

Shares to be issued. As the Company is issuing the Director Shares in lieu of the payment of director fees, consulting fees and company secretarial fees, no funds will be raised from the issue of Director Shares.

- (d) The Director Shares issued will be fully paid ordinary Shares in the capital of the Company and will rank equally with the existing ordinary fully paid Shares on issue.

Chapter 2E of the Corporations Act for the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the issue of the Shares to the Directors and Past Directors under Resolutions 13 to 17.

- (e) **Identity of the related party to whom the proposed resolution would permit the financial benefit to be given**

Subject to Shareholder approval, the Company will issue the Directors Shares to Directors or their nominees within one month of the passing of these Resolutions. Messrs Woods, Murie and Berzins are Directors and Mr Le Page, the Past Director, and are therefore classified as related parties.

- (f) **Nature of, reasons and basis for the financial benefit**

The issue of the 719,377 Director Shares is in lieu of \$71,938 in accrued director fees, company secretarial fees and consulting fees payable to the Directors and the Past Director. Given the current financial position of the Company, the Directors consider that the issue of Director Shares as payment for director fees, company secretarial fees and consulting fees is a cost effective and efficient means for the Company to conserve cash but remunerate its Directors and Past Director for their services. The deemed issue price of the Director Shares is based on the closing price of the Company's share capital on 30th June 2015 (being the last practicable date prior to the date of this Explanatory Memorandum) which is \$0.001 (on a pre Consolidation basis). The Directors consider this a fair and appropriate way to work out the number of Director Shares to be issued and the deemed issued price for each Director Share.

- (g) **Dilution as a result of Resolution 13 (on a post Consolidation basis):**

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658
Resolution 13: Director Shares to be issued to Mr Le Page	139,742
New Total	11,348,400
Dilution Effect	1.25%

- (h) **Dilution as a result of Resolution 14 (on a post Consolidation basis):**

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658
Resolution 14: Director Shares to be issued to Mr Murie	76,421
New Total	11,285,079
Dilution Effect	0.68%

- (i) **Dilution as a result of Resolution 15 (on a post Consolidation basis):**

## EXPLANATORY MEMORANDUM

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658
Resolution 15: Director Shares to be issued to Mr Woods	222,714
New Total	11,431,372
Dilution Effect	1.99%

(j) **Dilution as a result of Resolution 16 (on a post Consolidation basis):**

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658
Resolution 16: Director Shares to be issued to Mr Berzins	55,000
New Total	11,263,658
Dilution Effect	0.49%

(k) **Dilution as a result of Resolution 17 (on a post Consolidation basis):**

	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658
Resolution 17: Director Shares to be issued to Mr Berzins	225,500
New Total	11,434,158
Dilution Effect	2.01%

(l) **Dilution as a Result of Resolutions 13 to 17**

Number of Shares	Number of Shares
Shares on Issue (as at the date of this Notice of Meeting) and no additional securities have been issued	11,208,658
Resolution 13 to 17: Director Shares to be issued	719,377
New Total	11,928,035
Dilution Effect	6.42%

(m) **Directors and the Past Director and their interests in the Company**

As at 30th June 2015 being the last practicable date before finalising this Explanatory Memorandum, the Directors each had the following relevant interests in Shares and options of the Company:

Name of Directors and Past Director	Securities in the Company	Interest in the Company (%)
Ian Murie	7,045,000	0.63%

## EXPLANATORY MEMORANDUM

Name of Directors and Past Director	Securities in the Company	Interest in the Company (%)
Peter Woods	307,401	0.03%
Roland Berzins	11,316,200	1.01%
Guy Le Page	4,265,000	0.38%

### (n) Share Price history

In respect of the proposed issue price of the Director Shares, the last price which Shares traded on ASX on 8th April 2015 was \$0.001 (being the last practicable date prior to the date of finalising this Explanatory Memorandum). This would equate to \$0.10 on a post Consolidation basis.

The highest, lowest and last trading prices of the Shares during the 12 months prior to the last practicable day for finalising this Explanatory Memorandum (being 30th June 2015) are set out below:

	Price	Date
<b>Highest</b>	\$0.002	29 <sup>th</sup> December 2014
<b>Lowest</b>	\$0.001	8 <sup>th</sup> April 2015
<b>Last</b>	\$0.001	8 <sup>th</sup> April 2015

### (o) Opportunity costs

There are no significant opportunity costs to the Company, taxation consequences or benefits foregone in issuing the Director Shares to the Directors on the terms proposed.

### (p) Fair value of the Director Shares

The indicative fair value of the Director Shares is as follows:

Name of Director	Number of Director Shares to be issued (on a post Consolidation basis)	Fair Value of Director Shares
Mr Guy Le Page	139,742	\$13,974
Mr Ian Murie	76,421	\$7,642
Mr Peter Woods	222,714	\$22,271
Mr Roland Berzins	280,000	\$28,000
<b>Total</b>	<b>719,377</b>	<b>\$71,938</b>

## EXPLANATORY MEMORANDUM

The indicative fair value of \$0.10 for the each Director Share was calculated in a manner consistent with the principles described by AASB 2 (Share-based Payments). This is calculated on a pre-Consolidation basis. The valuation date was 30th June 2015 (being the last practicable date prior to the date of finalising this Explanatory Memorandum). The last price which Shares traded on ASX on 8<sup>th</sup> April 2015 was \$0.001 per share. The share price fluctuated between a high of \$0.002 and a low of \$0.001 in the 12 months preceding the valuation date. It should be noted that the actual valuation can only be finalised once the Director Shares have been issued.

### 13.5 Other information

The Directors are not aware of any information other than that set out in the Notice or this Explanatory Memorandum that is reasonably required by Shareholders in order for them to decide whether or not it is in the Company's interest to pass Resolution 13 to 17.

### 13.6 Directors' recommendations to members and reasons

All of the Directors have an interest in the outcome of Resolutions 13 to 17 and accordingly do not wish to make a recommendation. The Directors do however note that if Shareholders do not approve Resolutions 13 to 17 then the Company will be required to pay the fees which will have a significant effect on the current working capital position of the Company.

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## 14. RESOLUTIONS 18 to 24 – APPROVAL OF ISSUE OF SHARES IN LIEU OF CONSULTING AND MANAGEMENT FEES

### 14.1 General

Resolutions 18 to 24 (inclusive) seek Shareholder approval pursuant to Listing Rule 7.1 for the issue of 1,806,523 Shares (together the **Unrelated Party Shares**) each at a deemed issue price of \$0.10 as follows:

- (a) **Resolution 18** seeks Shareholder approval for the issue of up to 78,168 Shares on a post Consolidation basis to Kilo Delta Pty Ltd as Trustee for the Baumstein Trust (a company associated with Mr Kevin Baum) (or their nominees) as consideration for the provision of consulting and marketing services to the Company and shall be issued in lieu of \$7,817 worth of outstanding consulting fees.
- (b) **Resolution 19** seeks Shareholder approval for the issue of up to 126,101 Shares on a post Consolidation basis to Spartan Nominees Pty Ltd (a company associated with Mr Alex Bajada) (or their nominees) as consideration for the provision of consulting and marketing services to the Company and shall be issued in lieu of \$12,610 worth of outstanding consulting fees.
- (c) **Resolution 20** seeks Shareholder approval for the issue of up to 360,272 Shares on a post Consolidation basis to GCP Capital Pty Ltd (a company associated with Mr Anthony Short) (or their nominees) as consideration for the provision of consulting and marketing services to the Company and shall be issued in lieu of \$36,027 worth of outstanding consulting fees.
- (d) **Resolution 21** seeks Shareholder approval for the issue of up to 424,783 Shares on a post Consolidation basis to Cumberland Investments Pty Ltd (a company associated with Mr Anthony Short) (or their nominees) as consideration for the provision of consulting and marketing services to the Company and shall be issued in lieu of \$42,478 worth of outstanding consulting fees.
- (e) **Resolution 22** seeks Shareholder approval for the issue of up to 99,632 Shares on a post Consolidation basis to Fay Holdings Pty Ltd (a company associated with Mr Anthony Short) (or their nominees) as consideration for the provision of consulting and marketing services to the Company and shall be issued in lieu of \$9,963 worth of outstanding consulting fees.

## EXPLANATORY MEMORANDUM

- (f) **Resolution 23** seeks Shareholder approval for the issue of up to 55,579 Shares on a post Consolidation basis to Aspiritual Pty Ltd (a company associated with Mr Alex Bajada) (or their nominees) as consideration for the provision of consulting and marketing services to the Company and shall be issued in lieu of \$5,558 worth of outstanding consulting fees.
- (g) **Resolution 24** seeks Shareholder approval for the issue of up to 661,987 Shares on a post Consolidation basis to AAG Management Pty Ltd (a company associated with Mr Anthony Short) (or their nominees) as consideration for the provision of consulting and marketing services to the Company and shall be issued in lieu of \$66,199 worth of outstanding consulting fees.

Kilo Delta Pty Ltd as Trustee for the Baumstein Trust, Spartan Nominees Pty Ltd, GCP Capital Pty Ltd, Cumberland Investments Pty Ltd, Fay Holdings Pty Ltd, Aspiritual Pty Ltd and AAG Management Pty Ltd (together the **Unrelated Parties**) are not related parties of the Company.

Resolutions 18 to 24 are conditional on each of the Essential Resolutions being approved.

### 14.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 5.1 above. The effect of Resolutions 18 to 24 (inclusive) will be to allow the Company to issue the Unrelated Party Shares as set out in Section 14.1 above 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.

### 14.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with the Listing Rule 7.3, the following information is provided in relation to the issue of the Unrelated Party Shares under Resolutions 18 to 24:

- (a) The maximum number of Shares to be issued pursuant to Resolutions 18 to 24 is 1,746,077 Shares and will be issued to the following parties as follows:
  - (i) 78,168 Shares on a post Consolidation basis to Kilo Delta Pty Ltd as Trustee for the Baumstein Trust (or its nominee(s)) pursuant to Resolution 18;
  - (ii) 126,101 Shares on a post Consolidation basis to Spartan Nominees Pty Ltd (or its nominee(s)) pursuant to Resolution 19;
  - (iii) 360,272 Shares on a post Consolidation basis to GCP Capital Pty Ltd (or its nominee(s)) pursuant to Resolution 20;
  - (iv) 424,783 Shares on a post Consolidation basis to Cumberland Investments Pty Ltd (or its nominee(s)) pursuant to Resolution 21;
  - (v) 99,632 Shares on a post Consolidation basis to Fay Holdings Pty Ltd (or its nominee(s)) pursuant to Resolution 22;
  - (vi) 55,579 Shares on a post Consolidation basis to Aspiritual Pty Ltd (or its nominee(s)) pursuant to Resolution 23; and
  - (vii) 661,987 Shares on a post Consolidation basis to AAG Management Pty Ltd (or its nominee(s)) pursuant to Resolution 24.
- (b) The Unrelated Party Shares (on a post Consolidation basis) will be issued on or about mid – September 2015 but in any event, 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 Listing Rules). All of the Unrelated Party Shares will be issued on the same date.

## EXPLANATORY MEMORANDUM

- (c) The deemed issue price for each Unrelated Party Share will be 10 cents (on a post Consolidation basis). The deemed issue price of the Unrelated Party Shares is based on the closing price of the Shares on 8th April 2015 (being the last practicable date prior to the date of finalising this Explanatory Memorandum) which is \$0.001 (on a pre Consolidation basis). The Directors consider this a fair and appropriate way to work out the deemed issue price for each Unrelated Party Share.
- (d) The Unrelated Party Shares (on the post Consolidation basis) will be issued as consideration for the provision of the consulting, management, marketing and accounting services as set out in Section 14.1 above and as such no funds will be raised from the issue of the Unrelated Party Shares.
- (e) The Unrelated Party Shares will be fully paid ordinary shares in the capital of the Company and rank equally to in all respect with the Company's existing Shares on issue.

Set out below is the dilutionary effect of the issue of Unrelated Party Shares:

- (f) Dilution as a result of Resolution 18 (on a post Consolidation basis):

	Number of Shares
Shares on Issue as at the date of this Notice of Meeting and no additional securities have been issued	11,208,658
Resolution 18: Unrelated Party Shares to be issued Kilo Delta Pty Ltd as Trustee for the Baumstein Trust	78,168
New Total	11,286,826
Dilution Effect	0.70%

- (g) Dilution as a result of Resolution 19 (on a post Consolidation basis):

	Number of Shares
Shares on Issue as at the date of this Notice of Meeting and no additional securities have been issued	11,208,658
Resolution 19: Unrelated Party Shares to be issued to Spartan Nominees Pty Ltd	126,101
New Total	11,334,759
Dilution Effect	1.13%

- (h) Dilution as a result of Resolution 20 (on a post Consolidation basis):

	Number of Shares
Shares on Issue as at the date of this Notice of Meeting and no additional securities have been issued	11,208,658
Resolution 20: Unrelated Party Shares to be issued to GCP Capital Pty Ltd	360,272
New Total	11,568,930
Dilution Effect	3.21%

- (i) Dilution as a result of Resolution 21 (on a post Consolidation basis):

	Number of Shares

## EXPLANATORY MEMORANDUM

	Number of Shares
Shares on Issue as at the date of this Notice of Meeting and no additional securities have been issued	11,208,658
Resolution 21: Unrelated Party Shares to be issued to Cumberland Investments Pty Ltd	424,783
New Total	11,633,441
Dilution Effect	3.79%

(j) Dilution as a Result of the Resolution 22 (on a post Consolidation basis)

	Number of Shares
Shares on Issue as at the date of this Notice of Meeting and no additional securities have been issued	11,208,658
Resolution 22: Unrelated Party Shares to be issued to Fay Holdings Pty Ltd	99,632
New Total	11,308,290
Dilution Effect	0.89%

(k) Dilution as a Result of the Resolution 23 (on a post Consolidation basis)

	Number of Shares
Shares on Issue as at the date of this Notice of Meeting and no additional securities have been issued	11,208,658
Resolution 23: Unrelated Party Shares to be Issued to Aspiritual Pty Ltd	55,579
New Total	11,264,237
Dilution Effect	0.50%

(l) Dilution as a Result of the Resolution 24 (on a post Consolidation basis)

	Number of Shares
Shares on Issue as at the date of this Notice of Meeting and no additional securities have been issued .	11,208,658
Resolution 24: Unrelated Party Shares to be issued to AAG Management Pty Ltd	661,987
New Total	11,870,645
Dilution Effect	5.91%

(m) **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 18 to 24. If Shareholders do not approve Resolutions 18 to 24 then the Company will be required to pay the fees which will have a significant effect on the current working capital position of the Company.

## EXPLANATORY MEMORANDUM

### 15. RESOLUTION 25 – APPROVAL OF ISSUE OF SHARES AND OPTIONS AS REPAYMENT OF LOAN

#### 15.1 Shares to Seefeld Investments Pty Ltd

The Company proposes to issue a total of 450,000 Shares (on a post consolidation basis) and 450,000 options (on a post consolidation basis) to Seefeld Investments Pty Ltd (**Loan Shares and Loan Options**), or their nominees, for nil consideration as repayment of \$45,000 worth of outstanding loans to the Company.

#### 15.2 Listing Rule 7.1

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

The effect of Resolution 25 will be to allow the Company to issue the Loan Shares and Loan Options to Seefeld Investments Pty Ltd 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.

Resolution 25 is conditional on each of the Essential Resolutions being approved.

#### 15.3 Technical Information Required by Listing Rule 7.3

Pursuant to and in accordance with the Listing Rule 7.3, the following information is provided in relation to the issue of the Loan Shares and Loan Options under Resolution 25:

- (a) The maximum number of Loan Shares and Loan Options to be issued to Seefeld Investments Pty Ltd pursuant to Resolution 25 will be 450,000 Shares (on a post consolidation basis) and 450,000 options (on a post consolidation basis).
- (b) The Loan Shares and Loan Options on or about 30<sup>th</sup> June 2015 and will be issued no later than three months after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended that the issue of the Loan Shares and the Loan Options will occur on the same date.
- (c) The Loan Shares will be issued at a deemed issue price of 10 cents for each Loan Share. The deemed issue price of the Loan Shares is based on the closing price of the Shares on 30th June 2015 (being the last practicable date prior to the date of finalising this Explanatory Memorandum) which is \$0.001 (on a pre Consolidation basis). The Directors consider this a fair and appropriate way to work out the deemed issue price for each Loan Share.
- (d) Each Loan Option will have an issue price of \$0.0001. The Loan Options will have an exercise price of \$0.11 and an expiry date of 31 May 2018.
- (e) The Loan Options and Loan Shares will be issued for nil consideration as they are being issued to Seefeld Investments Pty Ltd as consideration for the repayment of the loan owed by the Company to Seefeld Investments Pty Ltd. Accordingly, no funds will be raised from the issue of Loan Options and Loan Shares.
- (f) The Loan Shares will be fully paid ordinary Shares in the capital of the Company and will rank equally with the existing Shares on issue. The full terms and conditions of the Loan Options are set out in Schedule 2.

#### 15.4 Dilution as a result of Resolution 25 (on a post Consolidation basis)

	Number of Shares
Shares on Issue as at the date of this Notice of Meeting and	11,208,658

## EXPLANATORY MEMORANDUM

no additional securities have been issued	
Resolution 25: Loan Shares to be issued to Seefeld Investments Pty Ltd	450,000
Resolution 25: Loan Options to be issued to Seefeld Investments Pty Ltd (assuming that the Loan Options have been exercised)	450,000
New Total	12,108,658
Dilution Effect	7.43%

### 15.5 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 25. If Shareholders do not approve Resolution 25 then the Company will be required to pay the loan to Seefeld Investments Pty Ltd which will have a significant effect on the current working capital position of the Company.

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## 16. RESOLUTION 26 – CHANGE OF 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 26 seeks Shareholder approval for a change in the Company's name from Palace Resources Limited to 'TikForce Limited'. If Resolution 26 is passed the change of name will take effect when ASIC alters the details of the Company's registration

The Directors believe that this new name better suits the Company moving forward pursuant to the acquisition of the TikForce business and the Min-Trak Acquisition.

If the Company does not complete the Acquisitions (including raising a minimum of \$4,500,000 pursuant to the Capital Raising), then the change of name of the Company will not take place. If Resolution 26 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

The Board unanimously recommends that Shareholders vote in favour of Resolution 26.

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## 17. ENQUIRIES

Shareholders are requested to contact Company Secretary on (08) 9429 2900 if they have any queries in respect of the matters set out in these documents.

# EXPLANATORY MEMORANDUM

## SCHEDULE 1: TERMS AND CONDITIONS OF PERFORMANCE SHARES (Resolutions 4, 5 and 6)

The terms and conditions of the Performance Shares are set out below:

(a) **Definitions**

**A Performance Share** means a Performance Share issued by the Company in accordance with the Agreement that is subject to the A Performance Share Milestone and these terms.

**A Performance Share Expiry Date** means that date three (3) years from the date of issue of the A Performance Shares.

**A Performance Share Milestone** will be taken to have been satisfied upon Tikforce Platform achieving 10,000 Tikforce Paid Users.

**ASX** means ASX Limited (ABN 98 009 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**B Performance Share** means a Performance Share issued by the Company in accordance with the Agreement that is subject to the B Performance Share Milestone and these terms.

**B Performance Share Expiry Date** means that date three (3) years from the date of issue of the B Performance Shares.

**B Performance Share Milestone** will be taken to have been satisfied upon Tikforce Platform achieving 20,000 Tikforce Paid Users.

**C Performance Share** means a Performance Share issued by the Company in accordance with the Agreement that is subject to the C Performance Share Milestone and these terms.

**C Performance Share Expiry Date** means that date five (5) years from the date of issue of the C Performance Shares.

**C Performance Share Milestone** will be taken to have been satisfied upon Tikforce Platform achieving 30,000 Tikforce Paid Users.

**Change in Control Event** means the occurrence of:

- (a) the offeror, under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
- (b) that takeover bid has become unconditional; or
- (c) the announcement by the Company that Shareholders of the Company have at a court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
  - (i) cancelled; or
  - (ii) transferred to a third party; and
  - (iii) the court, by order, approves the proposed scheme of arrangement.

**Company** means Palace Resources Limited (ACN 106 240 475) and, where the context requires, includes its subsidiaries.

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

**D Performance Share** means a Performance Share issued by the Company in accordance with the Agreement that is subject to the D Performance Share Milestone and these terms.

## EXPLANATORY MEMORANDUM

**D Performance Share Expiry Date** means that date five (5) years from the date of issue of the D Performance Shares.

**D Performance Share Milestone** will be taken to have been satisfied upon the Min-Trak Platform's annualised Gross Revenue exceeding \$75,000 per Quarter for two consecutive quarters.

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

**E Performance Share** means a Performance Share issued by the Company in accordance with the Agreement that is subject to the E Performance Share Milestone and these terms.

**E Performance Share Expiry Date** means that date five (5) years from the date of issue of the E Performance Shares.

**E Performance Share Milestone** will be taken to have been satisfied upon the Min-Trak Platform's annualised Gross Revenue exceeding \$375,000 per Quarter for two consecutive quarters

**Expiry Date** means the A Performance Share Expiry Date, the B Performance Share Expiry Date or C Performance Share Expiry Date, D Performance Share Expiry Date, the E Performance Share Expiry Date or F Performance Share Expiry Date, (as the case may be).

**F Performance Share** means a Performance Share issued by the Company in accordance with the Agreement that is subject to the F Performance Share Milestone and these terms.

**F Performance Share Expiry Date** means that date five (5) years from the date of issue of the F Performance Shares.

**F Performance Share Milestone** will be taken to have been satisfied upon the Min-Trak Platform's annualised Gross Revenue exceeding \$750,000 per Quarter for two consecutive quarters.

**Holder** means the holder of a Performance Share.

**Listing Rules** means the official listing rules of ASX, as amended, added to or replaced from time to time.

**Milestone** means the A Performance Share Milestone, the B Performance Share Milestone or the C Performance Share Milestone or D Performance Share Milestone, the E Performance Share Milestone or the F Performance Share Milestone (as the case may be).

**Mintrak Platform** is a technology platform offering integrated asset management solutions customised to client requirements.

**Performance Share** means an A Performance Share, a B Performance Share or a C Performance Share, or a D Performance Share, an E Performance Share or an F Performance Share (as the case may be).

**Section 606(1)** means section 606(1) of the Corporations Act.

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

**Shareholder** means a holder of Shares.

**Tikforce Platform** means a suite of cloud-based, multiplatform and customisable solutions that integrate together to deliver a total business management platform in line with business and global workforce trends.

**Tikforce Paid User** means an individual or company:

- (a) that has directly or indirectly paid for Tikforce solutions in any given month;
- (b) which is an "active" user such that past users who have unsubscribed will not be counted; and
- (c) where a single user subscribes for multiple Tikforce solutions, such user is only counted once.

(b) **Dividend**

## EXPLANATORY MEMORANDUM

Holders are not entitled to a dividend.

(c) **Conversion**

(i) Conversion

The Performance Shares will convert into Shares in accordance with the terms outlined herewith.

(ii) **Conversion Milestones and Ratio**

Upon the satisfaction of the Milestone prior to the Expiry Date, each Performance Share will convert into one (1) Share.

(iii) **Conversion on Change in Control**

Upon the occurrence of a Change of Control Event:

- (A) that number of Performance Shares that, after conversion, is equal to 10% of the issued Share capital of the Company (as at the date of the Change of Control Event) shall automatically convert into Shares;
- (B) the Company shall ensure a pro-rata allocation of Shares issued to all holders of Performance Shares; and
- (C) any Performance Shares that are not converted into Shares in accordance with this section will continue to be held by the Holder on the same terms and conditions.

(iv) **Lapse after Expiry Date**

If on the relevant Expiry Date:

- (A) the A Performance Milestone has not been satisfied, then all of A Performance Shares held by each Holder shall consolidate into one (1) A Performance Share and then convert into Shares on a one for one (1:1) basis;
- (B) the B Performance Milestone has not been satisfied, then all of B Performance Shares held by each Holder shall consolidate into one (1) B Performance Share and then convert into Shares on a one for one (1:1) basis; and
- (C) the C Performance Milestone has not been satisfied, then all of C Performance Shares held by each Holder shall consolidate into one (1) C Performance Share and then convert into Shares on a one for one (1:1) basis.
- (D) the D Performance Milestone has not been satisfied, then all of D Performance Shares held by each Holder shall consolidate into one (1) D Performance Share and then convert into Shares on a one for one (1:1) basis;
- (E) the E Performance Milestone has not been satisfied, then all of E Performance Shares held by each Holder shall consolidate into one (1) E Performance Share and then convert into Shares on a one for one (1:1) basis; and
- (F) the F Performance Milestone has not been satisfied, then all of F Performance Shares held by each Holder shall consolidate into one (1) F Performance Share and then convert into Shares on a one for one (1:1) basis.

(d) **Takeover Provisions**

## EXPLANATORY MEMORANDUM

- (i) If the conversion of Performance Shares (or part thereof) would result in any person being in contravention of Section 606(1) then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of Section 606(1).
- (ii) The Holders shall give notification to the Company in writing if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1) failing which the Company shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of Section 606(1).
- (iii) The Company may (but is not obliged to) by written notice request the Holders to give notification to the Company in writing within seven (7) days if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1). If the Holders do not give notification to the Company within seven (7) days that they consider the conversion of Performance Shares (or part thereof) may result in the contravention of Section 606(1) then the Company shall assume that the conversion of Performance Shares (or part thereof) will not result in any person being in contravention of Section 606(1).

(e) **After Conversion**

The Shares issued on conversion of any Performance Share will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

(f) **Issue of Shares for no consideration**

The Company shall issue Shares upon conversion of the Performance Shares for no consideration to the holder of the Performance Shares or its nominees and shall record the issue in the manner required by the Corporations Act and the Listing Rules.

(g) **Reconstruction**

In the event of any reconstruction, consolidation or division of the issued capital of the Company, the Shares, the Performance Shares and their terms of conversion shall be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the Holders by virtue of such reconstruction, consolidation or division.

(h) **Winding up**

If the Company is wound up prior to conversion of all of the Performance Shares into Shares then the Holders will have no right to participate in surplus assets or profits of the Company on winding up.

(i) **Non-transferable**

The Performance Shares are not transferable.

(j) **Copies of notices and reports**

The Holders have the same right as Shareholders to receive notices, reports and audited accounts.

(k) **Voting rights**

The Holders shall have no right to vote, subject to the Corporations Act.

(l) **Participation in new issues**

## EXPLANATORY MEMORANDUM

There are no participation rights or entitlements inherent in the Performance Shares and Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Shares.

(m) **Quotation**

The Performance Shares are unquoted. No application for quotation of the Performance Shares will be made by the Company.

## EXPLANATORY MEMORANDUM

### **SCHEDULE 2: TERMS AND CONDITIONS OF ADVISOR OPTIONS AND LOAN OPTIONS (TOGETHER OPTIONS) (RESOLUTIONS 7 AND 25)**

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

1. The exercise price of each Option is \$0.11 ("Exercise Price").
2. The Options expire at 5:00pm WST on 31<sup>st</sup> May 2018 ("Expiry Date").
3. The Options will have an issue price of 0.0001 cent payable at the time of issue
4. Each Option shall entitle the holder to subscribe for and be issued one Share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price. The Company will not apply for quotation of the Advisor Options.
5. Shares issued as a result of the exercise of any of the Options will rank equally in all respects with all Shares currently on issue.
6. The Option holder is not entitled to participate in new issues of securities offered to Shareholders (including any rights issue, entitlement issue or bonus issue) unless the Option is exercised before the relevant record date for that new issue.
7. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares issued pursuant to the exercise of an Option will rank equally with the then issued Shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the ASX Listing Rules.
8. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction.

## EXPLANATORY MEMORANDUM

### Schedule 3A: MISTO CONSIDERATION SHARES AND MISTO PERFORMANCE TO BE ISSUED TO MISTO SHAREHOLDERS (RESOLUTION 5)

#### 1. Misto Consideration Shares

#	Name	Shares in Misto	Misto Consideration Shares
1	Kilo Delta ATF The Baumstein Trust	11,550,000	11,550,000
2	Silikonrok Pty Ltd	12,000,000	12,000,000
3	JB & DA Smith	4,950,000	4,950,000
4	Hampton Court Partners Pty Ltd	1,500,000	1,500,000
	<b>Total</b>	<b>30,000,000</b>	<b>30,000,000</b>

#### 2. Class A Performance Shares

#	Name	Class A Performance Shares in Misto	Class A Performance Shares in Palace
1	Kilo Delta ATF The Baumstein Trust	3,080,000	3,080,000
2	Silikonrok Pty Ltd	3,200,000	3,200,000
3	JB & DA Smith	1,320,000	1,320,000
4	Hampton Court Partners Pty Ltd	400,000	400,000
	<b>Total</b>	<b>8,000,000</b>	<b>8,000,000</b>

#### 3. Class B Performance Shares

#	Name	Class B Performance Shares in Misto	Class B Performance Shares in Palace
1	Kilo Delta ATF The Baumstein Trust	4,620,000	4,620,000
2	Silikonrok Pty Ltd	4,800,000	4,800,000
3	JB & DA Smith	1,980,000	1,980,000
4	Hampton Court Partners Pty Ltd	600,000	600,000
	<b>Total</b>	<b>12,000,000</b>	<b>12,000,000</b>

## EXPLANATORY MEMORANDUM

### 4. Class C Performance Shares

#	Name	Class C Performance Shares in Misto	Class C Performance Shares in Palace
1	Kilo Delta ATF The Baumstein Trust	6,160,000	6,160,000
2	Silikonrok Pty Ltd	2,640,000	2,640,000
3	JB & DA Smith	6,400,000	6,400,000
4	Hampton Court Partners Pty Ltd	800,000	800,000
	<b>Total</b>	<b>16,000,000</b>	<b>16,000,000</b>

## EXPLANATORY MEMORANDUM

### Schedule 3B: MIN-TRAK CONSIDERATION SHARES AND MIN-TRAK PERFORMANCE SHARES TO BE ISSUED TO MIN-TRAK SHAREHOLDERS (RESOLUTION 6)

#### 1. Min-Trak Consideration Shares

#	Name	Shares in Min-Trak	Min-Trak Consideration Shares
1	Seefeld Investments Pty Ltd	4,528,800	4,528,800
2	Whitesun Holdings Pty Ltd	666,000	666,000
3	Dominion Resources Pty Ltd	532,800	532,800
4	Citybeast Pty Ltd	266,400	266,400
5	Silikonrok Pty Ltd	3,006,000	3,006,000
	<b>Total</b>	<b>9,000,000</b>	<b>9,000,000</b>

#### 2. Class D Performance Shares

#	Name	Class D Performance Shares in Min-Trak	Class D Performance Shares in Palace
1	Seefeld Investments Pty Ltd	1,133,333	1,133,333
2	Dominion Resources Pty Ltd	133,333	133,333
3	Citybeast Pty Ltd	66,666	66,666
4	Silikonrok Pty Ltd	666,667	666,667
	<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>

## EXPLANATORY MEMORANDUM

### 3. Class E Performance Shares

#	Name	Class E Performance Shares in Min-Trak	Class E Performance Shares in Palace
1	Seefeld Investments Pty Ltd	1,133,333	1,133,333
2	Dominion Resources Pty Ltd	133,333	133,333
3	Citybeast Pty Ltd	66,666	66,666
4	Silikonrok Pty Ltd	666,667	666,667
	<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>

### 4. Class F Performance Shares

#	Name	Class F Performance Shares in Min-Trak	Class F Performance Shares in Palace
1	Seefeld Investments Pty Ltd	566,667	566,667
2	Dominion Resources Pty Ltd	66,667	66,667
3	Citybeast Pty Ltd	33,333	33,333
4	Silikonrok Pty Ltd	333,333	333,333
	<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>

# EXPLANATORY MEMORANDUM

## Schedule 4A - Risks

### 1. Industry specific

Both the Tikforce Platform and Min-Trak Platform have a limited operating history and the potential of the business model is unproven. No assurances can be given that the Company will achieve commercial viability through the successful implementation of its business plans for the Tikforce Platform and the Min-Trak Platform.

Accordingly, there is no guarantee that the proposed marketing and pricing strategies will be successful to achieve a sizeable take up rate by users of the Min-Trak and Tikforce products and/or market share.

In addition, there is the risk that the Tikforce Platform and Min-Trak Platforms may not function as intended, including with respect to its stated scalability and coping with increasing numbers of users or client numbers. This may lead to the Company's reputation suffering amongst users and customers as well as potential claims for redress.

### 2. Risks relating to the Company's business and industry

If the Company fails to retain existing users or add new users, or if users decrease their level of engagement with the Company, the Company's revenue, financial results and business may be significantly harmed.

The size of the Company's user base and users' level of engagement are critical to the success (or otherwise) of the Company. The Company's financial performance has been and will continue to be significantly determined by its success in adding, retaining and engaging active users.

The Company anticipates that its active user growth rate will decline over time as the size of its active user base increases and as higher market penetration rates are achieved. To the extent its active user growth rate slows, its business performance will become increasingly dependent on its ability to increase levels of user engagement and monetisation in current and new markets.

If users and potential users do not perceive the Company's products to be useful, reliable and trustworthy, the Company may not be able to attract or retain users or otherwise maintain or increase the frequency and duration of their engagement.

There is no guarantee that the Company will not experience an erosion of its active user base and/or its user engagement levels. A decrease in user retention, user growth and/or user engagement could render the Company less attractive to developers and advertisers, which may have a material and adverse impact on the Company's financial performance.

Any number of factors could potentially negatively affect user retention, user growth and user engagement, including:

- ② users increasingly engaging with competing products;
- ② failure to introduce new and/or improved products and services, or if new and/or improved products and services are not favourably received;
- ② failure to successfully provide a compelling user experience as a result of the decisions made with respect to the frequency, prominence and size of advertisements and other commercial content displayed;
- ② failure to continue to develop products for mobile devices that users find engaging, that work with a variety of mobile operating systems and networks and that achieve a high level of market acceptance;
- ② changes in user sentiment about the quality or usefulness of the Company's products and/or concerns related to privacy and data sharing, safety, security or other factors;

## EXPLANATORY MEMORANDUM

- ❑ failure to manage and prioritise information to ensure users are presented with content that is interesting, useful and relevant to them;
- ❑ adverse changes in our products that are mandated by legislation, regulatory authorities, or litigation, including settlements or consent decrees;
- ❑ technical or other problems prevent the Company from delivering its products in a rapid and reliable manner that adversely affect the user experience;
- ❑ the adoption of policies or procedures by the Company related to areas such as data sharing and/or user data that are perceived negatively by both users and the general public;
- ❑ failure to provide adequate customer service to users, developers and/or advertisers; and
- ❑ the Company, its platform developers or other companies in the same industry are the subject of adverse media reports or other negative publicity.

Should such risks or uncertainties materialise, or should the Company's underlying assumptions and/or projections prove incorrect, then the Company's financial performance and/or achievements may vary materially from those described in relevant forward looking statements as being expected, anticipated, intended, planned, believed, sought, estimated or projected.

### 3. Risks relating to the Company's operations

Future operations of the Company may be affected by various factors including:

- ❑ unanticipated operational and technical difficulties encountered;
- ❑ risk that development and/or operating costs prove to be greater than expected or that the proposed developments or acquisitions may not be achieved;
- ❑ failure to achieve market penetration, user retention, user growth and/or user engagement;
- ❑ the prevention and/or restriction of market penetration or user access by reason of political unrest and inability to obtain consents or approvals.

Notwithstanding the experience, knowledge and careful evaluation the Company brings to its activities, there is no assurance that commercial viability will be achieved.

Other factors such as technical difficulties, adverse changes in government policy and/or legislation or lack of access to sufficient funding or markets may prevent the Company from operating successfully.

#### 3.1 Failure to deal with growth

The Company's business has the potential to grow rapidly. If that occurs and the Company fails to properly manage that growth, then that failure could harm its business. Any failure to meet user demand properly could adversely affect the business, including demand for products and services, revenue, customer satisfaction and public perception.

#### 3.2 Risks associated with jurisdictional expansion

The Min-Trak Platform and the Tikforce Platform have been constructed so as to be capable of being utilised in multiple overseas jurisdictions. As the Company is seeking to expand into overseas markets, it may require a physical presence in other jurisdictions/markets which will result in an associated increase in overheads and development and marketing costs. There is the risk that any jurisdictional expansion will be unsuccessful, or that even if there is demand for the Company's products and services in that market, that the costs of doing business in that market, including the costs of establishing a new base in-country,

## EXPLANATORY MEMORANDUM

overseas regulatory compliance and the potential duplication of running costs for the Company, are such that the Company's profitability and available working capital will be adversely impacted.

### 3.3 Business model to initially focus on growing market share

The Company's business model is initially focused on maximising sales and market share, rather than profitability. This will require expenditure on marketing and business development. Only once the Company has achieved its market penetration and customer dependence objectives, will its focus shift to maximising profitability. Accordingly, the Company may not achieve significant profitability in the short term, or may suffer losses.

### 3.4 Attraction and retention of key employees

The Company's ability to effectively execute its growth strategy depends upon the performance and expertise of key employees, including those with valuable technological skills and specialist knowledge of the Company's underlying products, services and markets.

The departure of certain key employees and any delay in their replacement could hamper the Company's ability to achieve its strategic growth objectives and financial performance goals. As the Company grows it will need to make additional key appointments to finalise its executive team and will also need to expand its technical sales support team. There is no guarantee that the Company will be able to attract and retain appropriately qualified personnel.

### 3.5 Availability of IT staff in the market

The Company is reliant upon employees with specialist IT skills in order to develop and maintain its products and services. Any shortage of availability of these skills in the IT employment market could impair the development of the Company's products and business and the rate of such development. Such shortage could also cause wage inflation, which may impact on the Company's profitability.

### 3.6 Reliance on third party IT service provision

The Company utilises equipment, software and services provided by third parties to deliver its micro payment platform. Significant or extended disruption of the Company's platform caused by supplied equipment, software, or service failure may reduce the Company's ability to generate revenue, impact consumer service levels, and damage the Company's brand. This could adversely affect the Company's ability to attract and retain users, generate new business and cause it to suffer financial loss. Any mitigation of this loss via redress from third party suppliers may not be immediately available, if at all.

### 3.7 Reliance on core information technology and other systems

The availability of the Tikforce platform is dependent upon the performance, reliability and availability of its IT and communication systems. This includes its core technologies such as computer servers and back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war, a breakdown in utilities such as electricity and fibre optic cabling and even pandemics. Events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. The Company's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage suffered as a result of a system failure.

Any damage to, or failure of, the Company's key systems can result in disruptions in the Company's ability to operate its micro payments platform. Such disruptions have the potential to reduce the Company's ability to generate revenue, attract and/or retain users, impact user service levels and damage the Company's brand. This could adversely affect the Company's ability to generate new business and cause it to suffer financial loss.

## EXPLANATORY MEMORANDUM

### 3.8 Security breaches

A malicious attack on the Company's systems, processes or people from external or internal sources could put the integrity and privacy of customers' data and business systems used to run the social entertainment platform at risk. The impact of loss or leakage of customer or business data could include costs for rebates, potential service disruption, litigation and brand damage resulting in reduced or falling revenues. The Company follows best practice in relation to security policies, procedures, automated and manual protections, encryption systems and staff screening to minimise this risk.

### 3.9 Shortage of funding

The Company will raise a minimum of \$4.5 million in cash (less expenses of the Capital Raising) following completion of the Capital Raising, which will be used to accelerate the Company's business, marketing and growth plans. However, if the Company incurs unexpected costs or is unable to generate sufficient operating income further funding may be required. Any additional funding through Share issues is dependent upon market conditions at the time. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations.

### 3.10 Protection of intellectual property note that it is patent pending

The Company's intellectual property includes its software development, knowledge base of business operations, including user, industry and market behaviours, customer records and the experience of its management team and workforce. The Company maintains strict security and monitoring of its software code and customer records, including protection and restriction on physical access. The Company encourages employee retention and through the use of competitive long-term employment contracts, confidentiality, non-competition and invention agreements.

The Company does not have any patents currently to protect its intellectual property. Accordingly, the Company cannot be certain that the unauthorised use or access of intellectual property relevant to the Company's business will not be undertaken by third parties to the detriment of the Company, its operations and business. In addition, there can be no guarantee that unauthorised use or copying of the Company's software, data, specialised technology or algorithms will be prevented. Any unauthorised use, access or copying of the Company's intellectual property could impact adversely on the Company's margins and revenue.

### 3.11 Misto Vendors or Min-Trak Vendor may sell their Shares

Some Misto Vendors or some Min-Trak Vendors may elect to sell their Shares which are not subject to escrow restrictions by ASX immediately following completion of the Acquisitions. If one or more Misto Vendors or Min-Trak Vendors elect to sell a sufficiently large number of Shares, then this may negatively impact the price of Shares and decrease the realisable value of existing Shareholders' investment in the Company.

### 3.12 Legal environment

The legal system in the emerging markets in which the Company operates and/or intends to operate, may be less developed than more established countries and this could result in the following risks:

- ⊛ political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- ⊛ a higher degree of discretion held by various government officials or agencies;
- ⊛ the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to intellectual property rights and taxation;

## EXPLANATORY MEMORANDUM

☐ inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or

☐ relative inexperience of the judiciary and court in matters affecting the Company.

### 3.13 Risks relating to operating in other jurisdictions

Possible sovereign risks include, without limitation, changes in legislation, a shift in political attitude, changes in economic and social conditions, political instability, the imposition of operating restrictions, government participation, changes to taxation rates and/or concessions, working conditions, rates of exchange, exchange control, licensing, duties or imposts, repatriation of income or return of capital and changes in the ability to enforce legal rights.

The Company's activities are subject to all applicable local laws, regulations and to the relevant conditions applying in each jurisdiction in which the Company operates or intends to operate. Failure to comply with these conditions may cause the Company to suffer significant damage through loss of opportunity and/or the imposition of penalties and fines.

Changes in government and/or statutory changes in jurisdictions in which the Company operates, or intends to operate, may affect the Company's business and its operations.

Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its Shares.

### 3.14 Contractual risks

The ability of the Company to achieve its objectives will also be dependent on the performance by the counterparties to any agreements that the Company has entered into or may enter into. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly. Furthermore, certain contracts to which either the Company is a party may be governed by laws of jurisdictions outside Australia. There is a risk that the Company may not be able to seek legal redress that it could expect under Australian law; and generally there can be no guarantee that a legal remedy will ultimately be granted on the appropriate terms.

### 3.15 International operations

International sales and operations are subject to a number of risks, including:

☐ potential difficulties in enforcing agreements and collecting receivables through foreign local systems;

☐ potential difficulties in protecting intellectual property;

☐ increases in operating costs; and

☐ restrictive governmental actions.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

### 3.16 Exchange rate risks

Exchange rates fluctuate and are affected by many factors beyond the control of the Company.

To comply with Australian reporting requirements, the income, expenditure, and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure, and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.

## EXPLANATORY MEMORANDUM

This will result in the Company being exposed to exchange rate risk, which may have an adverse impact on the profitability and/or financial position of the Company.

As at the date of this Notice, the Company has not adopted a foreign exchange hedging policy; however the Directors anticipate adopting such a policy to mitigate exchange rate risk upon successful expansion.

### 3.17 Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and its controlled entities depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these senior management, key personnel or employees cease their involvement or employment with the Company or its controlled entities.

### 3.18 Additional requirements for capital

The continued operations of the Company are dependent on its ability to obtain financing through debt and equity financing, or generating sufficient cash flows from future operations. There is a risk that the Company may not be able to access capital from debt or equity markets for future acquisitions or developments, which could have a material adverse impact on the Company's business and financial condition.

### 3.19 Insurance risks

The Company maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a materially adverse effect on the business, financial condition and results of the Company. In addition, there remains the risk that an insurer defaults in the payment of a legitimate claim by the Company.

### 3.20 Competition

There is a risk that the Company will not be able to continue to compete in the competitive industry in which it operates. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

The Company is and will be competing against a number of significant global IT companies for users, user growth, user engagement, advertisements, commercial content and revenue. In addition, the emergence of new competitors in the market, or technological developments providing an alternative to the Company's products and services could adversely impact the Company's market share and cause downward price pressure on the Company's margins and revenue. Existing and new providers of social entertainment platforms may respond aggressively to the Company's products and services and seek to regain market share and revenue, which could also impact adversely the Company's margins and revenue.

# EXPLANATORY MEMORANDUM

## Schedule 4B Risks

### 4. General risk

#### 4.1 Share Market

There are general risks associated with any investment and the share market. The price of the Company's securities on the ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance.

These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

There is no assurance that the price of the Shares will increase following completion of the Acquisition, Offer and the Company's re-quotation on ASX, even if the Company's revenues and/or earnings increase.

#### 4.2 Government policies and legislation

The Company's businesses and performance are affected generally by the fiscal or other policies (including taxation) that are adopted by government both in Australia and in the other jurisdictions in which the Company operates. Any change in regulation or policy may adversely affect the performance or financial position of the Company, either on a short-term or long-term basis. The Company may also be adversely affected by the pace or extent of such change.

#### 4.3 General Economic conditions

The Company's business is affected by general economic conditions. A deterioration in economic conditions could lead to reductions in personal and business spending and other potential revenues which could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

#### 4.4 Market risk and interest rate volatility

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest cost to the Company and, hence, may affect its financial performance.

#### 4.5 Liquidity risk

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

#### 4.6 Risk of Shareholder dilution

In the future, the Company may elect to issue Shares to engage in fundraisings and also to fund, or raise proceeds, for acquisitions the Company may decide to make.

While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

#### 4.7 Litigation

## EXPLANATORY MEMORANDUM

Litigation brought by third parties including but not limited to customers, partners, suppliers, business partners or employees could negatively impact the business, particularly in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance.

### 4.8 Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Company and the price of the Shares. Such events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and services and its ability to conduct business. The Company will have only a limited ability to insure against some of these risks.

### 4.9 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

## EXPLANATORY MEMORANDUM

### Schedule 5      Summary of Proposed Capital Structure

Tabled below is a summary of the current share capital position of the Company and the dilution factor if all share-related resolutions were passed:

	Shares
Current issued Shares (pre Consolidation) as at the date of this Notice of Meeting	1,120,865,807
* Consolidation of Shares per Resolution 1 (1 : 100)	11,208,658
<b>Subtotal</b>	<b>11,208,658</b>
Shares Issued to creditors of Palace Resources (Related Parties) Resolutions 13 to 17	719,377
Shares Issued to creditors of Palace Resources (Non-Related Parties) Resolution 18 to 24	1,806,523
Shares issued in accordance with the terms of the Misto Acquisition - Misto Consideration Shares as per Resolution 5	30,000,000
Shares issued in accordance with terms of Acquisition of Min-Trak - Consideration Shares as per Resolution 6	9,000,000
Shares issued in Repayment of Loan to Palace Resources as per Resolution 25	450,000
<b>Share issued if Resolutions 5 to 6 and 13 to 17, 18 to 25 passed</b>	<b>53,184,558</b>
Shares Issued on Conversion of Converting Notes per Resolutions 11 and 12	20,000,000
<b>TOTAL SHARES</b>	<b>73,184,558</b>
Shares issued as per Capital Raising <sup>2</sup> assuming issue price of \$0.10 per share – refer Resolution 3	45,000,000 – 65,000,000
<b>TOTAL SHARES (on a post Consolidation basis)</b>	<b>118,184,558 – 138,184,558</b>

<sup>2</sup> *Minimum Subscription under Capital Raising: 45,000,000 Capital Raising Shares*  
*Maximum Subscription under Capital Raising: 65,000,000 Capital Raising*

\* Subject to adjustment caused by rounding down

## EXPLANATORY MEMORANDUM

### Performance Shares

	Number
Current issued Performance Shares (pre Consolidation) as at the date of this Notice	NIL
<b>Subtotal</b>	<b>NIL</b>
Class A Performance Shares issued in accordance with terms of Misto Acquisition (Resolution 5)	8,000,000
Class B Performance Shares issued in accordance with terms of Misto Acquisition (Resolution 5)	12,000,000
Class C Performance Shares issued in accordance with terms of Misto Acquisition (Resolution 5)	16,000,000
Class D Performance Shares issued in accordance with terms of Min-Trak Acquisition (Resolution 6)	2,000,000
Class E Performance Shares issued in accordance with terms of Min-Trak Acquisition (Resolution 6)	2,000,000
Class F Performance Shares issued in accordance with terms of Min-Trak Acquisition (Resolution 6)	1,000,000
<b>TOTAL</b>	<b>41,000,000</b>

### Options

	Number
Current issued options (pre Consolidation) as at the date of this Notice	209,877,791 Options with an exercise price of \$0.002
Consolidation of Capital as per Resolution 1 (1 : 100)	2,098,778 Options with an exercise price of \$0.20
<b>Subtotal</b>	<b>2,098,778</b>
Loan Options issued in Repayment of Loan Funds as per Resolution 25	450,000
Advisor Options to be issued to Advisors as per Resolution 7	20,000,000
<b>TOTAL</b>	<b>22,548,778</b>

## EXPLANATORY MEMORANDUM

### Schedule 6      Historical And Pro-forma Financial Position

	31 March 2015		Pro Forma as at 31
	\$	\$	March 2015
			\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	258,429		4,431,338
Receivables	113,638		114,147
<b>Total current assets</b>	<b>372,068</b>		<b>4,545,484</b>
<b>NON CURRENT ASSETS</b>			
Exploration assets	123,065		123,065
Fixed assets	-		1,917
Software development	-		248,627
Other assets - intangibles	311,392		971,697
<b>Total non-current assets</b>	<b>434,457</b>		<b>1,345,306</b>
<b>Total assets</b>	<b>806,525</b>		<b>5,890,790</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	1,537,129		824,551
Provisions	9,776		9,776
Borrowings	-		40,000
<b>Total liabilities</b>	<b>1,546,905</b>		<b>874,327</b>
<b>Net (liabilities) / assets</b>	<b>(740,380)</b>		<b>5,016,464</b>
<b>EQUITY</b>			
Contributed equity	14,726,582		9,368,856
Reserves	9,450		0
Accumulated losses	(15,476,412)		(4,352,392)
<b>Total (deficit) / equity</b>	<b>(740,380)</b>		<b>5,016,464</b>

Under the principles of accounting standard AASB 3 *Business Combinations*, the accounting acquirer is usually the combining entities whose owners as a group retain or receive the largest portion of the voting rights in the combined entity – B15 of AASB 3.

Therefore, although Palace is the legal acquirer, TikForce is deemed the accounting acquirer and the financial statements going forward will represent a continuation of the accounts of TikForce rather than a continuation of the accounts of Palace.

Effectively, TikForce has acquired Palace, Misto, and Min-Trak. As the financial statements going forward will represent a continuation of TikForce's accounts, the equity, reserves, and accumulated losses of Palace up until the time of the acquisitions will be eliminated

# EXPLANATORY MEMORANDUM

## Definitions

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In this Notice:

**\$** means Australian dollars.

**Acquisitions** means the Min-Trak Acquisition and the Misto Acquisition.

**Advisor Options** mean an Option which is the subject of Resolution 7.

**ASX** means ASX Limited and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Board** means the Company's current board of Directors.

**Capital Raising** means the capital raising proposed to be undertaken by the Company by the issue of Capital Raising Shares to raise up to \$6.5 million.

**Capital Raising Share** means a Share which is the subject of Resolution 3.

**Class A Performance Share** means an A Performance Share as defined in Schedule 1.

**Class B Performance Share** means an B Performance Share as defined in Schedule 1.

**Class C Performance Share** means an C Performance Share as defined in Schedule 1.

**Class D Performance Share** means an D Performance Share as defined in Schedule 1.

**Class E Performance Share** means an E Performance Share as defined in Schedule 1.

**Class F Performance Share** means an F Performance Share as defined in Schedule 1.

**Closely Related Party'** of a member of 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 dealings with the Company;
- (e) an entity the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Company** or **Palace Resources** means Palace Resources Limited (ACN 106 240 475).

**Consolidation** means the consolidation of the Company's capital on the basis of 100 Shares for every Share held.

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company and **Directors** means all of them.

**Director Capital Raising Shares** means the Capital Raising Shares which are to be issued to the Directors and which are the subject of Resolutions 8 to 10.

**Director Shares** means the Shares which are to be issued to the Directors and the past Director, Mr Guy Le Page, which are the subject of Resolutions 13 to 17.

**Essential Resolutions** means all Resolutions other than Resolution 26 (change of name of the Company)

**Existing Notes** means the notes issued by the Company up to 25<sup>th</sup> March 2015

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice.

**Key Management Personnel** means a key personnel as disclosed in the remuneration report of the Company.

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

## EXPLANATORY MEMORANDUM

**Loan Share** means a Share which is the subject of Resolution 25.

**Loan Option** means an Option which is the subject of Resolution 25.

**Meeting** or **Meeting** has the meaning given in the introductory paragraph of the Notice.

**Min-Trak** means Min-Trak Pty Ltd (ACN 602 865 001).

**Min-Trak Acquisition** means the proposed acquisition by the Company of all of the issued capital of Min-Trak from the Min-Trak Shareholders.

**Min-Trak Consideration Share** means a Palace Resources Ltd fully paid Ordinary Share which is the subject of Resolution 6 and issued to a Min-Trak Shareholder as consideration for the Min-Trak Acquisition.

**Min-Trak Performance Share** means a Palace Resources Ltd Performance Share which is the subject of Resolution 6 and issued to a Min-Trak Shareholder as consideration for the Min-Trak Acquisition.

**Min-Trak Securities Sale Agreement** means the securities sale agreement between the Company, Min-Trak and Min-Trak Shareholders for the Min-Trak Acquisition.

**Min-Trak Shareholders** means the shareholders of Min-Trak which are set out in Schedule 3B.

**Misto** means Misto Nominees Pty Ltd (ACN 605 974 516).

**Misto Acquisition** means the proposed acquisition by the Company of all of the issued capital of Misto from the Misto Shareholders.

**Misto Consideration Share** means a Palace Resources Ltd fully paid Ordinary Share (post Consolidation) Share which is the subject of Resolution 5 and issued to a Misto Shareholder as consideration for the Misto Acquisition.

**Misto Performance Share** means a Palace Resources Ltd Performance Share which is the subject of Resolution 5 and issued to a Misto Shareholder as consideration for the Misto Acquisition.

**Misto Securities Sale Agreement** means the securities sale agreement between the Company, Misto and Misto Shareholders for the Misto Acquisition.

**Misto Shareholders** means the shareholders of Misto which are set out in Schedule 3A.

**New Converting Note** means a converting note which is the subject of Resolution 12.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means the Notice of General Meeting to which the Explanatory Memorandum is attached.

**Option** means an option to subscribe for a Share.

**Performance Shares** means the performance shares which are the subject of Resolution 4 and which will be issued to Misto Shareholders and Min-Trak Vendors as consideration for the Acquisitions.

**Proxy Form** means the proxy form attached to the Notice.

**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 this Notice.

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

**Shareholder** means a shareholder of the Company.

**Siliciumrok** means Siliciumrok Pty Ltd (ACN 158 828 838).

**Silikonrok** means Silikonrok Pty Ltd (ACN 159 625 313).

**Tikforce** or **TPL** means Tikforce Pty Ltd (ACN 168 318 616).

**Tikforce Securities Sale Agreement** means the securities sale agreement between the shareholders of Tikforce, Misto and Tikforce for the acquisition of Tikforce by Misto.

**Unrelated Party Shares** means the Shares to be issued to creditors which are not related parties of the Company and which are the subject of Resolutions 18 to 24.

## EXPLANATORY MEMORANDUM

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

In this Notice, words importing the singular include the plural and vice versa.

# EXPLANATORY MEMORANDUM

## PALACE RESOURCES LIMITED

106 240 475

### PROXY FORM GENERAL MEETING

The Company Secretary  
Palace Resources Limited

**By delivery:**

Palace Resources Limited  
Suite 4, 16 Ord Street  
WEST PERTH WA 6005

**By post:**

Palace Resources Limited  
PO Box 1779  
WEST PERTH WA 6872

**By facsimile:**

08 9486 1011

I/We \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint \_\_\_\_\_

or failing the person so named or, if no person is named, the Chair of the Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting of the Company to be held at Suite 4, 16 Ord St West Perth, WA on 12<sup>th</sup> August 2015 at 10.30am (WST). If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \* [ ]% of the Shareholder's votes\*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

**oting on Business of the Meeting**

		For	Against	Abstain
Resolution 1	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution2	Change of Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for the Issue of Shares Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Creation of New Class of Securities Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approve Issue of Shares to Acquire Misto Nominees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approve Issue of Shares to Acquire Min-Trak	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approve Issue of Advisor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Participation of Directors in Capital Raising – Ian Murie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of Participation of Directors in Capital Raising – Peter Woods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of Participation of Directors in Capital Raising – Roland Berzins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval of Existing Converting Notes becoming Convertible	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Approval of Issue of New Converting Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approval of Issue of Shares to Guy Le Page in lieu of Directors Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Approval of Issue of Shares to Ian Murie in lieu of Directors Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Approval of Issue of Shares to Peter Woods in lieu of Directors Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Approval of Issue of Shares to Roland Berzins in lieu of Co Secretary Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17	Approval of Issue of Shares to Roland Berzins in lieu of Consulting Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18	Approval of Issue of Shares to Kilo Delta in lieu of Consulting Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 19	Approval of Issue of Shares to Spartan Nominees in lieu of Consulting Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 20	Approval of Issue of Shares to GCP Capital in lieu of Consulting Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 21	Approval of Issue of Shares to Cumberland Investments in lieu of Consulting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 22	Approval of Issue of Shares to Fay Holdings in lieu of Consulting Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## EXPLANATORY MEMORANDUM

Resolution 23	Approval of Issue of Shares to Aspiritual in lieu of Consulting Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 24	Approval of Issue of Shares to AAG Management in lieu of Management Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 25	Approval of Issue of Shares and Options to Seefeld	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 26	Approval of Change of Name of Company	<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 to be counted in computing the required majority on a poll.

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

**Authorised signature/s** This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

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<sup>1</sup> Insert name and address of Shareholder

<sup>2</sup> Insert name and address of proxy

\*Omit if not applicable

# EXPLANATORY MEMORANDUM

## Instructions for Completing 'Proxy' Form

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the 'Certificate of Appointment of Representative' prior to admission. A form of the certificate may be obtained from the Company's share registry.

A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

You must sign this form as follows in the spaces provided:

Individual:                      Where the holding is in one name, the member must

Joint Holding:                 Where the holding is in more than one name all of the holders must sign.

Power of Attorney:         if signed under a power of attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the power of attorney to this Proxy Form when you return it.

Companies:                    a director can sign jointly with another director or a company secretary. A sole director who is also a sole company secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office (Suite 4, 16 Ord Street, West Perth, WA 6005 or Facsimile number 9486 1011 if faxed within Australia or +61 8 9486 1011 if faxed from outside Australia) not later than 48 hours prior to the time of commencement of the Meeting being 10<sup>th</sup> August 2015 at 10:30 AM (WST)

**Proxy forms received later than this time will be invalid.**